

**PART 2A OF FORM ADV: FIRM BROCHURE**

**EOS MANAGEMENT, L.P.  
ECO MANAGEMENT, L.P.  
EOS MANAGEMENT, LLC  
&  
EOS FOCUSED EQUITY MANAGEMENT, L.P.**

**320 Park Avenue, 9<sup>th</sup> Floor  
New York, NY 10022  
Tel: (212) 832-5800 • Fax: (212) 832-5815  
[www.eospartners.com](http://www.eospartners.com)**

**June 2013**

**This brochure (this “Brochure”) provides information about the qualifications and business practices of Eos Management, L.P. along with its affiliates, ECO Management, L.P., Eos Management, LLC and Eos Focused Equity Management, L.P., (collectively referred to herein as “Eos” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact Beth L. Bernstein at (212) 832-5800 or by email at [bbernstein@eospartners.com](mailto:bbernstein@eospartners.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 securities authority, and references in this Brochure to Eos as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

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

## **ITEM 2 – MATERIAL CHANGES**

The only material change Eos has made to this Brochure since the 2013 annual update is the addition of the master-feeder arrangement known as Eos Focused Equity Master Fund Limited along with its investment manager, Eos Focused Equity Management, L.P., which were both formed in June 2013 and will commence operations on July 1, 2013. Clients and prospective clients should review this Brochure carefully.

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## ITEM 4 – ADVISORY BUSINESS

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| Item 4.A | <p>Eos Management, L.P., a Delaware limited partnership founded in May 2007 became registered with the SEC as an investment adviser on March 25, 2012. It should be noted that Eos Management, L.P. is affiliated with the following three investment advisers: Eos Management, LLC, a Delaware limited liability company founded in August 1993; ECO Management, L.P., a Delaware limited partnership founded in August 2005; Eos Focused Equity Management, L.P., a Delaware limited partnership founded in June 2013. All four of these investment advisers have the same principal office/place of business and are directly controlled by Steven M. Friedman and Brian D. Young. Eos Focused Equity Management, L.P. is also controlled by Evan R. Steen. As such, information pertaining to Eos Management, LLC, ECO Management, L.P., and Eos Focused Equity Management, L.P., can be found in the Form ADV Part 1 for Eos Management, L.P. as well as in this ADV Part 2A. Eos Management, L.P., Eos Management, LLC, ECO Management, L.P., and Eos Focused Equity Management, L.P. (collectively referred to herein as “<u>Eos</u>”) are each subject to the Advisers Act (as defined below) and the same Compliance Manual and Code of Ethics.</p> <p>Eos provides discretionary investment advisory services including, but not limited to, managing and directing the investment and reinvestment of assets for private investment funds (each a “<u>Fund</u>” and together the “<u>Funds</u>”) and separately managed accounts (together with the Funds, the “<u>Advisory Clients</u>”) as further detailed below:</p> <p><b><u>Eos Management, LLC serves as investment manager to the following private investment funds:</u></b></p> <ul style="list-style-type: none"> <li>• Eos Partners, L.P. (“<u>Eos Partners</u>”), a Delaware limited partnership whose managing general partner is Eos General, L.L.C., a Delaware limited liability company. To facilitate its investments in private equity, Eos Partners has formed several Small Business Investment Companies (“<u>SBICs</u>”) in an effort to diversify risk through a larger number of investments and to take advantage of more favorable financing provided by the Small Business Administration (“<u>SBA</u>”). These Funds were never offered to Investors.</li> <li>• Eos Partners (Offshore), L.P. (“<u>Eos Partners Offshore</u>”), a Cayman Islands exempted limited partnership whose general partners is Eos General, L.L.C., a Delaware limited liability company. This Fund is no longer accepting Investors and is currently in the process of winding down.</li> <li>• Eos Capital Partners III, L.P. (“<u>ECP III</u>”), a Delaware limited partnership whose general partner is ECP General III, L.P., a Delaware limited partnership. This Fund, which was sponsored by Eos Partners, is no longer accepting new Investors.</li> </ul> |
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**Eos Management, L.P. serves as investment manager to the following private investment fund:**

- Eos Capital Partners IV, L.P. (“ECP IV”), a Delaware limited partnership whose general partner is ECP General IV, L.P., also a Delaware limited partnership. This Fund, which was sponsored by Eos Partners, is no longer accepting new Investors.

**ECO Management, L.P. serves as investment manager to the following private investment funds:**

- Eos Credit Opportunities, L.P, a Delaware limited partnership, Eos Credit Opportunities Offshore Limited, a Cayman Islands exempted company, Eos Credit Opportunities Intermediate Fund, L.P., a Cayman Islands exempted limited partnership and ECO Master Fund Limited, a Cayman Islands exempted company (collectively, the “ECO Funds”). Eos Credit Opportunities, L.P. invests substantially all of its assets in ECO Master Fund Limited. Eos Credit Opportunities Offshore Limited invests substantially all of its assets relating to the Class R Shares in ECO Master Fund Limited through Eos Credit Opportunities Intermediate Fund, L.P. ECO General L.L.C., a Delaware limited liability company serves as general partner to each of Eos Credit Opportunities, L.P. and Eos Credit Opportunities Intermediate Fund, L.P.
- Eos Credit Recovery, L.P, a Delaware limited partnership, Eos Credit Recovery Offshore Limited, a Cayman Islands exempted company, ECR Intermediate Fund, L.P., a Cayman Islands exempted limited partnership and ECR Master Fund Limited, a Cayman Islands exempted company (collectively, the “ECR Funds”). Eos Credit Recovery, L.P. invests substantially all of its assets in ECR Master Fund Limited. Eos Credit Recovery Offshore Limited invests substantially all of its assets in the ECR Master Fund Limited through ECR Intermediate Fund, L.P. ECR General L.L.C., a Delaware limited liability company serves as general partner to Eos Credit Recovery, L.P. while ECR Intermediate GP, LLC, a Delaware limited liability company serves as general partner to ECR Intermediate Fund, L.P. The ECR Funds are no longer accepting Investors and are currently in the process of winding down.

**Eos Focused Equity Management, L.P. serves as investment manager to the following private investment funds:**

- Eos Focused Equity, L.P., a Delaware limited partnership, Eos Focused Equity Offshore Limited, a Cayman Islands exempted company, Eos Focused Equity Intermediate Fund, L.P., a Cayman Islands exempted limited partnership and Eos Focused Equity Master Fund Limited, a Cayman Islands exempted company (collectively, the “EFE Funds”). Eos Focused Equity, L.P. invests substantially all of its assets in Eos Focused Equity Master Fund Limited. Eos Focused Equity Offshore Limited invests substantially all of its assets in Eos Focused Equity Master Fund Limited through Eos Focused Equity Intermediate Fund, L.P. EFE General Partner L.L.C., a Delaware limited liability company serves as general partner to each of Eos Focused Equity, L.P. and Eos Focused Equity Intermediate Fund, L.P.

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|                 | <p>Steven M. Friedman and Brian D. Young are the beneficial owners of each of Eos Management, L.P., Eos Management, LLC, ECO Management, L.P., and Eos Focused Equity Management, L.P. Evan R. Steen is also a beneficial owner of Eos Focused Equity Management, L.P.</p>  |
| <b>Item 4.B</b> | <p>Each Eos investment manager generally has broad and flexible investment authority with respect to the Funds that it manages. The Funds managed by Eos employ various directional and hedged strategies which are specifically described in each Fund's respective confidential private placement memorandum and are summarized in Item 8.A. below.</p> <p>Eos Management, LLC and Eos Management, L.P. each primarily offer investment advice on equity-oriented investments in privately and publicly negotiated transactions. ECO Management, L.P. primarily offers investment advice on fixed income securities, bank debt, equities, various special situations, corporate bonds and other income producing securities. Eos Focused Equity Management, L.P. primarily offers investment advice on liquid public securities.</p>  |
| <b>Item 4.C</b> | <p>As a general matter, Eos neither tailors its advisory services to the individual needs of investors in its Funds ("<u>Investors</u>"), nor accepts Investor-imposed investment restrictions. When deemed appropriate, Eos may establish one or more separately managed accounts, which may (i) tailor their investment objectives to specific Investors and/or (ii) be subject to different terms and fees than those of the Funds. Such investment objectives, fee arrangements and terms will be individually negotiated, and it should be noted that any such separately managed account relationships would generally be subject to significant account minimums. In addition, certain Funds offer classes of interests that may restrict the types of investments allocated to Investors in such classes.</p> <p>In addition, it should be noted that Eos has in the past and may again in the future enter into separate agreements with certain Investors, such as those affiliated with Eos or those Investors with which Eos has established a significant or strategic relationship, to waive certain terms or grant such Investors more favorable rights than those described in the Funds' governing documents. Such terms may include, without limitation, the waiver, reduction or rebate of fees, the provision of additional information or reports and co-investment opportunities.</p> |
| <b>Item 4.D</b> | <p>Eos does not participate in wrap fee programs.</p>   |
| <b>Item 4.E</b> | <p>As of December 31, 2012, Eos Management, L.P. manages approximately \$464,510,403 of client assets on a discretionary basis. Eos Management, L.P. does not currently manage any client assets on a non-discretionary basis.</p> <p>As of December 31, 2012, Eos Management, LLC manages approximately \$602,486,262 of client assets on a discretionary basis. Eos Management, LLC does not currently manage any client assets on a non-discretionary basis.</p>   |

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|  | <p>As of December 31, 2012, ECO Management, L.P. manages approximately \$393,897,480 of client assets on a discretionary basis. ECO Management, L.P. does not currently manage any client assets on a non-discretionary basis.</p> <p>Eos Focused Equity Management, L.P. does not currently manage any client assets on a discretionary or non-discretionary basis. Eos Focused Equity Management, L.P. was recently formed in June 2013 and will commence operations on July 1, 2013.</p> |
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## ITEM 5 – FEES AND COMPENSATION

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| <b>Item 5.A</b> | <p>Eos typically charges fees that are based upon a set percentage of assets under management and performance. Set forth below are summaries of the fees payable by Investors in the Funds. It should be noted that detailed disclosure about the fees and other expenses applicable to an investment in the Funds is provided in the relevant Fund’s confidential private placement memorandum, including any supplements, which are provided to prospective Investors. Those operative documents should be carefully reviewed prior to making an investment in the Funds.</p> <p>Asset-based fees are generally charged monthly/quarterly in advance based on the value of the relevant assets as of the first day of the month/quarter. The range of annual asset-based fees is generally from 1.0% to 2.0% of each Investor’s assets with the applicable Fund. With respect to the ECO Funds and the EFE Funds, if the relevant investment manager does not manage an Investor’s assets for a full month/quarter, the asset-based fee charged to such Investor will be pro-rated for such period. In addition, it should be noted that with respect to Eos Partners, ECP III and ECP IV, the relevant Eos investment manager (or its affiliate) may from time to time, receive monitoring fees, directors’ fees, transaction fees, break-up fees and other fees from portfolio companies or prospective portfolio companies of such Funds (collectively, “Ancillary Fees”). All Ancillary Fees will be first applied to reimburse the relevant Fund for all expenses incurred by it in connection with broken deals. In certain circumstances, the excess may be applied toward the management fee payable to the relevant Eos investment manager.</p> <p>In addition, consistent with the Investment Advisers Act of 1940, as amended (“Advisers Act”) and Rule 205-3 thereunder to the extent applicable, Eos receives incentive allocations or performance fees from certain Advisory Clients generally based upon net profits allocable to each Investor. The annual incentive allocation or performance fee payable to Eos generally ranges from 10% to 20% of the net profits allocable to a particular Investor, subject in most cases to a loss carry-forward provision.</p> <p>Fee arrangements for any separately managed accounts are individually negotiated.</p> <p>The fees detailed above are negotiable in that Eos reserves the right to reduce, waive or calculate differently such fees for certain Investors. It should be noted that principals, employees and certain affiliates of Eos currently invested in the Funds are not charged such asset-based or performance-based fees.</p> <p><b>It is critical that Investors refer to their respective Fund’s governing documents for a complete understanding of how Eos is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund governing documents.</b></p> |
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| <b>Item 5.B</b> | <p>Eos (or an affiliate) deducts fees from the Investors' assets as invested in the Funds. Managed accounts are billed directly for fees incurred.</p> <p><b>It is critical that Investors refer to their respective Fund's governing documents for a complete understanding of how fees are deducted from their assets. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund governing documents.</b></p>  |
| <b>Item 5.C</b> | <p>In addition to fees payable to Eos, Advisory Clients will incur the following expenses:</p> <p><b>Eos Partners generally pays the following expenses:</b></p> <ul style="list-style-type: none"> <li>• Audit;</li> <li>• Legal;</li> <li>• Insurance; and</li> <li>• Allocated share of expenses incurred in connection with the Fund's investments.</li> </ul> <p><b>ECP III and ECP IV generally pay the following expenses:</b></p> <ul style="list-style-type: none"> <li>• Expenses associated with operating the Funds that are not reimbursed by a prospective or actual portfolio company including, without limitation, Management Fees, any taxes imposed on the Funds, commitment fees payable in connection with credit facilities, accounting fees, third-party fees and expenses, attorney's fees, due diligence and other costs related to the acquisition or disposition of securities (whether or not a transaction is consummated);</li> <li>• Expenses associated with the Advisory Committee;</li> <li>• All fees payable to the Administrator;</li> <li>• Audit;</li> <li>• Legal;</li> <li>• Insurance; and</li> <li>• Costs and expenses of any litigation involving the Funds and the amount of any judgments or settlements paid in connection therewith.</li> </ul> <p><b>The ECO Funds generally pay the following expenses:</b></p> <ul style="list-style-type: none"> <li>• Organizational expenses;</li> <li>• Costs and expenses associated with the acquisition, holding or disposition of investments (including commissions, research expenses and interest on margin accounts);</li> <li>• All management fees payable to the Investment Manager;</li> <li>• All fees payable to the Administrator;</li> <li>• All consulting, appraisal, custodial, accounting and auditing fees and expenses (including those related to the preparation of the Funds' financial statements, tax returns and Schedule K-1s);</li> <li>• Cost of any liability insurance obtained on behalf of the Funds, the general partner or ECO Management, L.P.; and</li> <li>• Legal fees and expenses (including costs and expenses incurred in connection with any litigation) and any other extraordinary expenses.</li> <li>• The Funds also bear their respective pro rata share of the Master Fund's</li> </ul> |

expenses.

**The ECR Funds generally pay the following expenses:**

- Organizational expenses;
- Operating and other expenses, including, but not limited to, the Management Fee, fees to the Administrator;
- Investment expenses (*e.g.*, expenses related to the investment of the Funds' assets, including, without limitation, brokerage commissions, interest expense, professional and consulting fees relating to particular investments, expenses related to the purchase and sale of illiquid securities, due diligence costs and travel expenses);
- Legal expenses, accounting, audit and tax preparation expenses;
- Costs of printing and mailing reports and notices;
- Entity-level taxes, corporate licensing, regulatory expenses (including filing fees); and
- Expenses incurred in connection with the offering and sale of Interests, and other expenses associated with the operation of the Funds and all extraordinary expenses.
- The Funds also bear their respective pro rata share of the relevant Master Fund's expenses.

**The EFE Funds generally pay the following expenses:**

- Organizational expenses;
- Costs and expenses associated with the acquisition, holding or disposition of investments (including commissions, research expenses and interest on margin accounts);
- All management fees payable to the Investment Manager;
- All fees payable to the Administrator;
- All consulting, appraisal, custodial, accounting and auditing fees and expenses (including those related to the preparation of the Funds' financial statements, tax returns and Schedule K-1s);
- Regulatory and compliance expenses, including without limitation, expenses related to preparing and making regulatory and compliance filings associated with the Funds and their investment activities (including, without limitation, filing preparation and fees, software and systems in connection with such filings and expenses of service providers such as consultants and advisers);
- Cost of any liability insurance obtained on behalf of the Funds, the general partner or Eos Focused Equity Management, L.P.; and
- Legal fees and expenses (including costs and expenses incurred in connection with any litigation) and any other extraordinary expenses.
- The Funds also bear their respective pro rata share of the Master Fund's expenses.

Each Eos investment manager is responsible for its own general operating and overhead costs including salaries, employee benefits, office rent and other general overhead costs.

Please note that Investors will indirectly incur brokerage and other transaction costs related to their investment in the Funds. Please see Item 12 of this brochure for a more detailed discussion of Eos' brokerage practices.

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|                   | <p><b>It is critical that Investors refer to the relevant governing documents for a complete understanding of fees and expenses they may pay. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>   |
| <b>Item 5.D</b>   | <p>As noted in Item 5.A, above, asset-based fees are generally charged monthly/quarterly in advance based on the value of the relevant assets as of the first day of the month/quarter. In the event that an Advisory Client's net asset value is reduced in connection with a withdrawal or redemption by an Investor of such Advisory Client other than as of the last day of the applicable month/quarter, Eos will pay such Advisory Client an amount equal to the pro rata portion of the management fee, based on the actual number of days remaining in such month/quarter, and such client will distribute such amount to the Investor.</p> <p><b>It is critical that Investors refer to the relevant offering documents and other governing documents for a complete understanding of how they can obtain a refund and withdraw or redeem. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p> |
| <b>Item 5.E</b>   | Not applicable to Eos.   |
| <b>Item 5.E.1</b> | Not applicable to Eos.   |
| <b>Item 5.E.2</b> | Not applicable to Eos.   |
| <b>Item 5.3.3</b> | Not applicable to Eos.   |
| <b>Item 5.E.4</b> | Not applicable to Eos.   |

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

Eos accepts performance-based fees from all Advisory Clients. However, as described above, different Advisory Clients may pay different rates of performance-based fees. The variation of performance-based fee structures among Advisory Clients may create an incentive for Eos to direct the best investment ideas to, or to allocate or sequence trades in favor of, Advisory Clients that pay or allocate higher rates of performance-based fees.

Eos mitigates this potential conflict of interest by allocating investment opportunities among Advisory Clients that share an investment strategy on an eligible *pro rata* basis. A trade would be allocated, *pro rata*, based on the percentage of Net Asset Value (“NAV”) of the Advisory Client; subject to minimum holding requirements (rounded up), diversification requirements of each respective portfolio (generally 5% maximum position size) and further subject to any liquidity mandate of the Advisory Client. In addition, Eos recognizes that it is a fiduciary and as such must act in the best interests of its Advisory Clients and Investors. Further, Eos recognizes that it must treat all clients fairly and must refrain from favoring one Advisory Client’s interests over another’s.

**The foregoing summary does not purport to be complete and is qualified in its entirety by the detailed information contained in each Fund’s offering materials, governance documents and other constituent agreements, including information regarding performance-based compensation paid to Eos. Prospective Investors are urged to carefully review the same prior to making any investment decision.**

## **ITEM 7 – TYPES OF CLIENTS**

As described above, Eos provides investment advisory services to certain pooled investment vehicles operating as private investment funds and separately managed accounts.

Managed accounts may be set up for certain large or strategic investors, at Eos' sole discretion and will be subject to individually negotiated terms.

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

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| Item 8.A | <p><b><u>INVESTMENT STRATEGIES AND METHODS OF ANALYSIS</u></b></p> <p>It should be noted that references to Eos in this item refer to the relevant Eos investment manager (and may also include references to the relevant Fund’s general partner).</p> <p><b><u>Eos Partners:</u></b></p> <p>The Fund was organized to invest in private investments and marketable securities. Private investments include equity capital for acquisition transactions and equity capital to finance growth. In particular, investments are generally made in the following portfolio companies:</p> <ul style="list-style-type: none"> <li>• <i>Management-Led Buyouts.</i> Businesses undergoing significant changes in ownership, subsidiary divestitures, management buyouts or recapitalizations where Eos believes the issuer will have the capital and other resources critical to the issuer’s ability to achieve its long-term strategic plan.</li> <li>• <i>Recapitalizations and Owners Seeking Liquidity.</i> Companies whose owners want to liquidate a portion of their holdings while retaining a substantial equity interest.</li> <li>• <i>Industry Consolidations.</i> Companies with strong management teams in fragmented industries undergoing consolidation by providing additional capital to fund internal growth and/or acquisitions.</li> <li>• <i>Growth Capital.</i> Minority investments in later-stage growth companies which Eos believes have implemented well thought-out business models and strong management.</li> </ul> <p>As a part of its investment strategy, the Fund may also purchase and sell “marketable securities” (i.e., securities that have a greater degree of liquidity). In particular, the Fund may engage in transactions, investments and ventures, including, without limitation, those relating to or involving common and preferred stocks; bonds; debentures; financial and stock index futures; arbitrage; foreign exchange; currencies; commerce; real estate; oil and mineral properties, rights and royalties; commodities futures or commodities contracts; and other investment partnerships; and the purchase, sale and writing of put and call options and other derivative securities. The Fund’s assets may be invested in short-term liquid securities, including U.S. government securities (or repurchase agreements secured by such securities with banks or broker-dealers), commercial paper, bank certificates of deposit, other fixed income securities or money market funds investing in these securities. Eos may engage in short selling, and may employ leverage by borrowing funds in margin or other accounts.</p> |
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|  | <p>Eos intends to practice value-oriented investing and will approach its investments with rigorous analysis, a focus on fundamentals and close contact with company management, where feasible. Eos will seek to apply the knowledge and experience of economic and business trends gained by its general partners and principals in private sector investing to its investments in marketable securities. In making such investments, Eos will generally abide by the following criteria:</p> <ul style="list-style-type: none"> <li>• <i>Investment Evaluation:</i> Eos draws upon external industry participants, suppliers, customers, industry analysts and other experts to gain perspective on a company's industry and competitive position. The due diligence process is based on an analysis of the critical aspects of a company's business, including its products, operations, management team, facilities, industry, competitive position, environmental and regulatory elements. The focus of this evaluation process is to assess both the challenges facing management and the likelihood of negative surprises or problems that may impair the value of the investment, as well as the likelihood and magnitude of potential success. For each investment, a comprehensive operating and financing plan is formulated that will be implemented following the investment. As part of the investment process, Eos also evaluates the likely exit scenarios so as to understand what options may be available in varying financial market conditions.</li> <li>• <i>Monitoring Investments:</i> Once an investment is completed, Eos will closely monitor the company's performance to seek to ensure that management is successfully executing the company's operating strategy. Eos will provide financial, operating, and strategic guidance to its portfolio companies on both an informal and a more formal basis through regular management meetings, annual planning sessions and visits to the company's facilities.</li> </ul> <p><b><u>ECP III and ECP IV:</u></b></p> <p>ECP III and ECP IV were each established by Eos Partners to make privately-negotiated equity investments. The Funds will make investments in traditional businesses that demonstrate strong and consistent profitability, with an emphasis on investments in the following sectors: business services (including business outsourcing), consumer, healthcare, technology services, value-added distribution, specialty manufacturing and energy. In making such investments, Eos will generally abide by the following criteria:</p> <ul style="list-style-type: none"> <li>• <i>Lower-Middle Market Focus.</i> In particular, Eos will seek investment opportunities that it believes have significant growth potential but lack the strategic guidance, management depth or access to the capital markets or financing sources to realize that potential.</li> <li>• <i>Rigorous Investment Identification and Evaluation.</i> Eos deal-sourcing network includes industry specialists, prior and current portfolio company managers and board members (over a broad range of industries), consultants, regional financial institutions, major investment banks, brokers, accounting firms and law firms. Eos maintains regular contact with its network to focus deal-sourcing efforts on current areas of Eos interest. In addition, Eos continually seeks early identification of macro-</li> </ul> |
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|  | <p>themes, such as economic, industrial or corporate trends that affect the way companies and people conduct business.</p> <ul style="list-style-type: none"> <li>• <i>Identification of Key Investment and Company Characteristics.</i> Eos carefully considers industry fundamentals before making an investment, including issues such as expected growth rate and maturity, sensitivity to economic cycles, intensity of competition, barriers to entry and exit, relative power of suppliers and customers to influence profits, availability of substitutes or new technologies that could negatively impact the industry, and the profitability and return on capital resulting from these factors. Eos seeks to invest in companies that have a proven business model and will produce free cash flow that can be used to fund the growth of the business or to repay debt, rather than businesses that require significant capital investment to fund their growth. In addition, Eos works to have a strong management team in place when it invests.</li> <li>• <i>Disciplined Approach to Structuring and Executing Transactions.</i> Eos attempts to structure transactions with a view toward enhancing risk-adjusted rates of return, including using senior or convertible securities that provide downside protection while preserving upside potential or structured equity investments that enable capital to be returned separate from, and in advance of, common equity returns. Eos conducts extensive due diligence to thoroughly analyze and evaluate each investment opportunity. The due diligence process for prospective portfolio companies typically includes meetings with management, on-site visits, detailed analyses of day-to-day operations, review of financial statements and projections, preparation of financial models, research regarding industry and market trends, review of third-party research, reference checks, industry networking, and analysis of transaction structures and exit strategies. In addition, Eos routinely engages professional advisors to assist in the due diligence process, including lawyers, accountants and employee benefit consultants, environmental and insurance specialists. Eos maintains a relatively small investment team so as not to lose this important component of investment evaluation.</li> <li>• <i>Active Portfolio Management and Value Creation.</i> Eos seeks to be actively involved with its portfolio companies, including through board and related committee representation. Eos provides input to management on issues of corporate and financial strategy, closely monitors the performance of senior management teams and works with management to formulate focused business plans, clear financial objectives and budgets. Aside from its formal board responsibilities, members of the Eos investment team will also typically communicate with portfolio company management on a weekly basis, and often more frequently, in order to compare actual and forecast performance versus plan expectations, the company's cash position, and to otherwise monitor performance on a real-time basis.</li> <li>• Eos seeks to maximize portfolio company value by actively working to: (i) professionalize the board of directors of portfolio companies, including the addition of relevant industry directors, where appropriate; (ii) enhance management teams, where necessary (including recruiting additional team members); (iii) strengthen management reporting systems and developing key metrics for measuring and monitoring company performance; and (iv)</li> </ul> |
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|  | <p>identify, negotiate and execute add-on acquisitions, develop organic growth opportunities and initiatives, and assist in evaluating such opportunities and related financing options.</p> <p><b><u>The ECO Funds and ECR Funds:</u></b></p> <p>The objective of the ECO and ECR Funds is to achieve superior risk-adjusted absolute returns through investments in a broad range of fixed income securities, bank debt, equities and various special situations. The Funds’ portfolios will primarily consist of investments comprised of bank loans, high-yield and other corporate fixed income securities, trade claims, and preferred and common equity securities. The Funds take positions in a broad portfolio of liquid high-yield and “stressed” securities of companies that are highly leveraged but which Eos believes have an improving credit profile and a significant chance of reinstatement to investment grade or substantial recovery within one year. The Funds also take positions in securities of less liquid, middle-market companies that are near payment or covenant default, but which Eos believes have a strong prospect for the realization of favorable returns through recovery or through restructuring and equity participation over a longer period of time. Additionally, the Funds invest in secured bank debt, including revolving credit facilities, bridge financings and debtor-in-possession financings</p> <p>The Funds’ strategy is to apply a corporate-finance oriented approach to credit markets investment analysis. Eos utilizes intensive, private-equity style due diligence to identify perceived investment opportunities in four broadly defined categories: (i) credits with improving cash flow characteristics not recognized by the markets; (ii) companies offering attractive franchise or asset values at meaningful discounts to private market or orderly liquidation values; (iii) companies in out-of-favor industries or impacted by “overblown” events where Eos perceives a market overreaction to certain developments; and (iv) on a limited basis, activist opportunities in which the Funds will seek to exercise significant influence over the bankruptcy process for a particular company. In assessing these investment opportunities, Eos employs a value-oriented approach emphasizing sustainable operating cash flows, fundamental profitability, private market values and, where appropriate, break-up and liquidation values.</p> <p>Eos’ investment process includes, where appropriate, a qualitative and quantitative analysis of a company’s earnings power, cash flow generating ability, asset values, financial strength and reinvestment opportunities, as well as a subjective evaluation of management’s strengths and weaknesses. In addition, Eos may hold discussions with a company’s customers, vendors, lenders, competitors and advisors in order to better understand a company’s operations and competitive position, and to anticipate the impact of potential competitive, regulatory, tax or legal changes on the company.</p> <p>The ECR Funds are currently in the process of winding down. The ECR Funds no longer accept new Investors and the portfolio is being liquidated in an orderly manner with the goal of preserving the Funds’ existing capital to the maximum extent possible.</p> |
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**The EFE Funds:**

The objective of the EFE Funds is to achieve compound annual returns over the long term that are superior to the broad market averages, with less risk and volatility than the overall stock market. The Funds' strategy is to employ a well-researched value-focused, long-biased strategy to opportunistically invest in growing companies with quality management at prices that appear to be lower than fair value. The Funds expect to maintain a long bias but to take advantage of both long and short opportunities. The Funds intend to invest in liquid public securities and to hold such securities on a relatively long-term basis until price targets are achieved or the investment thesis has changed.

The Funds are authorized to invest worldwide in U.S. and non-U.S. securities and other instruments. The Funds' investments may include, without limitation, equities; derivative instruments, including listed and over-the-counter options, futures, forward contracts, swaps, caps, floors, and other equity and fixed income related instruments; and contracts for differences. The Funds will not be limited to the foregoing instruments.

Eos seeks to identify favorable risk/reward opportunities in public markets. Eos seeks to find potential investment opportunities in companies that are trading at a significant discount or premium to their intrinsic value, as judged by Eos, because of market perceptions that are contrary to fundamentals. Eos will perform rigorous analysis of, and due diligence on, potential investments and their industries, with the objective of formulating a strong opinion about underlying fundamentals and potential risks.

Eos expects to monitor a variety of industries for potential investment ideas. Eos follows industry and company trends by analyzing in detail company financial reports, key industry data, speaking with management and industry participants, and with other investors and analysts. Eos seeks to identify favorable secular and cyclical trends in an effort to select strong companies that are temporarily out of favor or coming out of cyclical downturn. Additionally, Eos seeks to focus primarily on high-quality companies led by high-quality management teams capable of delivering solid, sustainable growth. Eos seeks to discover situations where business fundamentals are improving and yet the company or companies are out of favor, ignored, or disliked by sell-side analysts and other investors. Examples of such situations include spinoffs of corporate operating divisions, equity of restructured companies, (post reorganization equities) and other special situations. Eos considers catalysts, such as a change in management, an inflection point in company operations, or a corporate action. Alternatively, Eos seeks to establish short positions in companies where business fundamentals or financials are deteriorating and yet investors and sell-side analysts are enthusiastic or complacent.

After identifying a potential investment idea, Eos analyzes the company as if it were a potential owner of the business. Eos undertakes diligence of the industry and competitive dynamics, focusing on both current and historical cycles. Eos also analyzes the company's management and business fundamentals. It seeks to understand in detail the company's current and historical cash flows, earnings, and balance sheet. Eos employs a variety of methodologies and seeks to assess how current valuations compare to historic trends and comparable company valuations.

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|  | <p>Additionally, Eos compares the potential opportunity from an investment to the risk of loss. If this analysis is sufficiently compelling, Eos develops an investment thesis describing its view of a company, its perception of the market's view as reflected in the current price, and expectations for future fundamental developments and stock price. It also identifies key risks and methods/metrics for ascertaining if business and financial fundamentals are not progressing as expected.</p> <p>Separately managed accounts set up by Eos may utilize different trading and/or investment strategies than the Funds detailed above.</p> <p>Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment with Eos.</p> <p><b>It is critical that Investors refer to the relevant governing documents for a complete understanding of Eos' methods of analysis and investment strategies. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p> |
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**Item 8.B**

**SIGNIFICANT RISKS ASSOCIATED WITH PRIVATE EQUITY INVESTING:**

**Competitive Nature of the Funds' Business.** The Funds may be unable to find a sufficient number of attractive opportunities to meet their investment objectives. In addition, the Funds may not be able to secure a sufficient number of investment opportunities to utilize the full amount of the capital commitments. The activity of identifying, completing and realizing attractive investments on a global basis is competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions as well as to the prevailing regulatory and political climate.

**Reliance on Management.** Although Eos will monitor the performance of each Fund investment, it will be primarily the responsibility of company-level management to operate portfolio companies on a day-to-day basis. There can be no assurance that the existing management team of a portfolio company, or any new team, will be able to successfully operate the company. Some companies will depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would adversely affect their businesses.

**Uncertain Nature of Investments.** The Funds may enter into high-risk investment opportunities. Companies in which the Funds invest may not achieve their expected operational objectives and might experience substantial fluctuations in their operating results. In all such cases, the Funds will be subject to the risks associated with the underlying businesses engaged in by portfolio companies, including market conditions, changes in regulatory environment, general economic and political conditions, the loss of key management personnel and other factors. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. Potential investors should realize that Eos may determine to delay realization events to Investors as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned herein. While under normal circumstances distributions will be made in cash, it is possible that certain distributions to Investors may be made in kind and could constitute securities for which there is no readily available public market and with respect to which there are substantial transfer restrictions.

**Insufficient Capital for Follow-On Investments.** Following its initial investment in a portfolio company, a Fund may have the opportunity to increase their investment in successful operations or may be asked to provide additional funds to such portfolio company. There is no assurance that the Funds will make follow-on investments or that a particular Fund will have sufficient resources to, or be permitted to, make such investments. Any decision not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment, may result in missed opportunities for the relevant Fund or may result in dilution of such Fund's investment. Additionally, if a Fund has insufficient capital available to make any particular follow-on investment, other investment funds managed by Eos may make such investments.

**SIGNIFICANT RISKS ASSOCIATED WITH HEDGE FUND INVESTING:**

**Use of Leverage.** The Funds may borrow on a secured or unsecured basis for any purpose, including to increase investment capacity, cover operating expenses and make withdrawal payments. Eos may purchase securities with funds borrowed from brokers. While the use of margin borrowing and other leveraging strategies can substantially improve the return on invested capital, such use may also increase the adverse impact to which the Funds' portfolio may be subject. The interest expense and other costs incurred in connection with borrowing may exceed the income earned on the investments purchased with borrowed funds. In addition, margin trading requires the pledge of Fund securities as collateral and margin calls can result in the Funds being required to pledge additional collateral, or liquidate its holdings, which can result in the sale of portfolio securities at substantial losses that would not otherwise be incurred.

**Short Selling.** Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Fund engages in short sales will depend upon Eos' investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the relevant Fund of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

**Lack of Diversification.** The Funds' investment portfolio may not be diversified among a wide range of issuers, industries or types of securities. Accordingly, the investment portfolio of any particular Fund may be subject to more rapid and dramatic changes in value than would be the case if such Fund's investment portfolio was widely diversified among companies, industries and types of securities.

**Potential Illiquidity of Fund Assets.** The market value of the Funds' investment portfolio fluctuates with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of securities held by the Funds. In addition, the lack of an established, liquid secondary market for some Fund investments, as well as legal, contractual or other restrictions on resale of certain investments, may have an adverse effect on the market value of those Fund investments and on the Funds' ability to dispose of them. Consequently, the Funds may not be able to sell their investments at prices that reflect Eos' assessment of their value or the amount paid for such investments by such Funds. In addition, because of the nature of the Funds' investment strategy, certain investments may have to be held for a substantial period of time before they can be liquidated to the Funds' greatest advantage or, in some cases,

at all.

**Material Non-Public Information.** Eos may acquire material confidential information about the issuers of securities in which the Funds invest or are considering for investment. The possession of such information may restrict the Funds from effecting transactions in the securities of these issuers and could therefore prevent the Funds from acquiring or disposing of securities at an otherwise desired time. These restrictions on trading activities may have a material adverse effect on the Funds' results of operations.

**Competition.** There is currently, and will likely continue to be, competition for investment opportunities by investment vehicles and others with investment objectives and strategies identical or similar to the Funds' investment objectives and strategies.

**Currency Risks.** The Funds may invest in securities that are denominated in a foreign currency. These investments are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Any hedges the Funds implement will not be able to completely eliminate, and may fail to significantly reduce, the adverse effects of foreign currency risk.

**Counterparty Default.** The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Funds will monitor on an ongoing basis the creditworthiness of firms with which they will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of a Fund being less than if such Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent.

**Equitable Subordination.** Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). The Funds do not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, the Funds may be subject

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|                 | <p>to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.</p> <p><b>Highly Volatile Markets.</b> The prices of financial instruments in which the Funds may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Funds’ assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds are subject to the risk of failure of any of the exchanges on which its positions trade or of its clearinghouses.</p> <p><b>Catalyst Driven Strategies.</b> Corporate “events” are affected by numerous factors including not only market movements, but also regulatory intervention, shareholders’ approvals, lenders’ consents and changes in interest rates and economic outlook that can have a particularly adverse effect on even the most apparently safe investments. In a “catalyst driven” strategy, the Funds are particularly subject to the risk of major unexpected losses. There is no effective means of hedging the risk of such losses.</p> <p><b>It is critical that Investors refer to the relevant governing documents for a complete understanding of the risks associated with Eos’ methods of analysis and investment strategies. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>  |
| <b>Item 8.C</b> | <p>In connection with the investment strategies detailed above, please find below a list of the primary types of securities that may be invested in by certain of Eos’ Funds (as well as the attendant risks associated with each such security):</p> <p><b><u>RISKS ASSOCIATED WITH CERTAIN TYPES OF PRIVATE EQUITY INVESTMENTS.</u></b></p> <p><i>Leveraged Investments.</i> To the extent that any investment is made in a company with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. In the event that such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Fund’s investment in such portfolio company could be significantly reduced or even eliminated.</p> <p><i>Investments in Troubled Companies.</i> The Funds may make investments in non-performing or other troubled companies that involve a high degree of risk. Investments in properties operating in workout modes or under Chapter 11 of the bankruptcy code are, in certain circumstances, subject to additional potential liabilities that may exceed the value of the relevant Fund’s original investment. For example, amounts received by the Fund may be reclaimed if any such amounts are later determined to have resulted from a fraudulent conveyance or a preferential payment.</p> <p><i>Non-Control Investments.</i> The Funds may make minority equity investments in entities where there is the possibility that the entity in which a Fund’s investment</p> |

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|  | <p>is made may have economic or business interests or goals that are inconsistent with those of a Fund, and such Fund may not be in a position to limit or otherwise protect the value of the Fund's investment in the entity. In addition, although the Funds will generally seek board representation in connection with its minority investments, there is no assurance that such representation will be obtained.</p> <p><i>Canadian Investments.</i> The Funds may make investments in portfolio companies located in Canada. Canadian investments involve certain risks not typically associated with investing in the U.S., including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the Canadian dollar and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and Canadian securities markets, including potential price volatility in, and relative illiquidity of, some Canadian securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic risks, including potential exchange control regulations; and (iv) the possible imposition of Canadian taxes on income and gains recognized with respect to such securities.</p> <p><i>Bridge Financings.</i> From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. However, for reasons not always in a Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Fund.</p> <p><i>Third Party Investments.</i> The Funds may co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. In connection with certain investments referred by other private equity organizations in which Eos has a contractual right to participate, although Eos may have the authority to approve any such investments made by such relationship, the management of such investments in certain instances may not be fully or even partially controlled by Eos. In addition, the Funds may in certain circumstances be liable for actions of its third party co-venturers or partners.</p> <p><b><u>RISKS ASSOCIATED WITH CERTAIN TYPES OF HEDGE FUND INVESTMENTS.</u></b></p> <p><b>Equities.</b> Equities may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. In particular, equity prices are directly affected by issuer specific events, as well as general market conditions. In addition, in many countries investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.</p> |
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|  | <p><b>Investments in Distressed Securities.</b> The Funds may invest in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the bankruptcy court’s power to disallow, reduce, subordinate, or disenfranchise particular claims. Such companies’ securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Funds’ investment in any instrument, and a significant portion of the obligations and securities in which the Funds invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that Eos will correctly evaluate the value of the assets collateralizing the Fund’s loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Fund may invest, the Fund may lose its entire investment, may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Fund’s investments may not compensate the Investors adequately for the risks assumed. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the security in respect to which such distribution was made.</p> <p><b>High Yield Securities.</b> The Funds may invest in bonds or other fixed income securities, including without limitation “higher yielding” (including non-investment grade) debt securities. Such securities are generally not exchange traded and, as a result, these financial instruments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer’s inability to meet timely interest and principal payments. High yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer’s assets. High</p> |
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yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

**Credit Default Swaps.** The Funds may invest in credit default swaps. Credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. In addition, credit default swaps can be used to implement Eos' view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, a Fund may "write" credit default protection in which they receive spread income. The Funds may also "purchase" credit default protection even in the case in which they do not own the referenced instrument if, in the judgment of Eos, there is a high likelihood of credit deterioration. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock and debt of the company, and potential loss realized on the debt upon default, among other factors. As such, there are many factors upon which market participants may have divergent views. If Eos has a positive view of a company's credit outlook, it may enter into credit default swap transactions in which it assumes the risk of default of an issuer. It may also enter into an opposite transaction, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components determining the value of a swap.

**Total Return Swaps.** Swaps are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk, and operations risk. The Funds may enter into total return swaps ("TRS") with various dealers, such contracts also known as "total rate of return swaps." A TRS is a financial contract in which one party receives interest payments on a reference asset plus any capital gains and losses over the payment period, while the other receives a specified fixed or floating cash flow unrelated to the credit worthiness of the reference asset, especially where the payments are based on the same notional amount. The reference asset may be any asset, index, or basket of assets. The TRS allows one party to derive the economic benefit of owning an asset without putting that asset on its balance sheet, and allows the other (which does retain that asset on its balance sheet) to buy protection against loss in its value. The Funds may take a long or short position on the reference asset under a TRS. The TRS counterparties may bear certain risks associated with the transaction, which include, for example, the possibility that the TRS beneficiary may default while the reference asset has declined in value. In addition, the reference asset obligor may default, followed

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|  | <p>by default of the TRS receiver before payment of the depreciation has been made to the payer or provider.</p> <p><b>Fixed-Income Securities.</b> The Funds may invest in bonds or other fixed-income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities; and commercial paper. Fixed income securities pay fixed, variable, or floating rates of interest. The value of fixed income securities in which the Funds may invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).</p> <p><b>Certain Derivative Investments.</b> The Funds may purchase and sell ("write") options on securities, currencies and commodities on national and international exchanges and over-the-counter markets. The seller of a put option assumes the risk of a decline in the market price of the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying instrument, the loss on the put will be offset in whole or in part by any gain on the underlying instrument. The writer of a call option which is covered (e.g., the writer has a long position in the underlying instrument) gives up the opportunity for gain on the underlying instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Funds may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.</p> <p><b>Bank Loans.</b> The Funds' investment program may include investments in significant amounts of bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Funds to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, Eos compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Funds.</p> <p><b>Futures.</b> The Funds may trade in futures contracts (and options on futures). The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest</p> |
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|  | <p>rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of its clearing houses or counterparties.</p> <p><b>Forward Trading.</b> Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Eos would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.</p> <p><b>Foreign Securities.</b> The Funds may invest a portion of its portfolio in financial instruments of issuers located outside the United States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers. The Funds may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the financial instruments may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by the Funds from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by the Funds will reduce its net income or return from such investments.</p> <p><b>Investing in Micro-, Small- and Medium-Sized Companies.</b> Investing in securities and other instruments of micro-, small- and medium-sized companies involves substantial risks. While Eos believes such securities can provide significant potential for appreciation, the securities of micro-, small- or medium-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. These risks include: the fact that</p> |
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|  | <p>prices of small-capitalization and medium-capitalization securities may be more volatile than prices of large-capitalization securities; that micro-, small- and medium-capitalization companies typically have analyst coverage by fewer research firms than do large-capitalization companies and, therefore, such companies' securities are more likely to trade at prices that reflect incomplete or inaccurate information; the fact that, during some periods, securities of micro-, small- and medium capitalization companies, by asset class, have underperformed the securities of large companies; and the risk of bankruptcy or insolvency of many small companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some micro- and small- capitalization stocks, an investment in those stocks may be illiquid.</p> <p><b>It is critical that Investors refer to the relevant governing documents for a complete understanding of the risks associated with the types of investments that Eos may make. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p> |
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## **ITEM 9 – DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Eos' advisory business or the integrity of Eos' management.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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| <b>Item 10.A</b> | Not applicable to Eos.   |
| <b>Item 10.B</b> | Not applicable to Eos.   |
| <b>Item 10.C</b> | <p>As discussed above, affiliates of Eos serve as the general partners of the Funds and Intermediate Funds that are organized as limited partnerships. Specifically: Eos General, L.L.C serves as the general partner to Eos Partners; ECP General III, L.P. serves as general partner to ECP III; ECP General IV, L.P. serves as general partner to ECP IV; ECO General L.L.C. serves as general partner to Eos Credit Opportunities, L.P. and Eos Opportunities Intermediate Fund, L.P.; ECR General L.L.C. serves as general partner to Eos Credit Recovery, L.P.; ECR Intermediate GP, LLC serves as general partner to ECR Intermediate Fund, L.P.; and EFE General Partner L.L.C. serves as general partner to Eos Focused Equity, L.P. and Eos Focused Equity Intermediate Fund, L.P. Each Fund general partner affiliated with Eos is subject to the Advisers Act and Eos' compliance policies and procedures.</p> |
| <b>Item 10.D</b> | Not applicable to Eos.   |

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

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| <p><b>Item 11.A</b></p> | <p>Eos' Code of Ethics (the "<u>Code</u>") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 ("<u>Advisers Act</u>"). The Code applies to Eos' access persons (which term includes all employees of Eos) and sets forth a standard of business conduct that takes into account Eos' status as a fiduciary and requires access persons to place the interests of Advisory Clients and Investors above their own interests. Among other things, the Code includes provisions relating to insider trading and market manipulation, confidentiality of Advisory Client and Investor information, personal securities trading, acceptance of gifts and entertainment, political contributions and participation in outside business interests.</p> <p>The Code sets forth various reporting and pre-clearance requirements in particular with respect to personal trading by access persons. Eos' access persons must provide the Compliance Department with a list of their personal accounts and an initial holdings report within 10 days of becoming an access person. In addition, Eos' access persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1. All reports are treated confidentially to the extent possible and reviewed promptly and appropriately.</p> <p>The Code requires that access persons comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code to the attention of Eos' Compliance Department. All access persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.</p> <p>Investors or prospective Investors may obtain a copy of Eos' Code of Ethics by contacting the Chief Compliance Officer, Beth L. Bernstein at (212) 832-5800 or by email at <a href="mailto:bbernstein@eospartners.com">bbernstein@eospartners.com</a>.</p> |
| <p><b>Item 11.B</b></p> | <p>Eos Partners invests a portion of its assets in other Eos funds. In those instances, Eos Partners may or may not be charged any management or performance-based fees; however, Eos Partners will pay its pro-rata share of the expenses of the Eos Funds in which it invests.</p> <p>It should also be noted that Eos and its affiliates may give advice and recommend the purchase or sale of securities and other financial instruments, or buy or sell such securities, and instruments for their own account or that of other clients, which advice or instruments may differ from advice given to, or instruments recommended or bought or sold for, the Funds, even though their investment objectives may be the same or similar. Potential conflicts of interest may arise in connection with the personal trading activities of Eos' employees.</p> <p>As stated in Item 11 herein, in order to address these potential conflicts and in recognition of Eos' fiduciary obligations to its Advisory Clients and Eos' desire to maintain its high ethical standards, Eos has adopted a Code of Ethics containing provisions designed to: (i) prevent improper personal trading by Eos' "access</p>  |



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|                  | <p>persons”; (ii) prevent improper use of material, non-public information about securities recommendations made by Eos or securities holdings of the Funds; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of the Funds.</p>  |
| <b>Item 11.C</b> | <p>As previously noted, Eos, its employees or their related persons may invest directly in any one, some or all of the Funds. It should be noted that investments in the Funds made by such parties may or may not be subject to the asset or performance-based fees described in Item 5 above. The fact that Eos’ principals and employees have financial ownership interests in the Funds also creates a potential conflict in that it could cause Eos to make different investment decisions than if such parties did not have such financial ownership interests.</p> <p>Eos believes that high ethical standards are essential for the success of Eos and to maintain the confidence of its Advisory Clients. The Code is designed to ensure that the personal securities transactions of Eos and its affiliates, officers and employees (and members of their families) do not conflict with transactions effected on behalf of the Advisory Clients. Employees of Eos must (i) place the interests of Advisory Clients and, in the case of the Funds, Investors, first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions in full compliance with the Code. As required by Rule 204A-1 of the Advisers Act, Eos requires its access persons to report their securities transactions on a quarterly basis and disclose their securities holdings upon employment and on an annual basis thereafter. Eos also restricts the personal trading of its access persons. In particular, Eos maintains a Restricted Securities List containing the names of securities which access persons are generally prohibited from trading and requires each of its access persons to pre-clear certain transactions in reportable securities.</p> <p>Eos also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. Eos’ personnel are required to certify on an annual basis their compliance with such policies and procedures as well as the Code.</p> |
| <b>Item 11.D</b> | <p>Please refer to the responses in Items 11.A, 11.B, and 11.C.</p>   |

## ITEM 12 – BROKERAGE PRACTICES

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| <b>Item 12.A.1</b> | <p>Eos recognizes its duty to obtain “best execution” in effecting Fund transactions. Consistent with such duty, in determining best execution, Eos may take into account the full range and quality of a broker’s services that benefit an account (and Eos in particular) under management such as brokerage, research and other services. Eos does not select brokers solely on the basis of lowest possible commission costs, but by the best qualitative execution.</p> <p>Consistent with such policy, consideration is given to a variety of factors, including but not limited to, one or more of the following:</p> <ul style="list-style-type: none"> <li>• Quality of execution - accurate and timely execution, clearance and error/dispute resolution</li> <li>• Reputation, financial strength and stability</li> <li>• Block trading and block positioning capabilities</li> <li>• Willingness to execute difficult transactions</li> <li>• Willingness and ability to commit capital</li> <li>• Access to underwritten offerings and secondary markets</li> <li>• Ongoing reliability</li> <li>• Overall costs of a trade (<i>i.e.</i>, net price paid or received) including commissions, markups, mark-downs or spreads in the context of Eos’ knowledge of negotiated commission rates currently available and other current transaction costs</li> <li>• Nature of the security and the available market makers</li> <li>• Desired timing of the transaction and size of trade</li> <li>• Confidentiality of trading activity</li> <li>• Market intelligence regarding trading activity</li> <li>• The receipt of brokerage or research services</li> </ul> <p>While the primary consideration in allocating portfolio transactions to brokers will be to obtain favorable prices and efficient executions, Eos does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations. Commission rates are generally negotiable and thus selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.</p> <p>Using brokerage commissions to obtain research or other products or services provides Eos with a benefit as the firm does not have to produce or pay for such research, products or services. Accordingly, the Funds (and thus Investors) may be deemed to be paying for research and other products or services with “soft” or commission dollars. Eos has an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on a Fund’s interest in receiving most favorable execution.</p> <p>Research and related services furnished by brokers will be limited to services which constitute research or brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended, which is a “safe harbor” that permits an investment manager to use commissions or “soft dollars”</p> |
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|                    | <p>to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by Eos in its other investment activities on behalf of its clients; thus, the client that generated the commission may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. However, Eos seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that accounts generate.</p> <p>It should be specifically noted that, ECP III, and ECP IV do not typically invest in the types of securities that are traded on an exchange and thus do not generate commissions or "soft dollars."</p> <p>Eos periodically evaluates the execution performance of broker-dealers to ensure that the services provided by the executing counterparties fully satisfy all "best execution" requirements. Employees who regularly interact with brokers will be asked to contribute to the review.</p>  |
| <b>Item 12.A.2</b> | <p>From time to time, Eos may participate in capital introduction events. It should be noted that Eos will not allocate Fund brokerage business to a broker-dealer unless Eos determines in good faith that the commissions payable to such broker are consistent with seeking best execution.</p>  |
| <b>Item 12.A.3</b> | <p>Eos does not have directed brokerage arrangements.</p>   |
| <b>Item 12.B</b>   | <p>When appropriate, Eos may, but is not required to, aggregate Advisory Client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Advisory Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.</p> <p>Eos will act in a fair and equitable manner in allocating investment and trading opportunities, including private placements, among the Advisory Clients. In furtherance of the foregoing, Eos will consider participation in all appropriate opportunities within the purpose and scope of each Advisory Client's objectives, and Eos will evaluate such factors as it considers relevant in determining whether a particular situation or strategy is suitable and feasible for each Advisory Client (which factors may include the investment restrictions and objectives of each Advisory Client, whether the Advisory Client is fully exposed to the issuer, the Advisory Client's risk tolerance and liquidity requirements, the nature of the opportunity in the context of the Advisory Client's other positions at the time, and available cash flow). It should be noted that Eos (for a variety of reasons) may allocate trades solely to one Advisory Client and/or may allocate trades on a non-pro rata basis.</p> <p>Eos will maintain documentation for instances in which an investment opportunity is appropriate for more than one Advisory Client but is not allocated between such Advisory Clients on a pro rata basis.</p> |

## ITEM 13 – REVIEW OF ACCOUNTS

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| <b>Item 13.A</b> | <p>Eos Partners, ECP III, ECP IV, the ECO Funds, the ECR Funds, and the EFE Funds are under ongoing review by Steven M. Friedman (Managing Partner), Brian D. Young (Managing Partner) and each Fund's respective investment professionals. All such persons are responsible for reviewing accounts and orders on a daily basis to ensure that certain account restrictions are being followed and that the accounts have sufficient available cash to trade. Other Eos employees may also be designated to review Advisory Client accounts and orders.</p> <p>In addition, the compliance department will periodically review the trade policies and procedures to ensure that it represents Eos' current practices and (to the best of her reasonable knowledge and belief) is in conformity with applicable law and regulations.</p> |
| <b>Item 13.B</b> | <p>Please see Item 13.A. The accounts are under continuous review.</p>  |
| <b>Item 13.C</b> | <p>Generally, Investors in the ECO Funds, the ECR Funds and the EFE Funds will receive: (1) monthly account statements from the respective Fund's administrator; (2) monthly commentary from the respective Fund's manager; and (3) quarterly newsletters from the respective Fund's manager as well as the Fund's administrator. Investors in Eos Partners, ECP III and ECP IV will generally receive quarterly account statements and newsletters from the Fund's manager. Lastly, Investors in all of the Funds will receive annual audited financial statements.</p>  |

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

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| <b>Item 14.A</b> | Not applicable to Eos.  |
| <b>Item 14.B</b> | <p>Eos has entered into a third party solicitation arrangements in connection with the offering of interest/shares in ECP III and ECP IV under which such third-party solicitor will receive a placement fee with respect to the capital commitments of certain Investors. Furthermore, Eos has entered into third party solicitation arrangements in connection with the offering of interest/shares in the ECO Funds and the ECR Funds under which such third-party solicitor will receive ongoing fees based on the management fee and performance fee paid by certain Investors. To the extent applicable (and taking into account current SEC guidance), Eos will ensure that all such third party solicitation arrangements are in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.</p> |

## **ITEM 15 – CUSTODY**

Eos will maintain the assets of the Funds in accounts with a “qualified custodian” pursuant to Rule 206(4)-2 under the Advisers Act and notify clients in writing of the qualified custodian’s name, address and the manner in which the assets are maintained promptly when the account is opened and following any changes to this information.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Eos provides all Investors with audited financial statements for their respective Fund prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of such Fund’s fiscal years (i.e., generally by April 30). Investors should carefully review the audited financial statements of the Funds.

## **ITEM 16 – INVESTMENT DISCRETION**

Eos has discretionary authority to manage securities accounts on behalf of the Advisory Clients. Eos is authorized to make transaction recommendations for the Advisory Clients. As explained in Item 4.C above, each Fund's investment strategy is set forth in detail in the respective Fund's private offering memorandum. Prospective Investors should also consult with their legal, tax, or other advisors prior to making any investment. Investors do not have the ability to impose limitations on Eos' discretionary authority. Before investing with a Fund, a prospective Investor must execute a subscription agreement in which he or she makes various representations, including representations regarding suitability to invest in a high-risk investment pool. Further, Investors in the domestic limited partnerships must execute a limited partnership agreement that contains a limited power of attorney.

## ITEM 17 – VOTING CLIENT SECURITIES

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| <b>Item 17.A</b> | <p>Eos has the authority to vote Advisory Client securities and with this authority comes the responsibility to vote proxies in the best interest of Eos' Advisory Clients. Eos has engaged Broadridge Financial Solutions, Inc. ("<u>Broadridge</u>") to manage its proxy voting. Broadridge maintains a record of Eos' proxy statements that it receives, votes cast and other communications.</p> <p>Eos votes all proxies in the best interests of the Advisory Clients in accordance with the Proxy Voting Policy and Procedures (the "<u>Procedures</u>") adopted in its compliance manual. The Procedures specifically require that Eos identify and address conflicts of interest between Eos, its related persons and its Advisory Clients. If a material conflict of interest is identified, Eos will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of its Advisory Clients or whether taking other action may be more appropriate. In particular, it should also be noted that Eos has the discretion to refrain from voting proxies when it is in the best interests of Advisory Clients to do so.</p> <p>If you have any questions about Eos' proxy policy, its proxy record-keeping procedures or if you would like any detailed information about how proxies are actually voted, please contact Beth L. Bernstein at (212) 832-5800 or by email at <a href="mailto:bbernstein@eospartners.com">bbernstein@eospartners.com</a>.</p> |
| <b>Item 17.B</b> | Not applicable to Eos.   |



## ITEM 18 – FINANCIAL INFORMATION

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| <b>Item 18.A</b> | Not applicable to Eos.  |
| <b>Item 18.B</b> | Eos is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. |
| <b>Item 18.C</b> | Not applicable to Eos.  |