

Capitala Private Advisors, LLC

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Part 2A of Form ADV: Firm Brochure

March 31, 2017

This brochure provides information about the qualifications and business practices of Capitala Private Advisors, LLC (“CPA” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 704.376.5502. 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.

CPA is a registered investment adviser. The term registered investment adviser reflects CPA’s registration with the SEC and does not imply a certain level of skill or training.

Additional information about CPA is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This is the first annual updating amendment of CPA. The Adviser has updated this brochure to reflect updates to the Adviser's investment strategy as well as other updates including with respect to the Adviser's assets under management.

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Item 4: Advisory Business

A. Description of Advisory Firm and Identity of Principal Owners

CPA was formed as a Delaware limited liability company in February 2016. Our principal executive offices are located at 4201 Congress Street, Suite 360, Charlotte, North Carolina 28209, and our main telephone number is 704.376.5502.

Mr. Joseph B. Alala, III is the President, CEO and a Member of CPA. The principal owner of CPA is Capitala Investment Advisors, LLC (“CIA”), which is principally owned by Atlas Capitala Investments, LLC. Atlas Capitala Investments, LLC is wholly-owned by Capitala Trust.

In July 2016, CPA became adviser to CapitalSouth Partners SBIC Fund IV, L.P. (“Fund IV”). In September 2016, CPA became adviser to Capitala Private Credit Fund V, L.P. (“Fund V”). CPA may be adviser to other private funds in the future (collectively with Fund IV and Fund V, “Clients,” and each individually, a “Client”).

As noted above, CPA is owned by CIA, an SEC registered investment adviser (collectively with CPA, “Capitala Group”), which serves as the investment adviser to Capitala Finance Corp., which has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”), and certain private funds (collectively with the BDC and the Clients, the “Capitala Group Clients”).

Fund IV is a debt fund that is licensed as a small business investment company (“SBIC”) by the Small Business Administration (“SBA”) and is subject to the rules and regulations promulgated under Title III of the Small Business Investment Company Act of 1958, as amended (the “SBIC Act”). Because the key personnel of the SBIC’s management team also serve as key personnel of CPA, the same individuals will be providing services to the SBIC. Fund IV’s investments are generally structured to earn current income through cash interest payments and may also include return enhancements including: (i) paid-in-kind (“PIK”) interest; (ii) equity warrants; and/or (iii) other equity-linked securities.

Currently, CPA’s advisory clients are Fund IV and Fund V. Fund IV and Fund V are commingled funds with multiple investors, but other Clients also could include certain private investment vehicles formed for specific investors to invest alongside other Clients. CPA’s Clients may also include special purpose vehicles formed to make specific individual investments, individually or alongside other Clients.

B. Types of Advisory Services Offered by CPA

As the investment adviser for Fund IV and Fund V, CPA provides various investment management services including: (i) sourcing of debt and equity transactions; (ii) conducting due diligence; (iii) structuring and consummating transactions; (iv) portfolio company management (when appropriate); (v) monitoring of financial and operational performance and compliance; and (vi) structuring the disposition

of investments. The primary focus of Fund IV and Fund V is making privately-negotiated senior and subordinated debt and related equity investments in portfolio companies across various industries, including leverage acquisitions and recapitalizations, traditional buyouts and investments in growth companies. CPA's investment advice for Fund IV and Fund V is generally limited to these types of investments, though CPA may cause any Client to make any investment that is consistent with the applicable Client's investment objectives and strategies.

CPA provides investment advisory services to Fund IV and Fund V pursuant to a separate management services' agreement (a "Management Agreement") or similar contractual arrangement. Pursuant to regulations promulgated under the SBIC Act, each Management Agreement with a Client that is a licensed SBIC must be reviewed and approved by the SBA.

CPA, or its related entities, may enter into side letter agreements with investors in Fund IV or Fund V, establishing rights under, or supplementing or altering the terms of, the limited partnership agreement and subscription agreements. Except as may be specified in any given investor's side letter, neither CPA nor its related entities have obligations to offer such additional or different rights, terms or conditions to any other investor. Once invested in Fund IV or Fund V, investors cannot impose additional investment guidelines or restrictions on Fund IV or Fund V.

As noted above, CPA may occasionally provide other investment advisory services, such as underwriting of investments and deal sourcing, to other private investment firms. Such arrangements are generally very limited in scope and entered into primarily for business development or other strategic reasons and do not form a material portion of our business.

C. Tailoring of Services to Client and Restrictions on Investing in Certain Securities

CPA's advisory services are tailored to the needs of the Clients it manages, subject to applicable law. As noted above, the primary focus of Fund IV and Fund V is to make privately-negotiated senior and subordinated debt and related equity investments in companies, including leveraged acquisitions and recapitalizations, traditional buyouts and investments in growth companies. Certain investment limitations are set forth in the governing documents of Fund IV and Fund V, which are provided to and negotiated with the investors in Fund IV and Fund V. In addition, in the case of a Client established for a particular investor as described above, the investor may have the right to reject individual investment opportunities or further limit or impose restrictions on the investments made by that Client.

D. Wrap-Fee Programs

Not applicable.

E. Amount of Client Assets under Management

As of December 31, 2016, CPA has a total of approximately \$218.1 million in assets under management on a discretionary basis and no assets under management on a non-discretionary basis.

Item 5: Fees and Compensation

A. Description of Compensation

The compensation paid to CPA by Fund IV and Fund V was negotiated with Fund IV's and Fund V's investors, respectively, and, as a result, may vary from the compensation paid by other Clients. Management fees payable by Clients that are licensed SBICs, such as Fund IV, are further subject to SBA approval.

We have negotiated with investors in Fund IV, as a licensed SBIC, the ability to charge management fees up to the maximum amounts allowed by SBA policy, which generally permits SBICs such as Fund IV to charge management fees at a rate of (i) 2% per annum of the amount of capital commitments made to the SBIC fund (to the extent such commitments qualify as "Regulatory Capital" of the SBIC fund under the SBIC Act) plus assumed leverage of 2x such commitments for the "Initial Investment Period" as defined in the SBIC Act and (ii) 2% per annum of the capital (including actual leverage, but excluding write offs) invested by the fund in active portfolio companies thereafter. See *Guidelines Concerning Allowable Management Expenses for Leveraged SBIC*—released in December 2003.

Management fees for Fund IV and Fund V are generally payable quarterly in advance. Fund IV and Fund V also reimburse CPA and its affiliates for certain expenses advanced by it on behalf of it. These expense reimbursements are disclosed to and negotiated with investors in the relevant offering documents and are in addition to the management advisory fees.

In addition, CPA or its affiliates may receive commitment fees, monitoring and directors' fees and organization, financing, divestment and other similar fees in connection with portfolio investments of Fund IV or Fund V as compensation for financial advisory or similar services provided to its portfolio companies. All or a portion of most such fees relating to investments by Fund IV and Fund V offset the management fee otherwise payable with respect to Fund IV and Fund V, respectively.

CPA may, but is not required, to waive all or any portion of any management fees otherwise payable to it by a Client, and CIA and other of CPA's affiliates have a history of granting substantial fee waivers. Clients should not assume, however, that CPA will in the future waive all or any portions of any management fees that may be due and owed to CPA.

See Item 6 below for a discussion of performance fees that may be earned by CPA and its affiliates with respect to the Clients.

Where CPA provides other investment advisory services, such as underwriting of investments and deal sourcing, to other private investment firms, the compensation (if any) to be paid for such services is separately and specifically negotiated with the Client and may include an economic interest in the Client or a portion of the management fees paid to that private investment firm by its own funds.

B. Fee Collection Process

Fees are paid to CPA by Fund IV and Fund V as set forth in its governing documents. When an installment of management fees is due and payable, CPA bills Fund IV or Fund V for it and then causes the entity to pay it. As noted above, Fund IV's and Fund V's management fees are generally paid quarterly in advance. Performance fees owed by Fund IV or Fund V are generally paid as Fund IV's or Fund V's investments are disposed of and the proceeds are distributed to the investors in the client fund.

C. Other Fees/Expenses

In addition to our service fees, Fund IV and Fund V may be assessed other fees by parties independent from us, including any and all out-of-pocket expenses associated with the operation of Fund IV and Fund V, including expenses incurred in connection with pursuing, consummating, managing and disposing of investments, and including legal, accounting and other fees of service providers. Any such fees, costs and expenses are exclusive of, and in addition to, our compensation. Fund IV and Fund V are solely and directly responsible for such items and will reimburse CPA and its affiliates for advancing such amounts on behalf of Fund IV's or Fund V's account. See Item 12 for a discussion of brokerage expenses.

D. Fees Charged in Advance

Our advisory fees associated with the Clients are generally charged quarterly in advance. Fees paid in advance are generally considered non-refundable unless a Client's engagement of CPA is effectively terminated. Where an engagement is terminated prematurely, CPA would refund any prepaid management fees on a prorated basis.

E. Additional Compensation

Item 5(E) of Form ADV Part 2A requires us to disclose whether we or any of our supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Neither we, nor any of our supervised persons accept any such compensation, but see Item 5(A) above for a discussion of commitment fees, monitoring and directors' fees and organization, financing, divestment and other similar fees CPA and its affiliates may earn in connection with portfolio investments of Fund IV, Fund V or other Clients.

Item 6: Performance-Based Fees and Side-By-Side Management

Fund IV is subject to "carried interest" (i.e., a performance fee) when Fund IV has returned to its investors certain amounts of capital contributed by them to Fund IV and a specified "preferred return" typically thereon, as set forth in Fund IV's organizational documents. The carried interest is calculated as 20% of Fund IV's net profits and is payable to Fund IV's general partner. Fund IV's general partner is an affiliate of CPA. The general partner is not entitled to carried interest based on changes in investment valuations, but only in the event cash or other proceeds are realized by Fund IV from underlying investment activity, and then only after certain distributions have been made to investors in

Fund IV.

Fund V is also subject to “carried interest” (i.e., a performance fee) when Fund V has returned to its investors certain amounts of capital contributed by them to Fund V and a specified “preferred return” typically thereon, as set forth in Fund V’s organizational documents. The carried interest is calculated as 15% of Fund V’s net profits and is payable to Fund V’s general partner. Fund V’s general partner is an affiliate of CPA. The general partner is not entitled to carried interest based on changes in investment valuations, but only in the event cash or other proceeds are realized by Fund V from underlying investment activity, and then only after certain distributions have been made to investors in Fund V.

We do not currently manage accounts that are charged a performance fee alongside other accounts that are not. We currently manage multiple accounts that invest in the same types of securities, and may co-invest together in the same transactions. Such different accounts may bear carried interest at different rates or may be at different stages of their carried interest “waterfall,” making them more or less likely to make carried interest distributions at any given point in time. The foregoing could result in potential conflicts of interest in the allocation of new investment opportunities, and potentially also in connection with the management and disposition of investments, because these allocations and other determinations could be effected by the likelihood that we will earn performance-based fees or the amount thereof.

Capitala Group Clients may have investment objectives and policies that could be substantially similar to or overlap with each other. Each of CPA and CIA owe distinct fiduciary duties to their respective clients that require it to treat those clients fairly and equitably such that no client receives preferential treatment vis-à-vis the others over time. See Item 11(C) below for a discussion of investment allocations and related conflicts of interest among the Capitala Group Clients.

Another potential conflict of interest that does arise from our charging performance-based fees is that it may create an incentive for us to cause Client accounts to engage in riskier investment behavior due to the higher return potential.

Item 7: Types of Clients

As stated previously, our Clients are Fund IV and Fund V. For more information, see Item 4—Advisory Business. The minimum subscription for an investment in both Fund IV and Fund V is \$1 million (waivable by Fund IV’s or Fund V’s general partner, as the case may be).

Additionally, CIA is the adviser to the BDC and certain private funds. For a discussion of the allocation of investment opportunities amongst these different types of clients, see Item 11(C)—Investment in Same Securities or Related Securities Recommended.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

CPA provides investment recommendations related to our Clients' specific investment strategies. Fund IV primarily makes debt and related equity investments in lower middle-market operating companies. Fund V primarily makes debt and equity investments in lower and traditional middle-market companies. Some Clients may focus more on equity investments, and in particular, control equity investments. In evaluating potential portfolio investments, CPA conducts extensive due diligence to analyze, among other things, the prospective portfolio company's operating cash flow and capacity to adequately service its debt obligations, the market and the company's competitive position within the market, the company's cost and revenue structures, the company's unique assets, such as brand strength, distribution capability and intellectual property, the company's management team and compensation structure, the company's contingent liabilities (e.g., environmental, regulatory, accounting, legal, etc.), the company's potential growth opportunities, and potential exit strategies.

CPA investments are typically sourced directly through its internal deal generation strategy and networks. Our underwriting and portfolio management functions are centralized at our Charlotte, North Carolina headquarters, while our investment professionals located there and in the Washington, D.C. metro area, Atlanta, Georgia, Fort Lauderdale, Florida, Los Angeles, California, and Chapel Hill, North Carolina work closely with their geographic contacts to identify attractive investment opportunities. Our investment professionals also maintain relationships with various industry participants providing additional access to potential investment transactions.

Fund IV is subject to the SBA's rules and regulation and is required to invest in companies that are primarily U.S. based. Other Clients may invest in companies that are located or headquartered outside the U.S.

In both Fund IV and Fund V, CPA seeks to build a portfolio that is diversified with respect to transaction type, geographic exposure (as the same may be limited by the governing documents of Fund IV or Fund V) and sector. CPA also seeks to maintain investment balance across industries that it believes are stable or otherwise attractive and industries with attractive long-term growth trends. After a potential transaction has been identified as satisfying the initial screening process, CPA prepares a financial model and a company write-up to be shared with the entire investment advisory team. Each potential investment must not only pass operational and strategic hurdles, but must also pass a standardized financial model and matrix that reviews projected returns, leverage and fixed charge coverage ratios, and portfolio fit.

CPA (typically in conjunction with other transaction parties) will often engage independent industry specific consultants to conduct operational and financial due diligence, and in almost all cases will engage an outside consultant to perform an enterprise audit for a prospective transaction.

All of the Clients are integrated through one centralized investment review process, from sourcing

through portfolio management.

Investing in securities involves a risk of loss that Fund IV, Fund V and the investors therein should be prepared to bear. Item 8(B) below explains in greater detail certain risks involved in our investment strategy and method of analysis.

B. Material Risks involved in Investment Strategy and Method of Analysis

The investment strategies described above involve a substantive degree of risk, and Clients, including Fund IV and Fund V, may lose all or a substantial portion of the value of their investments. Certain additional material risks relating to the investment strategies and methods of analysis described above are as follows:

Our business is materially affected by conditions in the global financial market and general economic conditions, e.g. interest rates, credit availability, inflation, overall economic uncertainty, changes in laws and regulations, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the liquidity and value of investments. CPA expects that Fund IV and Fund V will encounter competition from entities having similar investment objectives, certain of which may have competitive advantages over Fund IV or Fund V in bidding for investments, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to Fund IV or Fund V.

Fund IV and Fund V may be affected by reduced opportunities to exit and realize value from its investments and by the fact that we may not be able to find suitable investments for Fund IV and Fund V to effectively deploy capital. During difficult market conditions or slowdowns in a particular business sector, Fund IV and Fund V may experience difficulty in the companies in which it invests, e.g. decreased revenues, financial losses, difficulty in obtaining access to financing and increased funding costs. During such periods, these companies may be unable to meet their debt service obligations or other expenses as they become due, including interest expenses payable to Fund IV and Fund V. Such economic conditions would also increase the risk of default with respect to Fund IV's and Fund V's debt investments.

An important aspect of the long term strategy is the use of leverage, including leverage obtained from the SBA by Fund IV (the "Leverage Program"). The use of leverage may exacerbate losses and increase volatility because it will enable Fund IV, through the Leverage Program, to take positions that are in excess of the equity contributed to Fund IV by its investors. In addition, Fund IV needs operating revenues to make required payments of principal and interest on the loans from the SBA. Losses on a small percentage of Fund IV's investments made in the Leverage Program can result in a much larger percentage reduction in its investment returns. SBA and most other leverage providers require that interest be paid on a current basis and the income from investments may not be sufficient to make the required payments. Thus, it may be necessary from time to time to use capital contributions or additional leverage to make these interest payments. Investments in leveraged entities are inherently more sensitive to declines in revenues, increases in expenses and interest rates, adverse economic, market and industry

developments.

An SBA license does not ensure that Fund IV will be able to obtain funds from the SBA in the amounts and in the times required to optimize investment returns. There can be no assurance that there will be sufficient SBA leverage available to satisfy Fund IV's demands. Certain of the Clients, other than the licensed SBICs, also may incur indebtedness from other sources in an effort to use leverage when making investments. There can be no assurance that debt financing will be available in acceptable amounts or on acceptable terms, if at all. The inability to raise debt financing could negatively affect the projected returns of any Client.

We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by competitors. Alternatively, we may experience decreased rates of return and increased risks of loss if we match investment prices, structures and terms offered by competitors. In addition, if interest rates were to rise or there were to be a prolonged positive market for equities, the attractiveness of our Clients relative to investments in other investment products could decrease. This competitive pressure may adversely affect our ability to make successful investments, which may adversely impact our business, revenue, results of operations and cash flow.

Our asset management activities involve investments in relatively high-risk, illiquid assets, and we may fail to realize any profits from these activities for a considerable period of time or lose some or all of Fund IV's and Fund V's principal investments.

The capital structures of companies in which Fund IV and Fund V invest are determined on the basis of financial projections for such companies, which normally are based primarily on management judgments. Projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections.

If any of the portfolio companies in which Fund IV or Fund V invests are unable to protect its proprietary, technological, and other intellectual property rights, Fund IV's and Fund V's investment could be harmed. If the portfolio companies are required to devote significant resources to protecting their intellectual property rights, the value of Fund IV's or Fund V's investment could be reduced.

Although CPA makes every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require a fund to rely on limited resources available to it including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

The success of Fund IV and Fund V will depend in large part on the skill and expertise of CPA and its personnel, and there can be no assurance that any individual CPA professional will continue to be associated with Fund IV and Fund V. We depend on our founder and other key personnel, the loss of

whose services would have a material adverse effect on our business, investment strategy, and financial condition.

While diversification is an objective, there is no assurance as to the degree of diversification that will actually be achieved in Fund IV's and Fund V's investment portfolio. Any lack of diversification among Fund IV's and Fund V's portfolio companies may result in significant losses if one or more of these companies default on its obligations under any of its debt instruments. Fund IV's and Fund V's portfolios may also be concentrated in a limited number of industries, which may result in significant loss if there is a downturn in a particular industry. While we strive for Fund IV and Fund V to have a diverse portfolio within the class of assets in which Fund IV and Fund V invest (i.e., debt and related equity investments in privately held smaller middle-market companies), our investment strategy does not involve diversification across asset classes and an investment with CPA should not be viewed as a complete or comprehensive investment program. Fund IV and Fund V may also have limited geographic investment diversification.

Although it is the intention of CPA to ensure that Fund IV's and Fund V's portfolio companies have strong management teams, there can be no assurance that any portfolio company's management team will be able to operate successfully.

The financial services industry in general, and the activities of private investment funds and their managers, in particular, has been subject to increasing regulatory oversight. Such scrutiny may increase CPA's, Fund IV's, and Fund V's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on CPA, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert CPA's time, attention and resources from portfolio management activities. It is anticipated that, in the normal course of business, the officers of CPA may have contact with government authorities and/or be subject to responding to inquiries or examinations.

In connection with the disposition of an investment in a portfolio company, our Clients may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. Fund IV and Fund V may be required to indemnify the purchasers of such investments to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities of one of our Clients.

Our Clients may co-invest with third-parties and those investments may involve risks in connection with such third-party involvement, including the potential that the third-party investor may have financial, legal or regulatory difficulties, negatively affecting such investment, may have economic or business interests or goals that are inconsistent with those of the fund or may be in a position to take (or block) action in a manner contrary to our Clients' investment objectives.

Other Clients may focus more on equity investments and, in particular, control equity investments, than Fund IV or Fund V. These equity investments are expected to be illiquid, and any returns on them may be subject to the portfolio company's repayment of a substantial amount of debt. Accordingly, these

equity investments may be more susceptible to economic downturns. In addition, a Client will typically not be contractually entitled to receive cash payments by any certain time and will not be entitled to a pre-determined cash return in respect of its equity investments. Because it will be required to repay the SBIC program and any other leverage used by it to purchase those investments on a certain date, the making of equity investments by any SBIC fund, including Fund IV, will increase the chances that it will be unable to pay back all of this leverage when due.

Additional risks are discussed in the offering documents pursuant to which interests in certain Clients are offered.

C. Material Risks involved in Particular Security Types

We invest primarily in first lien, second lien and subordinated debt and related equity securities of privately held lower and traditional middle-market companies. In addition to the risks described above, certain additional risks relating to such securities are as follows:

Investments in smaller companies of the type Fund IV and Fund V target may be riskier in general than investments in larger companies, and any historical outperformance of investments in smaller companies may relate to this increased risk. In general, as compared to larger companies, lower middle-market companies of the type in which Fund IV and Fund V invest may have more limited financial resources and borrowing options, may be more exposed to general economic downturns, and may be more susceptible to acute financial damage resulting from relatively unpredictable one-time events, such as litigation or the death of a company's founder. We may also have less information about the historical performance and operations of its portfolio companies than would be the case if we invested in larger companies.

Fund IV and Fund V typically make current-pay, interest or dividend-bearing subordinated note or preferred stock investments with stated maturities of not less than one year to small businesses that may have limited financial resources and are able to obtain only limited financing from traditional sources. Fund IV's and Fund V's investments may or may not be secured by the assets of the portfolio company. Deterioration in the financial condition and prospects of Fund IV's and Fund V's portfolio companies usually will be accompanied by deterioration of their ability to pay the interest or dividends on the investments in them and of the value of the investments or any collateral that Fund IV and Fund V hold. In most cases, the companies in which Fund IV and Fund V invest will have indebtedness or equity securities, or may be permitted to incur indebtedness or to issue equity securities, that rank senior to, or pari passu with, our debt and equity investments. After repaying senior security holders, the company may not have any remaining assets to use for repaying amounts owed in respect of Fund IV's and Fund V's investment. Also, many of the loans in which Fund IV and Fund V invests will not be fully amortizing and if a borrower cannot repay or refinance such loans, our results will suffer.

The loans made by Fund IV and Fund V will generally bear interest at fixed rates and, as a result, the value of these investments will be negatively affected by any increases in market interest rates. In addition, increases in interest rates could make it more expensive for Fund IV or Fund V to borrow. This includes, for Fund IV, the SBIC program because interest rates charged in respect of SBIC debentures

fluctuate based on market demand for SBA-guaranteed debentures. Conversely, decreases in market interest rates could require Fund IV or Fund V to accept lower interest payments with respect to the loans it makes to portfolio companies, and could also result in its portfolio companies prepaying amounts previously lent to them by Fund IV and Fund V. In the event of such prepayments, Fund IV and Fund V may not be able to reinvest the proceeds that it receives in investments that are as profitable as the investments that were prepaid.

Investments by Fund IV and Fund V will likely include debt instruments and equity securities of companies that we do not control, and such investments will be subject to the investment decisions of the controlling equity holders of the related portfolio companies. The investment decisions made by such controlling equity holders could be different than those that would be made by us if Fund IV and Fund V were the controlling equity holders and such decisions could materially and adversely affect Fund IV's and Fund V's investment strategy and results with respect to any certain portfolio company.

Lack of control over a portfolio company reduces our ability to take actions that might be in the best interests of Fund IV, Fund V and their respective investors. Where Fund IV or Fund V, as the case may be, exercises control over a portfolio company borrower, Fund IV and Fund V, as the case may be, may be subject to lender liability claims for actions taken by it with respect to a borrower's business or instances. It is possible that Fund IV and Fund V could become subject to a lender's liability claim, including as a result of actions taken in rendering significant managerial assistance. The likelihood of Fund IV and Fund V being subject to such a claim may be increased to the extent it co-invests with other Clients managed by CPA and its affiliates.

Generally, there is no public market for the investments that CPA makes on behalf of Fund IV and Fund V. Such investments will typically be highly illiquid and Fund IV and Fund V may not be able to realize any return on its equity investments until a sale or initial public offering of the portfolio company occurs. Even if such equity investments prove successful, they are unlikely to produce a realized return Fund IV, Fund V or their respective investors for a number of years.

Item 9: Disciplinary Information

There have been no legal or disciplinary events that are material to an evaluation of the advisory business of CPA or the integrity of the management of CPA.

Item 10: Other Financial Industry Activities and Affiliations

Neither CPA nor any of its management persons is registered as a broker-dealer, nor do any such parties have an application pending or are otherwise in the process of seeking to register as a broker-dealer. None of our management persons are registered as or currently seeking registration as a registered representative of a broker-dealer. Neither CPA nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities. None of our management persons are registered as, or currently seeking registration as, associated persons of any of the foregoing type of firms.

Except for the fact that the general partner of each of Fund IV and Fund V, which could be viewed as the sponsor of the fund, is a related party of CPA and the relationships among CPA, CIA and the Capitala Group Clients (as discussed more fully below), neither CPA nor any of its management persons has any relationship or arrangement that is material to its advisory business or its Clients with any related person that is a broker-dealer, municipal securities dealer, or government securities dealer or broker; an investment company or other pooled investment vehicle; another investment adviser or financial planner; a futures commission merchant, introducing broker, commodity pool operator, or commodity trading advisor; a banking or thrift institution; an accountant or accounting firm; a lawyer or law firm; an insurance company or agency; a pension consultant; a real estate broker or dealer; or a sponsor or syndicator of limited partnerships.

Generally, CPA does not recommend or select other investment advisers for its Clients. CPA and certain of its management persons are also management persons of CIA. For a more detailed discussion of the allocation of investment opportunities among the Capitala Group Clients, see Item 11(C)–Investment in Same Securities or Related Securities Recommended.

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

A. Code of Ethics

CPA has a comprehensive Code of Ethics that is applicable to all of its officers and employees to help avoid insider trading and otherwise to ensure that the firm and its employees act in an ethical manner and in accordance with applicable securities laws. In general, the Code of Ethics provides for the following:

- Standards of conduct required of employees, reflecting the fiduciary duties owed by CPA and its employees to Clients;
- Compliance with applicable securities laws, including those pertaining to insider trading;
- Reporting by CPA's employees of (and pre-clearance with respect to certain types of) personal securities holdings and transactions;
- Compliance with certain policies and procedures relating to political contributions and gifts and entertainment;
- The reporting of violations of the Code of Ethics; and
- The education of employees about the Code of Ethics.

CPA maintains the Code of Ethics at its corporate headquarters. Each of our employees has been

furnished with a copy of and has acknowledged his or her understanding of our Code of Ethics, and CPA will provide a copy of its Code of Ethics to any current and/or prospective client upon request.

B. Investments in Securities in which CPA has an Interest

Except as disclosed in Item 11(C) below, neither CPA nor any of its related persons recommends to Capitala Group Clients, or buys or sells for Capitala Group Client accounts, securities in which CPA or any of its related persons has a material financial interest.

C. Investment in Same Securities or Related Securities Recommended

Capitala Group and its related persons do not invest in the same securities (or related securities) as those that Capitala Group recommends to the Capitala Group Clients (and CPA places limitations, subject to review by the Chief Compliance Officer, on its supervised persons and other employees from personally trading in the securities of Capitala Group Client's portfolio companies), except that Capitala Group often may cause one of the Capitala Group Clients to invest in the same securities or related securities, such as warrants or other securities of the same issuer, that another one of the Capitala Group Clients holds or is considering for investment. This practice of permitting co-investments raises certain conflicts of interest, particularly in the areas of allocating investment opportunities and taking action with respect to portfolio company investments.

In resolving these sorts of conflicts, Capitala Group and its affiliates may consider many factors, including the interests of each Capitala Group Client with respect to the immediate issue and/or with respect to the longer term course of dealing among Capitala Group Clients. In the case of many conflicts involving the Capitala Group Clients, Capitala Group's and its affiliates' determination as to which factors are relevant, and the resolution of such conflicts, will be made in Capitala Group's and its affiliates' sole discretion.

The following factors may alleviate, but will not eliminate, conflicts of interest among Capitala Group Clients:

- A Capitala Group Client for which Capitala Group serves as investment adviser will not make any investment unless Capitala Group and the Capitala Group Client's general partner or manager believes that such investment is an appropriate investment considered solely from the viewpoint of such Capitala Group Client;
- Many important conflicts of interest will be resolved pursuant to set procedures, restrictions or other provisions contained in a Capitala Group Clients' relevant offering and/or organizational documents, some of which require the approval of the investors in or the limited partner advisory committee of the relevant Capitala Group Client for certain conflict of interest transactions;
- Even where not required to pursuant to a Capitala Group Clients' offering and/or organizational documents, Capitala Group may determine to consult with the limited partner advisory

committee for a Capitala Group Client, whose members are not affiliated with Capitala Group, on conflict of interest issues, and in such cases Capitala Group may permit the advisory committee to resolve conflicts of interest by approving or disapproving decisions; and

- Certain of the Capitala Group Clients, including Fund IV, are licensed leveraged SBICs and, as such, are precluded from making investments that give rise to certain conflicts of interest. In general, a conflict of interest may arise if an affiliate of the SBIC has or makes an investment in a prospective portfolio company or serves as one of its officers or directors prior to the investment or would otherwise benefit from the financing. Joint investments with a related SBIC fund may be made on terms and conditions that are fair and equitable to the SBIC, taking into account timing differences, and may require pre-investment approval by the SBA (although if the related fund is a leveraged SBIC, and the two SBICs are investing on the same terms and conditions, no pre-investment approval of the SBA is required for such a co-investment, and the terms will be presumed fair and equitable to both SBICs).

As applicable, Capitala Group and its affiliates may, in their sole discretion, offer co-investment opportunities in underlying portfolio companies to investors in the Capitala Group Clients (“Capitala Group Investors”) and other third-parties. Specifically, and subject to any restrictions contained in the offering and/or organizational documents of the relevant Capitala Group Client or any side-letter entered into with a Capitala Group Investor, (i) no Capitala Group Investor in its capacity as such has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities to Capitala Group Investors and other third-parties are made in the sole discretion of Capitala Group or its related persons, (iii) co-investment opportunities may be offered to some and not to other Capitala Group Investors, in the sole discretion of Capitala Group and its affiliates, and (iv) third-parties other than Capitala Group Investors may be offered co-investment opportunities, in the sole discretion of Capitala Group and its affiliates.

Subject to its fiduciary duties and applicable law, as well as any relevant restrictions or other limitations contained in the offering and organizational documents for the Capitala Group Clients or side letters relating thereto, Capitala Group and its affiliates will determine how to allocate investment opportunities considering such factors as they deem relevant. In exercising its discretion, Capitala Group may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among the Capitala Group Clients with different fee, expense and compensation structures or with different performance characteristics, Capitala Group may have an incentive to allocate investment opportunities to the Client from which Capitala Group or its related persons expect to derive, directly or indirectly, a higher fee, compensation or other benefit.

In order to address such potential conflicts, Capitala Group has adopted an investment allocation policy. Capitala Group seeks to allocate investment and disposition opportunities among the Capitala Group Clients in a manner that is fair and equitable over time and, pursuant to the allocation policy, Capitala Group may take into account a variety of factors, including, but not limited to, the following:

- Each Capitala Group Client’s investment objective or strategies;

- Each Capitala Group Client's liquidity;
- Each Capitala Group Client's tax considerations;
- Risk, diversification or investment concentration parameters for a vehicle (including fixed or floating rate requirements, industry categories and credit rating requirements);
- The characteristics of the security (including the expected return, type of security, seniority in the capital structure, and call and put features);
- Supply or demand for a security at a given price level;
- Size of available investment;
- Such other factors as may be relevant to a particular transaction;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents.

Additionally, Capitala Group will allocate all investment opportunities in accordance with applicable law, including but not limited to, the 1940 Act and the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Furthermore, the SEC granted to Capitala Group and certain Capitala Group Clients, exemptive relief for certain investment transactions. To the extent applicable, Capitala Group will allocate investment opportunities among Capitala Group Clients in accordance with the terms of such relief.

Capitala Group and its affiliates reserve the right to make independent decisions about when the Capitala Group Clients they advise should purchase and sell investments. As a result, one Capitala Group Client may be purchasing an investment at a time when another Capitala Group Client is selling the same or similar investment, or vice versa. A Capitala Group Client may invest in an opportunity that other Capitala Group Clients have declined, and likewise, a Capitala Group Client may decline to invest in opportunities in which other Capitala Group Clients have invested.

Conflicts may arise when a Capitala Group Client makes investments in conjunction with an investment being made by another Capitala Group Client or in a company in which another Capitala Group Client has already made an investment. Investment opportunities may be appropriate for one or more Capitala Group Clients at different or overlapping levels of a portfolio company's capital structure. Conflicts may also arise in determining the terms of investments, especially when Capitala Group controls the structure of a transaction and its capitalization. There can be no assurance that the return on a Client's investments will not be less than the returns obtained by other Capitala Group Clients participating in a given transaction. Capitala Group will determine all matters relating to structuring transactions and

capitalizing portfolio companies, including the amount and terms of securities and allocation of securities among its Capitala Group Clients, using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of securities among Capitala Group Clients and as between one Capitala Group Client and another Capitala Group Client may be affected by a Capitala Group Client's stage in its lifecycle. For example, a newly organized fund may seek to purchase a disproportionate amount of investments until it is subsequently invested.

Further conflicts may arise when one Capitala Group Client has made an investment in a company in which another Capitala Group Client has also invested. For example, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, may raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties or to finance growth or other opportunities, Capitala Group Clients may or may not provide such additional capital, and if provided, each Capitala Group Client will supply such additional capital and in such amounts, if any, as determined by CPA or CIA in its sole discretion. Capitala Group will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the advisory committee of the participating Capitala Group Client. There are additional requirements with regard to investments allocated to and co-invested with the BDC.

Capitala Group Clients may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other Capitala Group Clients have invested or will invest. Recapitalizations may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Capitala Group will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the respective advisory committee of the participating Capitala Group Client.

Where Capitala Group determines that an investment or disposition opportunity is appropriate for more than one Capitala Group Client, excluding the BDC, then such Capitala Group Clients can participate simultaneously in the opportunity. If the aggregate amount proposed to be invested or disposed of by a Capitala Group Client in such co-investment transaction, together with the amount proposed to be invested or disposed of by one or more other Capitala Group Clients in the same co-investment or co-disposition transaction, exceeds the amount of the investment opportunity, the amount of the investment or disposition opportunity will be allocated on a *pro rata* basis among such Capitala Group Clients based on the desired opportunity size of each such Capitala Group Client.

There are specific allocation procedures when Capitala Group determines that the investment opportunity is appropriate for the BDC and one or more other Capitala Group Clients. Those procedures reflect the conditions set forth in the exemptive order obtained from the SEC that applies where the BDC and another Capitala Group Client both seek to invest in the same company in a negotiated transaction.

In general, Fund V and the BDC would be expected to co-invest in similar portfolio transactions. Note

though, Capitala Group and its affiliates do not effect cross transactions between Capitala Group Clients. However, in the event that Capitala Group and its affiliates do effect cross transactions between Capitala Group Clients, Capitala Group and its affiliates will seek to ensure that such transactions and related disclosures are made consistent with applicable laws and agreements and Capitala Group's and its affiliates' policies and procedures. In particular, Capitala Group and its affiliates will seek to ensure that the transaction is:

- In the judgment of Capitala Group and its affiliates, in the best interest of each Capitala Group Client involved in the transaction;
- In compliance with any investment guidelines or restrictions for each Capitala Group Client involved; and
- Entered into only after obtaining any required advisory committee approvals of the material terms and conditions of the transaction.

Investors in Clients are encouraged to contact CPA with questions or for further information about how CPA addresses these and other conflicts of interest.

D. Contemporaneous Securities Transactions.

See item 11(C) above.

Item 12: Brokerage Practices

In general, CPA does not utilize broker-dealers for transaction related services. In the event that we require the services of a broker-dealer, CPA will consider various factors, including the reputation, experience and financial ability of the broker-dealer, as well as the experience each broker-dealer has in closing certain transactions. We do not have any agreements in place that require us to use any specific broker-dealer, and we select broker-dealers that we believe best serve the interests of our Clients given the circumstances under which the security is being sold or traded. Additionally, as CPA does not generally utilize broker-dealers in connection with transactions in Client portfolios, it typically does not receive soft dollar benefits. To the extent it does engage in such transactions and receives such benefits, which could take the form of research and related services, however, all such soft dollar benefits will fall within the safe harbor of section 28(e) of the Securities Exchange Act of 1934, as amended.

We do not receive client referrals from brokers. In instances where we deem it appropriate for multiple Clients to acquire or sell the same security at the same time, we may seek to aggregate the purchase and sale for both accounts fairly and in furtherance of our obligation to seek best execution for all Client accounts.

CPA will evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to Fund IV and Fund V transactions, by, among other things,

seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. CPA may also periodically review the past performance of the broker-dealers with whom it has placed orders to execute Client transactions in light of the factors discussed above.

CPA does not consider in selecting or recommending broker-dealers whether CPA or any of its related persons receives client referrals from the broker-dealer or other third-party. CPA also does not engage in directed brokerage practices.

Item 13: Review of Accounts

CPA constantly monitors and proactively manages all of the investments made by Fund IV and Fund V. Each month, we conduct a full portfolio review during which CPA's director of portfolio monitoring, together with other team members, including CPA's Chief Executive Officer and other portfolio monitoring personnel, reviews every investment Fund IV and Fund V have made. The securities in the investment portfolios of Fund IV and Fund V are generally private, illiquid and long-term in nature; accordingly, CPA's review of them is not based on a short-term perspective to dispose of such securities. However, CPA closely monitors the portfolio companies of Fund IV and Fund V and generally maintains oversight or advisory positions in such portfolio companies.

Also, with respect to investments such as loan, financings and related credit, CPA's professionals continually review and analyze existing positions in an attempt to proactively identify issues and take appropriate action as required. Specific employees of CPA tasked with overseeing particular investments meet periodically with other members of CPA's investment team to update them on such portfolio positions and related matters.

We prepare written quarterly and annual reports for Fund IV and Fund V. They generally include financial statements (which, in the case of annual statements, are audited) and summaries of new investments, investment performance, and other matters of interest to Fund IV and Fund V and their respective investors and are distributed to investors in Fund IV and Fund V, respectively.

Item 14: Client Referrals and Other Compensation

CPA does not currently compensate or receive any economic benefit from anyone other than our Clients for providing investment advice or other advisory services to our Clients. In addition, we do not compensate any person who is not our supervised person for client referrals. From time to time CPA may retain placement agents in connection with the offering of interests in Clients that it manages.

Item 15: Custody

CPA has adopted policies and procedures to comply with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Specifically, CPA (or the general partners or managers of the Clients, which are our related parties) is deemed to have legal custody of the assets of the Clients for which CPA serves as

investment adviser. Accordingly, CPA maintains the funds and securities of Fund IV and Fund V with one or more qualified custodians in accordance with the Custody Rule. Furthermore, Fund IV and Fund V are audited on an annual basis by independent accountants and audited financial statements are generally distributed to the respective Client's investors within 120 days following the end of each fiscal year. Each qualified custodian sends account statements, at least quarterly, to each of the Clients for which it maintains funds or securities, including Fund IV and Fund V. Clients should carefully review these statements from custodians and are urged to compare them to any account statements or similar reports they receive from CPA and its affiliates.

Item 16: Investment Discretion

We provide investment advice to Fund IV and Fund V on a discretionary basis. This discretionary authority and any investment restrictions or other limitations on that authority are memorialized in the legal and other offering documents for Fund IV and Fund V, which are negotiated with investors prior to their making a commitment to invest.

Item 17: Voting Client Securities

We (or the general partners of each of Fund IV and Fund V, which are our related parties) have the authority to vote all securities held by Fund IV and Fund V, which we do in accordance with a proxy voting policy we adopted in accordance with SEC Rule 206(4)-6 under the Advisers Act. Pursuant to our proxy voting policy, we vote Fund IV's and Fund V's securities in accordance with what we consider to be in the best interests of Fund IV and Fund V, respectively, taking into account such factors as we deems relevant under the circumstances. Fund IV, Fund V and their respective investors do not have the ability to direct how we vote fund securities.

If a conflict of interest were to arise between CPA and Fund IV or Fund V when voting the fund's securities, we would nevertheless vote in Fund IV's or Fund V's best interests. In determining what is in the best interest of Fund IV, the primary consideration is the financial interest of Fund IV, and we would generally vote in the manner we believe to be most likely to enhance the value of the securities held by Fund IV. The same determination applies for the best interests of Fund V. We would also be sure to act in conformity with any applicable requirements of Fund IV's and Fund V's governing documents and might consult with, or seek approval of the voting decision from, Fund IV's or Fund V's limited partner advisory committee.

Any Clients are able to obtain a copy of our written proxy voting policies and procedures and information about how we have voted its securities upon request by contacting the chief compliance officer as follows: Richard G. Wheelahan, 704.936.4928; rwheelahan@capitalagroup.com.

Item 18: Financial Information

CPA does not require or solicit prepayment of fees six months or more in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has

not been the subject of any bankruptcy proceeding.

Item 19: Requirements for State-Registered Advisers

CPA is not registered, nor required to be registered, as an investment adviser in any state. Therefore, Item 19 is not applicable to CPA.