
Item 1: Cover Page

LOCUST POINT CAPITAL, INC.
PART 2A OF FORM ADV: FIRM BROCHURE

Locust Point Capital, Inc.
141 West Front Street, Suite 210
Red Bank, NJ 07701
www.LocustPointCapital.com

March 29, 2018

This Form ADV Part 2A brochure (“Brochure”) provides information about the qualifications and business practices of Locust Point Capital, Inc. If you have any questions about the contents of this brochure, please contact Helen Quick, Locust Point Capital’s Chief Compliance Officer, at (732) 945-7474 or hquick@locustpointcapital.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.

Please note that the use of the term “registered investment adviser” or registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about Locust Point Capital, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure is dated March 29, 2018, and is the annual updating amendment to the prior brochure, dated November 2, 2017. Set forth below is a summary of the material changes to this Brochure since that date. This summary of material changes is designed to make clients aware of information that has changed since the Brochure's last annual update and that may be important to them.

Certain States Lending Structure: Locust Point has amended Item 10 to clarify that loans to borrowers in certain states will be made indirectly through a legal entity owned by the principals of Locust Point, and not directly by the Fund. Amended Item 10 includes a description of the different structure used to extend loans to borrowers in such states.

This summary of material changes is qualified in its entirety by reference to the full discussion in this Brochure. Investors are encouraged to read the Brochure in detail and contact Locust Point with any questions. The Brochure can be accessed via the SEC Website at www.adviserinfo.sec.gov or by requesting a copy by contacting Locust Point's Chief Compliance Officer at hquick@locustpointcapital.com or (732) 945-7474.

Item 3: Table of Contents

| | |
|---|----|
| Item 1 - Cover Page | 1 |
| Item 2 - Material Changes | 2 |
| Item 3 - Table of Contents | 3 |
| Item 4 - Advisory Business | 4 |
| Item 5 - Fees and Compensation | 5 |
| Item 6 - Performance-Based Fees and Side-by-Side Management | 7 |
| Item 7 - Types of Clients | 7 |
| Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss | 7 |
| Item 9 - Disciplinary Information | 15 |
| Item 10 - Other Financial Industry Activities and Affiliations | 15 |
| Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 15 |
| Item 12 - Brokerage Practices | 16 |
| Item 13 - Review of Accounts | 16 |
| Item 14 - Client Referrals and Other Compensation | 17 |
| Item 15 - Custody | 17 |
| Item 16 - Investment Discretion | 17 |
| Item 17 - Voting Client Securities | 18 |
| Item 18 - Financial Information | 18 |

Item 4: Advisory Business

A. Description of Advisory Business

Locust Point Capital, Inc. (“Locust Point”), a Delaware corporation, was organized in May 2015 to provide investment advisory services to privately-offered pooled investment vehicles. Eric Smith, Christopher Claps, Daniel Contardi and Helen Quick are the Principals of Locust Point, and are also its principal owners.

B. Description of Advisory Services

Locust Point is a private fund manager that provides investment advisory services to privately-offered pooled investment vehicles. Currently, Locust Point’s only client is Locust Point Private Credit Fund, L.P. (the “Fund”), a Delaware limited partnership formed in November 2016. As a private credit fund, the Fund’s investments consist of loans to small and mid-sized companies serving the senior housing and long-term care industries (as used in this Brochure, each such company is a “Borrower,” and collectively, are “Borrowers”). The Fund’s loans primarily take the form of subordinated debt and, to a limited extent, preferred equity investments and first lien debt for Borrowers (as used in this Brochure, each such loan is an “investment,” and collectively, are the “investments”). The Fund provides capital to these Borrowers primarily for acquisitions, refinancing, recapitalizations, new construction, capital investment or working capital, or any combination thereof. Locust Point provides advisory services to the Fund pursuant to an investment management agreement that it has entered into with the Fund. Such services include, without limitation: identifying and screening potential investments; conducting diligence on and underwriting the Fund’s investments; monitoring the performance of investments; supervising and facilitating the exit and refinancing of investments; and preparing reports necessary or appropriate for compliance with the Fund’s Governing Documents (as defined below). Locust Point does not participate in wrap fee programs or advise any separate accounts.

C. Availability of Customized Services for Clients

Locust Point’s management of the Fund is governed by the Fund’s offering memorandum, organizational documents and the investment management agreement between Locust Point and the Fund (collectively, the “Governing Documents”), as applicable. Locust Point does not customize its investment advice based on the needs of any particular investor in the Fund.

Subject to applicable law and the Fund’s Governing Documents, Locust Point may enter into side letters or other writings with specific Fund investors that may in each case provide for terms of investment that are more favorable than the terms provided to other investors in the Fund. Such side letters or other writings may have the effect of establishing rights under, or altering or supplementing, the terms of such investors in the Fund, including with respect to waivers or reductions of the management fee and the incentive allocation (i.e., carried interest), access to information, more favorable transfer rights, more favorable liquidity rights, and other similar rights and preferences. Any rights established, or any terms altered or supplemented, will govern only that Fund investor and not the Fund or all of its investors as a whole.

D. Client Assets

As of February 28, 2018, Locust Point manages approximately \$110,300,000 client assets on a discretionary basis. Locust Point does not manage any assets on a non-discretionary basis.

Item 5: Fees and Compensation

A. Management and Performance-Based Compensation

Locust Point is entitled to receive an annual management fee from the Fund in an amount equal to 1.75% per annum of the aggregate amount of the committed capital of the Fund during the Fund's investment period (four years following the Fund's final closing date). Following this investment period and until the Fund's termination, Locust Point is entitled to receive a management fee in an amount equal to 1.75% per annum of the aggregate amount of the invested capital of the Fund. Management fees will be deducted from Fund assets and allocated according to the Fund investor's capital account, consistent with the applicable provisions of the Fund's Governing Documents (including any applicable agreements, such as side letters, that have been entered into with investors). Management fees are accrued and paid quarterly in arrears. Further, LPC GP, LLC, the affiliated general partner of the Fund ("General Partner"), receives performance-based compensation in the form of an incentive distribution of "carried interest." The specific payment terms and other conditions of the performance-based compensation are set forth in the Fund's Governing Documents. Generally, performance-based compensation payable to the General Partner of the Fund will be allocated and distributed quarterly, with reconciliation occurring after year-end and after payments to investors are made in accordance with the waterfall distribution provisions in the Fund's Governing Documents.

The specific payment terms and additional conditions of the management fee and performance-based compensation are set forth in the Fund's Governing Documents. Locust Point, in its capacity as investment adviser to the Fund and in its sole discretion, may generally waive or reduce the management fee or performance-based compensation applicable to any investor, including the share of carried interest allocated to certain investors in the Fund.

B. Additional Fees and Expenses

As a general matter, the management fee and any performance fees are exclusive of brokerage commissions, transaction fees and certain fund expenses, including but not limited to custodial expenses, service provider costs, litigation costs, operational costs, communications expenses, taxes and other related costs and expenses that are incurred by the Fund. The management fee and any performance fees are also exclusive of expenses related to organizing the Fund, expenses related to negotiating fund documentation, placement agent fees, filing fees and other accounting and legal fees in connection with the formation, launch and closing of the Fund. Since such charges, fees and commissions are exclusive of, and in addition to, Locust Point's management fee and performance-based compensation, the Fund is generally responsible for these additional expenses (as described in, and subject to the limits on expenses contained in, the Fund's Governing Documents). Investors should refer to the Fund's Governing Documents for a more complete discussion of the fees and expenses applicable to the Fund. Locust Point

Capital does not ordinarily engage in investment activity on behalf of the Fund that would require it to transact through broker-dealers. Consequently, the Fund does not generally incur commissions or other costs due to the execution of securities transactions through a broker-dealer. A discussion of Locust Point's brokerage practices may be found at Item 12 of this brochure.

C. Prepayment of Fees

Please see Items 5.A and 5.B above.

D. Compensation for Sales of Securities

Neither Locust Point nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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

The General Partner receives performance-based compensation from the Fund in the form of “carried interest”. These fees are measured as a percentage of the profits of the Fund, and are more fully described in the Fund’s Governing Documents. Locust Point does not presently advise any other advisory clients beyond the Fund that would be subject to a different type of fee schedule.

Performance-based fees create an incentive for Locust Point to cause the Fund to make investments that are riskier or more speculative than would be the case if such an incentive arrangement were not in effect. Locust Point advises the Fund in accordance with the investment strategy and terms set forth in the Fund’s Governing Documents, so that investors in the Fund are aware of the investment strategy, its applicable assumptions and limitations, and the risks and potential conflicts of interest associated with investing in the Fund. Further, since Locust Point presently advises only one client (the Fund), a situation in which two clients are competing for the same investment will not arise, and Locust Point and its employees do not have an incentive to devote more resources to the Fund away from clients that are not subject to performance-based compensation.

Item 7: Types of Clients

Locust Point is a private fund manager that presently provides investment advisory services only to the Fund, which is a private credit investment fund. The Fund is a limited partnership that is offered privately to institutional investors (e.g., private pension funds and insurance companies) and high net worth individuals. The Fund is not registered as an investment company under the Investment Company Act of 1940 (the “Company Act”), in reliance on Section 3(c)(7) of the Company Act, and interests in the Fund are further not registered under the Securities Act of 1933. Generally, each underlying investor in the Fund must be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended, and a “qualified purchaser,” as defined by the Company Act. Certain employees of Locust Point who qualify as “knowledgeable employees” under Rule 3c-5 of the Investment Company Act of 1940 may be permitted to invest directly or indirectly in the Private Funds. Locust Point imposes a \$5 million investment minimum in connection with investing in the Fund, which it may waive in its sole discretion.

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

A. Methods of Analysis and Investment Strategies

The following is a summary of the investment strategies and methods of analysis employed by Locust Point when managing assets on behalf of the Fund. This summary should not be interpreted to limit in any way Locust Point’s investment activities. Locust Point may offer advisory services with respect to investment strategies and make investments, including those not described in this Brochure, that it considers appropriate subject to the Fund’s Governing Documents, including the investment management agreement. There can be no assurance that Locust Point will achieve the investment objectives of any client.

Locust Point seeks investment opportunities primarily in the form of subordinated debt and preferred equity investments and first lien debt to Borrowers in the United States and U.S. territories, where the underlying collateral securing the debt includes the real estate interests of one or more senior housing and care facilities. Locust Point's investment approach is to leverage the industry experience and relationships of its investment principals to originate investments that provide capital to these companies for use for acquisitions, refinancing, recapitalizations, new construction, capital investment or working capital, or any combination thereof.

Locust Point pursues investment opportunities following a rigorous quantitative and qualitative analysis. The investment analysis process includes, but is not limited to a review of the following: the operating expertise of the management team of a prospective Borrower; a capital appraisal of the underlying assets collateralizing the investment; opportunity for appreciation of the prospective Borrower's business through physical improvements, financial optimization, expense management, enhanced business services, or expansion; the financial and capital structure of the prospective Borrower; the risk factors associated with the investment, and the presence of any risk-mitigating considerations; due diligence, including financial modeling of the investment across a range of different economic scenarios; and available exit strategies for the investment. Each of Locust Point's investment principals has significant experience in the markets that Locust Point targets for Fund investments, and collectively Locust Point employs a highly analytic, disciplined and value-driven approach.

Locust Point's Investment Committee is comprised of its four investment principals and is responsible for approving each investment made by the Fund. Each member of the Investment Committee is provided with a comprehensive investment memorandum upon completion of Locust Point's underwriting and due diligence of each Fund investment. The investment memorandum details Locust Point's diligence and underwriting of the prospective investment and includes a description of the prospective Borrower's business plan for its facility or facilities and the anticipated specific use of proceeds in connection with the Fund's investment. Unanimous consent of the Investment Committee is required to approve an investment by the Fund. After an investment is made, Locust Point implements its formalized monitoring of the investment towards the planned exit or refinancing. An in-depth description of Locust Point's method of investment analysis is available to investors in the Fund's Governing Documents.

B. Material Risks

The information contained in this Brochure cannot disclose every potential risk associated with the Fund's investment strategy, or all of the risks applicable to investing with Locust Point or a particular security or investment. Rather, it is a general description of the material risks associated with the advisory services provided by Locust Point and investments in the Fund. Investors should refer to the Fund's Governing Documents for a complete list of the risk factors applicable to the Fund.

Additional Government or Market Regulation. Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the private investment fund industry in general. Certain legislation proposing greater regulation of the industry periodically is considered by U.S. federal, state and local and

non-U.S. governments, regulatory or administrative agencies, self-regulatory organizations or other similar entities. It is impossible to predict what, if any, changes in the regulations applicable to the Fund, the General Partner, Locust Point, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Fund, as well as require increased transparency as to the identity of the Fund's investors.

Borrower Representations. The Fund will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of its loans as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in the Fund as being speculative and having a high degree of risk. Of paramount concern for loans is the possibility of material misrepresentation or omission on the part of the Borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or enterprise value of the companies or may adversely affect the ability of the Fund to perfect or effectuate a lien or any collateral securing the loan. Locust Point will rely upon the accuracy and completeness of representations made by companies to the extent reasonable when it makes its investment decisions, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Contingent Liabilities. The Fund may, in relation to certain transactions (including transactions involving the disposition or sale of its Borrowers), give warranties, guarantees and/or indemnities to third parties. These arrangements may result in the incurrence of contingent liabilities for which the Fund may need to establish reserves or escrows from Fund assets or from draws against the Investors' commitments. In that regard, investors may be required to return amounts distributed to them to fund obligations of the Fund, including indemnity obligations.

Current and Future Healthcare Legislation. Congress adopted legislation in 2010 that significantly reformed the nation's healthcare system and is currently contemplating additional reform measures. The Fund cannot predict what impact that current or future legislation might have on the business of the Borrowers. Reforms may be implemented that adversely impact these Borrowers. Changes in those laws or regulations, particularly in laws and regulations relating to reimbursement under the federal Medicare and state Medicaid programs, could adversely affect the operations or financial results of the Borrowers to the extent they are reliant on those programs. Any future action by federal or state government limiting or reducing the total amount of funds available for those programs or the methodology of reimbursement could lower the amount of reimbursement available to Borrowers and adversely impact the Fund's investments.

Future healthcare legislation, including bills pending before the Congress and various state legislatures, may alter the financing and delivery of healthcare services provided by Borrowers. There are expected to be wide variations among such future and pending legislation, the bills, and the ultimate effect of such legislation, if passed, on those Borrowers cannot be determined.

Follow-On Investments. Following its initial investment in a Borrower, the Fund may decide to provide additional funds to the Borrower or have the opportunity to increase its investment in a successful business. There is no assurance that the Fund will be entitled or able to make follow-on investments. Any decision by the Fund not to make follow-on investments, or its inability to make them, may have a substantial negative impact on a Borrower in need of such an investment.

General Market and Economic Risks. Investments may involve a high degree of business and financial risk, which could result in the possibility of partial or total loss of capital to an investor. The Fund and its Borrowers may be adversely affected from time to time by such matters as: (1) changes in general economic, industrial, political, and international conditions; (2) acts of war, terrorism, or international boycott; (3) changes in taxes and prices of raw materials and components; and (4) other factors of a general nature that are beyond the control of the Fund or the Borrowers. The Fund and Borrowers may be materially and adversely affected by the unavailability of credit due to turmoil in the credit markets.

Healthcare Provider Regulation and Licensing. Nursing homes and, increasingly, assisted living facilities, are subject to state and federal statutes and regulations regarding the level of care provided for residents. In addition to state laws, those facilities are often subject to the Federal Social Security Act, state Medicaid laws and regulations and the conditions of participation for the Medicare and Medicaid programs set forth in related federal regulations. Failure to comply with these provisions can lead to civil monetary penalties, temporary management by a third party, denial of payment under Medicare and Medicaid programs, directed plans of correction, directed in-service training, state monitoring, transfer of residents, closure of the facility and revocation of a state license to operate the facility. There can be no guarantee or assurance that a Borrower will maintain compliance with these statutes and regulations or that such company will not be required to expend significant sums to comply with those statutes and regulations. In addition, those statutes and regulations are subject to change, and there can be no guarantee or assurance that in the future Borrowers will be able to comply with those changed statutes and regulations or that those companies will not expend significant amounts to comply with those changes.

Illiquidity. The primary investments targeted by the Fund – loans to Borrowers – are inherently illiquid due to the absence of an established market for such investments. Consequently, this will limit the Fund’s ability to vary its portfolio in response to changes in economic and other conditions. The Fund typically will depend upon the Borrower being sold, refinanced, reorganized or having a public offering to achieve liquidity for the Fund’s investment, and there can be no assurance that any such event will occur.

Lender Liability. Judicial decisions in the United States have upheld the right of borrowers to sue creditors on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that a creditor has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the Borrower or has assumed a degree of control over the Borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the expected nature of the Fund’s debt investments, the Fund could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for equitable subordination, if a lender (1) intentionally takes an action that results in the undercapitalization of a Borrower to the

detriment of other creditors of that Borrower, (2) engages in other inequitable conduct to the detriment of those other creditors, (3) engages in fraud with respect to, or makes misrepresentations to, those other creditors or (4) uses its influence as a stockholder or holder of other interests to dominate or control a Borrower to the detriment of other creditors of that Borrower, a court may elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Because of the nature of the Fund’s anticipated investments, the Fund could be subject to claims by creditors of an obligor asserting that Fund investments issued by that obligor that are held by the Fund should be equitably subordinated. Although the Fund expects to make investments where it is the lead investor, there will be investments from which it is not the lead investor. Accordingly, it is possible that lender liability or equitable subordination of claims affecting the Fund’s investments could arise without the direct involvement of the Fund.

Lending Activities. The Fund expects to invest the majority of its investable capital in debt. Although the Fund expects a significant portion of its investments to be secured by a first or second lien on collateral, the Fund may be exposed to losses resulting from default and foreclosure of any such investments. Therefore, the value of underlying collateral, the creditworthiness of Borrowers and the priority of liens are each of great importance in determining the value of the Fund’s investments. No guarantee can be made regarding the adequacy of the protection of the Fund’s security in the debt securities in which it invests. Moreover, in the event of foreclosure, the Fund or an affiliate thereof may assume direct ownership of any assets collateralizing those foreclosed debt securities. The liquidation proceeds upon the sale of those assets may not satisfy the entire outstanding balance of principal and interest on those foreclosed debt securities, resulting in a loss to the Fund. Any costs or delays involved in the effectuation of foreclosures or liquidation of the assets collateralizing those foreclosed debt securities will further reduce proceeds associated therewith and, consequently, increase possible losses to the Fund. In addition, no assurances can be made that Borrowers or third parties will not assert claims in connection with foreclosure proceedings or otherwise, or that those claims will not interfere with the enforcement of the Fund’s rights.

Unrated Debt. There are no restrictions on the credit quality of the Borrowers to which the Fund may issue loans. It is very unlikely that any of these loans will be rated, and whether or not rated, those debt securities may have speculative characteristics. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments and changes in economic conditions to a greater extent than do higher-rated debt instruments. Borrowers that issue those debt securities are often highly leveraged and may not have more traditional methods of financing available to them.

Senior debt. Senior debt securities of Borrowers generally will have ratings or implied or imputed ratings below investment grade. The lower rating of those debt securities reflects a greater possibility that adverse changes in the financial condition of the Borrower or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the Borrower to make payment of principal and interest. In addition to the foregoing, those debt securities may become nonperforming for a variety of reasons. A nonperforming debt security may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of principal or accrued interest due.

Subordinated Debt. A portion of the Fund's debt investments may be made in certain high yield securities known as subordinated debt investments, which are subordinated debt securities that may be issued together with an equity security (e.g., with attached warrants). Subordinated debt investments can be unsecured and generally subordinated to other obligations of the issuer. The expected average life of the Fund's subordinated debt investments may be significantly shorter than the maturity of these investments due to prepayment rights. Subordinated debt investments share all of the risks of other high yield securities and are subject to greater risk of loss of principal and interest than higher-rated securities. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of those securities may tend to fluctuate more than those for higher-rated securities. Locust Point does not anticipate a market for its subordinated debt investments, which can adversely affect the prices at which these securities can be sold. The Fund's subordinated debt investments generally may be subordinated, either contractually or structurally, to the senior obligations of a Borrower, and the Fund's subordinated debt investments will therefore involve the additional risks attendant to investments consisting of subordinated loan positions. Adverse changes in the Borrower's financial condition and/or in general economic conditions may impair the ability to make payments on the subordinated loans and cause it to default more quickly with respect to those securities than with respect to the Borrower's senior loans. In addition, the Fund's management of those investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing those investments or to continue receiving interest and principal payments after foreclosure on any collateral securing those investments, will be subject to the rights of the senior lenders to the company or project and contractual inter-creditor provisions. These risks may be mitigated to some extent by inter-creditor agreements between the Fund and a Borrower's senior lenders, however there can be no assurances that the Fund will be able to enter into inter-creditor agreements.

Lending to Private Companies. Locust Point anticipates that the Fund's investments will principally consist of loans to Borrowers. There is generally no publicly available information about those companies, so the Fund must rely on the diligence of Locust Point to obtain information in connection with the Fund's lending decisions. Typically, success of these businesses depends on the management talents and efforts of one person or a small group of persons, and the death, disability or resignation of one or more of these persons could have a materially adverse impact on the Fund's loans to said companies. Moreover, these businesses frequently have smaller product lines and market shares than their competitors, may be more vulnerable to economic downturns and often need substantial additional capital to expand or compete. Borrowers may also experience substantial variations in operating results. Investments involving Borrowers therefore involve a high degree of business and financial risk, can result in substantial losses and should be considered highly speculative.

Leverage. The Fund's investments are expected to include companies whose capital structures use leverage. Those investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Investments in Borrowers with leveraged capital structures may 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 the Borrower or its industry. Those Borrowers may be subject to restrictive financial and operating covenants as a result of their use of leverage, which may impair these companies' ability to finance their future operations and capital needs. As a result, those

Borrowers may have limited flexibility to respond to changing business and economic conditions and business opportunities, and their performance will depend in part on prevailing interest rates and/or other factors relating to their ability to meet their debt obligations. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money was not used. In addition, in the event a Borrower does not perform as anticipated or incurs unanticipated liabilities, high leverage will magnify the adverse effect on the value of the equity of the Borrower and could result in substantial diminution in or the total loss of an equity investment in the Borrower.

Limited Remedies Against Borrowers. The practical realization of any rights upon any default by a Borrower will depend upon the exercise of various remedies specified in the related transaction documents. The remedies available to the Fund upon an event of default in many respects depend upon regulatory and judicial actions that are often subject to discretion and delay. The various legal opinions to be delivered concurrently with the origination of any investment in a Borrower will be qualified to the extent that the enforceability of the various legal instruments delivered in connection therewith and of certain legal rights related thereto is subject to limitations imposed by bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally. Further, if a petition for relief under the Federal Bankruptcy Code were filed with respect to a Borrower, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Borrower and its property and as an automatic stay of any act or proceeding to enforce a lien on its property. If the bankruptcy court so ordered, the Borrower's property could be used for the benefit of the Borrower, as applicable, despite the security interests of the Fund therein, provided that "adequate protection" is given to the Fund as a lien-holder. In addition, federal bankruptcy laws may have an adverse effect on the ability of the Fund to enforce its claims to property granted as collateral for an investment in a Borrower.

Loan Default. Locust Point anticipates making loans to Borrowers that have limited financial resources and are able to obtain only limited financing from traditional sources. Although many of the Fund's loans will be secured by the assets of the applicable Borrower, there is no assurance the loans will be timely repaid or repaid in full. A Borrower's ability to repay its loan may be adversely affected by numerous factors, including the failure to meet its business plan, the death, disability or resignation of senior management, a downturn in its industry or negative economic conditions. A deterioration in a Borrower's financial condition and prospects may be accompanied by a deterioration in the value of any collateral for a loan.

No Assurance of Investment Returns. Locust Point cannot provide investors with any assurance that the Fund's investments will generate returns, or that such returns will be commensurate with the risks of the investment strategy followed by the Fund.

Portfolio Valuation. Typically, no public market exists for investments in or loans to small and mid-sized, privately owned companies (i.e., Borrowers). As a result, in the absence of readily ascertainable market values, Locust Point will make a good faith evaluation of investments in the Fund's portfolio. These values may differ significantly from the values that would have been established had a ready market for the securities existed, and the differences could be material. Unlike commercial lending institutions, the Fund may not establish reserves for loan losses, and it revalues its portfolio on a semiannual basis. There can be no assurance that these valuations will be correct.

Locust Point anticipates that the Fund will primarily make loans directly to such Borrowers. Such investments will have no established trading market. The illiquidity of most of the Fund's investments may adversely affect its ability to dispose of such investments in a timely manner and at a fair price when necessary or advantageous.

Reliance on Borrower Management. The Fund does not expect to take control over the day-to-day operations of its Borrowers. In addition, although the Fund intends to seek management rights, which may include board representation, board observer or other rights where appropriate, there is no assurance that these rights, if sought, will be obtained. Even in cases where the Fund may be represented on management boards or have other management rights, the Fund does not expect to control the day-to-day operations of its Borrowers. Therefore, the success or failure of many of the Fund's Borrowers will depend to a significant extent on the financial and management talents and efforts of specific employees of those Borrowers, whose death, disability or resignation could adversely affect the performance of the Borrower.

Reliance on Projections and Estimates. In making its investment decisions, Locust Point will rely upon projections, forecasts, or estimates with respect to a prospective Borrower. Projections, forecasts, and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict, may be beyond the Fund's or a Borrower's control, and may differ significantly from those assumed in generating projections. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than estimated. Projected operating results of a Borrower in which the Fund invests normally will be based primarily on financial projections prepared by each Borrower's management and subject to numerous factors outside the control of the Fund. Also, general economic and regulatory factors, which are not predictable, can have a material impact on the reliability of projections.

Reliance on Third-Party Information. Locust Point may select investments for the Fund, in part, on the basis of information and data filed by issuers with various government regulators or otherwise made available, directly or indirectly, to Locust Point by third parties. Although Locust Point will evaluate all such information and data and will ordinarily seek independent corroboration when Locust Point considers it is appropriate and when such corroboration is reasonably available, Locust Point may not be in a position to confirm the completeness, genuineness or accuracy of that information and data, and in some cases, complete and accurate information may not be available. Moreover, investment analyses and decisions by Locust Point may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In those cases, the information available to Locust Point at the time an investment decision is made may be limited, and Locust Point may not have access to detailed information regarding the Borrower. Therefore, no assurance can be given that Locust Point will have knowledge of all circumstances that may adversely affect a Fund investment.

Restrictions on Transfer or Withdrawal. The interests in the Fund represent highly illiquid investments and should only be acquired by investors able to commit their assets for an indefinite period of time. Investors may not be permitted to transfer their interests without the consent of Locust Point, as applicable. Furthermore, the transferability of the interests will be subject to certain restrictions contained in the Fund's partnership agreement and subscription agreement and may be affected by restrictions on resale

imposed under federal and state securities laws. A public market does not currently exist for interests in the Fund and one is not expected to develop.

Item 9: Disciplinary Information

Locust Point is not aware of any legal or disciplinary events required to be disclosed pursuant to this Item 9.

Item 10: Other Financial Industry Activities and Affiliations

An affiliate of Locust Point, LPC GP, LLC, acts as General Partner of the Fund. Locust Point does not believe that such relationship creates any material conflicts of interest with the Fund or its investors. Investment advisory services for the Fund are provided exclusively by Locust Point. Locust Point does not recommend or select other investment advisers for the Fund. Additionally, neither Locust Point nor any of its management persons are registered or have an application pending to register as a broker-dealer, registered representative of a broker dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

To address regulatory considerations governing investing and lending activities in certain states, the four principals of Locust Point identified in Item 4.A have, and may in the future, to the extent permitted by the Fund's Partnership Agreement and the Fund's Advisory Committee, effect certain investments through a special purpose vehicle ("Investment SPV") beneficially owned and managed by the four principals of Locust Point. In such instances, neither the Investment SPV, Locust Point nor any Locust Point principal will retain any net revenue, fees or other monies other than those due had such investments been made directly by the Fund as described in Item 5. All formation expenses associated with establishing an investment SPV and effecting investments through such vehicles will be borne by the Fund, pursuant to the Fund's governing documents.

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

A. Code of Ethics

Locust Point has adopted a Code of Ethics for all employees that describes, among other things, Locust Point's standard of business conduct and fiduciary duty to its advisory clients. The Code of Ethics includes provisions relating to a prohibition on insider trading and personal securities trading reporting and preclearance requirements, among others. Under the Code of Ethics, Locust Point and each of its employees must place the interests of its advisory clients above any personal interests; seek to identify any material conflicts of interest, and observe established conflict resolution procedures; avoid making any misleading or inaccurate statements; report any violations of the Code, or Locust Point's compliance policies and procedures more generally, to the Chief Compliance Officer; and comply with all applicable provisions of the federal securities laws. All employees of Locust Point must acknowledge the terms of the Code of Ethics at initial hire and annually thereafter.

Locust Point prohibits its employees from trading for their personal accounts, as defined in the Code, in any security that would present a material conflict of interest with an advisory client. Subject to limited exceptions, each employee must periodically submit to the Chief Compliance Officer or her designee a report of the holdings and transactions in their personal accounts. As an investment adviser to advisory clients that are private investment funds, Locust Point may (to the extent it sponsors and advises another advisory client that is a private fund) cause an advisory client to purchase securities in which another advisory client, or one of Locust Point's affiliates or related persons, has an investment interest. Locust Point addresses any potential conflicts of interest that this may present through disclosure to investors in an advisory client fund. Locust Point, its employees and affiliates do not buy any securities from, or sell any securities to, its private fund advisory clients.

Investors in the Fund may request a copy of Locust Point's Code of Ethics by e-mailing hquick@locustpointcapital.com.

Item 12: Brokerage Practices

The Fund's investments consist of subordinated debt and, to a lesser extent, preferred equity and first lien debt for private companies. Consequently, Locust Point does not transact through or have regular interactions with broker-dealers who execute transactions on behalf of the Fund. Locust Point does not enter into any arrangements with broker-dealers or third parties in which it receives research or other products or services in connection with client securities transactions. Locust Point further does not enter into any directed brokerage arrangements, or consider client referrals when selecting or recommending broker-dealers to clients. Locust Point currently only advises a single Advisory Client (the Fund), and as such, does not aggregate any securities orders for multiple client accounts.

Item 13: Review of Accounts

Locust Point's investment principals monitor the performance of each of the Fund's Borrowers on an ongoing basis. For each Borrower to which the Fund has provided financing, Locust Point will review that company's operations, overall performance, financial performance and strategic direction and execution of the stated business objectives. Additionally, the Locust Point management team meets and/or distributes reports on a weekly basis to provide collective oversight of the performance of all of the Fund's Borrowers. Further, members of the Locust Point management team hold regular meetings with the principals of the Borrowers during the pendency of each investment.

Locust Point delivers written financial reports to each of the Fund's investors on a quarterly basis within 45 days after the end of each quarter. These reports include information relevant to the Fund's current investments, as well as each investor's investment, a snapshot of the current pipeline of potential investments for the Fund, a brief overview of the seniors housing and care market during such quarter and management reviewed financial statements for the Fund for such quarter. The Fund also delivers audited annual financial statements (including a balance sheet and a statement of income or loss) to investors in the Fund on an annual basis, within 120 days after the end of the Fund's fiscal year end.

Item 14: Client Referrals and Other Compensation

Locust Point does not receive any economic benefit from any third party for providing advisory services to the Fund.

Locust Point has entered into an agreement with a third-party placement agent in connection with the offering of interests in the Fund. This agreement provides for compensation to be paid to the placement agent for referring investors to the Fund. Under this agreement, the placement agent receives a percentage of the capital commitments attributable to each prospective investor in the Fund, depending upon specific circumstances and restrictions. The placement agent also receives a retainer that is paid by the Fund, a portion of which is waived and credited back to the Fund if the Fund's target size is reached. The presence of this arrangement was disclosed to prospective investors in the Fund. In addition, Locust Point has entered into an agreement with B.C. Ziegler and Company ("B.C. Ziegler") to compensate B.C. Ziegler for accepting certain investors into the Fund that it introduced. B.C. Ziegler is an affiliate of a Ziegler entity that is an anchor investor in the Fund (the "Ziegler Investor"). The Ziegler Investor is a non-managing member of the Fund's General Partner, and in that capacity is entitled to minority participation in the net carried interest that the General Partner receives from the Fund. Consequently, B.C. Ziegler has a financial incentive to refer prospective investors to Locust Point that may be accepted as investors in the Fund. This and any future arrangements are conducted in accordance with applicable laws and regulations, including Advisers Act Rule 206(4)-3.

Item 15: Custody

Locust Point generally is deemed to have custody of funds and securities owned by the Fund, as its related person is the General Partner of the Fund. Locust Point will comply with Advisers Act Rule 206(4)-2, the Custody Rule, by obtaining an audit of the Fund on an annual basis by an independent public account that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The Fund will distribute its audited financial statements on an annual basis to all investors no later than 120 days after the end of the Fund's fiscal year. Locust Point will further maintain the Fund's assets with a "qualified custodian," to the extent required by the Custody Rule.

Item 16: Investment Discretion

Locust Point manages the Fund on a discretionary basis pursuant to the Fund's Governing Documents. Investors in the Fund grant authority to the Fund to enter into an investment management agreement with Locust Point when they sign a subscription agreement.

Item 17: Voting Client Securities

While it is unlikely that Locust Point will receive or vote proxies in connection with investments made pursuant to the Fund's investment strategy, Locust Point has adopted and implemented policies and procedures which it believes are reasonably designed to ensure that it votes proxies (if and when applicable) in the best interests of its advisory clients. Locust Point's proxy voting policy requires, among

others, that Locust Point determine whether Locust Point or any of its employees has a conflict of interest with the interests of its advisory clients. In the event that a material conflict of interest is identified, the Chief Compliance Officer or her designee will take such steps as they determine necessary in order to vote the proxy in the best interests of Locust Point's advisory client(s). Locust Point's investors may obtain a copy of Locust Point's proxy voting policy, and a record of how proxies have been voted, by e-mailing hquick@locustpointcapital.com.

Item 18: Financial Information

Locust Point does not have any financial commitments that impairs its ability to meet contractual and fiduciary commitments to its advisory clients, and has not been the subject of a bankruptcy proceeding at any time during the past ten years.