

Part 2A of Form ADV: Firm Brochure



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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Gallatin Point Capital LLC (“**Gallatin**”). If you have any questions about the contents of this Brochure, please contact us at 203-742-0200 or info@gallatinpoint.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.

Additional information about Gallatin is also available on the SEC’s website at www.adviserinfo.sec.gov. Gallatin’s registration with the SEC as an investment adviser does not imply a certain level of skill or training.

Item 2. Material Changes

This is Gallatin's initial Brochure.

Item 3. Table of Contents

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Item 4. Advisory Business

Gallatin is a Delaware limited liability company with its principal place of business in Chevy Chase, Maryland. Gallatin was formed in December 2016 and intends to commence operations as an investment adviser in March 2017. Gallatin is principally owned and controlled by Gallatin Point LP, a Delaware limited partnership, principally owned and controlled by Matthew B. Botein and Lewis A. (Lee) Sachs.

Gallatin intends to provide investment advice to pooled investment vehicles (the “**Funds**” and individually a “**Fund**”) with respect to the acquisition, management and disposition of investments, which will consist of investment opportunities representing a portfolio of opportunistic businesses, with a primary focus on financial institutions, services, and assets. Gallatin intends primarily to make long-term private equity and equity-related investments. Gallatin’s advisory services will consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Gallatin may also establish separate investment vehicles to invest in or facilitate the investment in a business, on a deal by deal basis. Gallatin will also provide non-discretionary investment advice to certain institutional clients.

Each Fund’s terms may be different, including with respect to different mandates, minimum investment size, and investment restrictions. Each Fund will be privately offered investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”), and its securities will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”).

While Gallatin intends to provide advice focused on opportunistic business investments, Gallatin may from time-to-time make other types of investments as appropriate under the terms of each Fund’s organizational documents, such as advice related to hedging transactions.

Gallatin has entered into an arrangement with an initial investor (the “**Strategic Investor**”), whereby the Strategic Investor has committed to providing a significant amount of capital for contribution to the Funds or portfolio investments. In consideration for this commitment, the Strategic Investor has received certain rights that are in addition to, and may be more favorable than, the rights of other investors in the Funds, including a non-voting economic interest in Gallatin, potentially lower fee rates and the option to consider investing in a proposed investment alongside the Funds up to a certain percentage. The Strategic Investor is not a sponsor or promoter of the Funds and has no duties to other investors. The Strategic Investor does not have a voting, equity stake in Gallatin and has no involvement in the day-to-day operation of the Funds or in the management of the Funds. Gallatin may enter into similar arrangements with other strategic partners in the future.

Gallatin does not, and does not intend to, participate in any wrap fee programs.

Gallatin has no assets under management as of the date of this Brochure.

Item 5. Fees and Compensation

Advisory compensation

Each investor in a Fund will be charged an investment management fee (the “**Management Fee**”) that may be based on capital commitments, invested capital or adjusted capital contributions, depending on the stage of a Fund’s life-cycle. The amount of, and the manner and calculation of, the Management Fee will be established through negotiations between Gallatin and each Fund, and will be set out in each Fund’s organizational documents and/or other documentation received by or agreed upon with an investor prior to investment in such Fund (the “**Fund Documentation**”). Gallatin expects that management fees will be deducted from the capital called from each Fund investor’s committed capital on a quarterly basis in arrears and paid to Gallatin or an affiliated entity.

Subject to the Fund Documentation, Gallatin or an affiliate may be allocated a portion of cumulative net profits from the investments of such Fund (customarily referred to as a “**Carried Interest**”).

Gallatin also expects to receive compensation in the form of flat fees for non-discretionary advice provided to certain institutional clients. Compensation arrangements for these relationships are expected to vary from client to client.

The compensation described herein may be modified and may differ from one Fund to another, as well as among investors in the same Fund. The Management Fee and Carried Interest may be reduced or waived in some circumstances in connection with the receipt by Gallatin or its related persons of various fees paid by actual or prospective Fund portfolio companies or by certain organizational or other expenses borne by such Fund. Gallatin expects that the Strategic Investor and future strategic partners will typically be charged lower Management Fees and Carried Interest than other investors in each Fund. Gallatin also expects to reduce or waive Management Fees and/or the Carried Interest for investors affiliated with Gallatin or Gallatin employees.

Other Expenses Paid by the Funds

In addition to paying Management Fees and Carried Interest, each Fund may be subject to the payment of other expenses, as set out in the Fund Documentation for each Fund, such as:

- expenses incurred in connection with the organization of a Fund,
- fees, costs and expenses incurred in connection with the dissolution, liquidation and winding up of a Fund,
- expenses incurred in connection with preparing any amendment, restatement or other modifications to certain Fund Documentation,
- legal, administrator, accounting, auditing and other professional expenses including, but not limited to, regulatory, compliance, filings and reporting expenses (to the extent related to a client or its investments),

- fees, expenses and other compensation of any operating partners retained to provide management, consulting or other business services to, or relating to, potential or current portfolio companies,
- principal, interest and expenses relating to, or arising out of, borrowings by such Fund and all reasonable brokerage fees, commissions and discounts,
- costs and expenses incurred in connection with the evaluation, research, purchase, retention or sale of securities (whether or not consummated), including, without limitation, loan fees, private placement fees, sales commissions, finder's fees, brokerage fees, auditing fees, underwriting commissions and discounts, investment banker fees, insurance costs, and all other expenses that are directly related to particular investments or proposed investments, whether or not actually consummated,
- expenses incurred in connection with any meeting with investors and meetings of any committees formed by a Fund (such as an advisory committee),
- fees, costs and expenses associated with the preparation and delivery of Fund financial statements, tax returns and Schedule K-1s, capital calls, distribution notices, other reports and notices and other required or requested information (including the fees, costs and expenses incurred to provide access to such reports or information (including through a website or other portal)),
- the reasonable costs of any litigation, D&O liability or other insurance, and
- any indemnification or extraordinary expense or liability relating to the affairs of such Fund.

Gallatin expects that each Fund may be subject to a cap on the amount of expenses that may be charged to the investors in the Fund. To the extent such expenses are incurred for the benefit of multiple Funds, Gallatin will make a good faith allocation (generally, but not exclusively, *pro rata* based on the asset size of the Fund) of such expenses among the Funds. Expenses paid by non-discretionary institutional clients will be determined by the agreement with the client.

Other Compensation

Gallatin employees may receive from a portfolio company fees or stock in connection with serving on the board of directors of the portfolio company. Gallatin and its affiliates may receive monitoring fees in certain cases pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by Gallatin to such portfolio companies. Such agreements may allow for the acceleration of payments upon a sale of the portfolio company. Gallatin and its affiliates may perform negotiation, consulting, investment banking, financial advisory and other services for, and receive fees from, the issuer, seller or purchaser of a portfolio company including fees in connection with investment banking, advisory, or similar fee with respect to such portfolio companies. Gallatin and its affiliates may receive fees in connection with an unconsummated transaction such as broken deal, topped-bid or similar fees ("**Break-Up Fees**"). The amount and timing of Break-Up Fees received by Gallatin are generally negotiated at the time of the proposed investment and specified in the agreement or other documentation governing the transaction.

Gallatin may reduce or offset the amount of Management Fees paid by the applicable Fund in connection with the receipt of a portion of the fees described above. The amount and manner of such reduction or offset, if any, will be set out in the Fund Documentation for the applicable Fund. Additionally, a portfolio company may reimburse Gallatin for expenses incurred by Gallatin in connection with its performance of services for such portfolio company.

To the extent the payment of fees and expense reimbursements by portfolio companies are not fully reduced, a conflict of interest between Gallatin and the Fund may be created because the amounts of these other fees and expense reimbursements can be substantial and such Funds and their investors generally do not have a full interest in these fees and reimbursements. Gallatin may negotiate the amount of these fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or other third parties.

Investor Co-Investment Vehicle Expenses

In certain cases, a co-investment vehicle or other similar vehicle established to facilitate the investment by investors to invest alongside the Fund may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its *pro rata* portion of expenses incurred in the making an investment whenever such agreement allows. For a discussion of material conflicts regarding investor allocation, please see “Allocation of Co-investment Opportunities” in Item 11 below.

Allocation of Expenses

Gallatin intends to create allocation formulas to minimize potential conflicts of interest from influencing the allocation of investment opportunities or fees and expenses among the Funds. To the extent not allocated to a portfolio company, Gallatin may allocate fees and expenses incurred in the course of investment advice and investment supervisory services between Funds in accordance with the Fund Documents, generally, but not exclusively, *pro rata* based upon aggregate capital commitments. For a discussion of material conflicts regarding allocation, please see “Allocation of Investment Opportunities among Funds” in Item 11 below.

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

As noted in Item 5, Gallatin expects to receive Carried Interest from each Fund. The payment of Carried Interest to Gallatin will be made at different rates, is subject to varying hurdle rates (including varying effective rates based on the past performance of the Fund), and is determined on a Fund-by-Fund basis and on an investor-by-investor basis. Certain Funds, and certain investors in each Fund, may therefore pay lower rates than other Funds or investors.

This may create an incentive for Gallatin to disproportionately allocate time, services or functions to Funds paying Carried Interest at a higher effective rate or subject to a lower hurdle before paying Carried Interest. Generally, this conflict is mitigated by contractual provisions and procedures setting out specific resource allocation requirements through key man mechanisms which are typically providing for the Gallatin principals to devote significant time to the management of the portfolio. For a discussion of material conflicts regarding allocation, please see "Allocation of Investment Opportunities among Funds" in Item 11 below.

Item 7. Types of Clients

Gallatin expects to initially provide discretionary investment advice only to the Funds and separate investment vehicles, and provide non-discretionary investment advice to one or more institutional clients. Each Fund may have a minimum subscription amount, but the terms will depend on the Fund Documents. The applicable Fund general partner (or similar) may reserve the right to waive the minimum investment amount for investors.

Any investment advisory relationships with institutional clients will be negotiated on a case-by-case basis.

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

Methods of Analysis and Investment Strategies

Gallatin seeks to identify opportunities that arise from complexity, dislocation or changes in technology and regulation that create the potential for outsized returns relative to the amount of risk attributable to the investment. Gallatin actively seeks opportunities with rewards and risks that are more idiosyncratic and uncorrelated in nature, for example, opportunities that may be less reliant on favorable performance of the equity and bond markets. Gallatin believes that the rewards for creatively applying its investment strategy to investment opportunities may be superior to those available by competing in broad auction processes.

Gallatin seeks to implement its strategy by forming collaborative partnerships with investors in the Funds it manages and with management teams of the portfolio companies, in an effort to find a favorable combination capital with managerial competencies. Gallatin also believes in an intensive approach in seeking to guide and add value to the Fund portfolio companies, including by providing strategic counsel to management of portfolio companies and access to Gallatin's experience, resources and professional networks.

Gallatin intends to invest in businesses at all stages of development, including by:

- partnering with experienced founders at inception of a business, where Gallatin believes a new entrant in an industry or market has the greatest chance for success and an investment can be structured with downside protection for a Fund's investment;
- providing growth capital to existing businesses where Gallatin believe the management team is particularly strong and where Gallatin's experience, along with our capital, can help the company grow and succeed; and
- collaborating with more mature companies to help them achieve their particular objectives by partnering with Gallatin.

Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies

Set out below is a brief summary of some of the important risks to which Gallatin expects a Fund or other client may be subject as a result of Gallatin's investment strategies. Before deciding to invest in a Fund, you should consider carefully all of the risk factors and other information set out here and, if applicable, in the Fund Documentation. Investing in securities involves risk of loss that clients and Fund investors should be prepared to bear.

No Assurance of Investment Returns. Gallatin cannot give assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Fund's individual investment objectives. The interests are not readily marketable and a Fund's investments are generally illiquid. Partial or complete sales, transfers, or other dispositions of investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment. Past performance of investment entities associated with Matthew Botein or Lee Sachs is not necessarily indicative of future results of a Fund, and there can be no assurance that projected or targeted returns for a Fund will be achieved.

Limited Operating History. Gallatin is a recently formed entity with a limited operating history. Although the managing members of Gallatin have significant experience in securities analysis and investment management, they have not previously operated a business together nor have they been responsible for operating an investment fund business in the manner contemplated in this Brochure.

Substantial Fees and Expenses. The Funds typically pay Management Fees, Carried Interest, organizational expenses and operating expenses as set forth in the individual Fund Documentation, whether or not they make any profits. While it is difficult to predict the future expenses of the Funds, such expenses may be substantial. Please see Item 5 for additional information on fees and expenses.

Business and Market Risks. Investments may involve a high degree of business and financial risk, which could result in substantial loss to a Fund. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks on security operations. The possibility of partial or total loss of capital will exist.

Investments in portfolio companies in which the Funds invest involve a high degree of business risk and uncertainty. These portfolio companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or may have significant variations in operating results. Furthermore, these portfolio companies may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. The Funds will not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be used in the selection, structuring, monitoring and disposition of assets. In addition, the portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel.

General Market Risks. Recent legal and regulatory changes, and additional legal and regulatory changes that could occur during a Fund's applicable term, may adversely impact Funds. The regulation of the US and non-US financial markets and investment funds has undergone substantial change in recent years and such change may continue. The effect of such new regulations on the Funds, while impossible to predict, could be substantial and adverse and may, directly or indirectly, subject Funds to increased capital requirements, fees and expenses, as well as limits on the types of investors they may solicit. The full effect of recent and future legislation cannot yet be known.

Laws and regulations, particularly those involving taxation, investment and trade, applicable to the activities of a Fund can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the Fund's interests. It is impossible to predict what, if any, changes in regulation applicable to the Funds or Gallatin, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. The Funds and/or Gallatin may be or may become subject to unduly burdensome and restrictive regulation.

In recent years, due to events in the financial markets, the financial services industry generally, and the activities of private funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny in the United States and in other jurisdictions. Such scrutiny and accompanying regulatory changes may increase the exposure of the Funds to potential liabilities and to legal, compliance and other related costs and may have an adverse effect on private funds generally, and in particular, on the ability of the Funds to achieve their investment objectives. The private fund industry may continue to be adversely affected by the recent developments in the financial markets in the United States and abroad going forward, and any future legal, regulatory, or governmental action and developments in such financial markets and the broader global economy could have an adverse effect on the business of the Funds, operations and performance.

The entire market or particular instruments traded on a market may decline even if earnings or other factors improve inasmuch as the prices of such instruments are subject to numerous economic, political, psychological and other factors that have little or no correlation to the performance of a particular company. A Fund may elect to hedge against market movements or the credit or other risks of any particular portfolio investment, whether by means of a derivative or other financial product or instrument. To the extent that a Fund engages in certain hedging transactions, there can be no assurances that such hedging will insulate such Fund from risks, and hedging techniques, whether via a derivative or other product or instrument, may give rise to certain costs and additional risks, including a risk of the total loss of any amounts invested in hedging instruments.

Unspecified Investments; Competition for Investments. There can be no assurance that a Fund will be able to find a sufficient number of attractive opportunities or ever be fully invested if enough attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. Some of Gallatin's competitors may have more relevant experience, greater financial resources and more personnel than Gallatin. To the extent that a Fund encounters competition for investments, and is not successful in acquiring attractive investments as a result of such competition or otherwise, returns to investors may decrease. A Fund may incur significant fees in identifying and structuring investments that such Fund does not acquire, including fees and expenses relating to due diligence.

Regulation and Enforcement. Funds are subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio investments, the profitability of investments, and the costs of operating the Funds. Additional regulation could also increase the risk of third party litigation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), among other things, granted regulatory authorities such as the Commodity Futures Trading Commission (the "**CFTC**"), the SEC and the Consumer Financial Protection Bureau (the "**CFPB**") broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer finance markets. These expanded powers have resulted in rules that could adversely affect the Funds or investments made by the Funds.

The Funds may be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements, and other regulatory requirements in the conduct of their business as originators, lenders, acquirers, or servicers of consumer and commercial loans. In circumstances in which a state license is required, the applicant may experience delays in obtaining licenses due to the application requirements and processes involved. Funds may also be subject to consumer disclosures and substantive requirements on consumer loan terms and other federal regulatory requirements applicable to consumer lending that are administered by the CFPB. These state and federal regulatory programs are designed to protect borrowers, not to protect investors in the Fund. Compliance with these regulatory requirements imposes staffing, legal, compliance and other costs and administrative burdens.

In addition, there can be no assurance that the Funds, Gallatin or any of their affiliates will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in a sanction being imposed against Gallatin or any of its affiliates, or such sanction is small in monetary amount, the Funds, Gallatin and/or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of such sanctions. There is also a risk that regulatory agencies in the United States and abroad will continue to adopt, change or enhance new or existing laws or regulations, which may result in additional regulatory scrutiny.

The Funds may also indirectly be affected by regulation of banks and other financial services firms with which the Funds do business, from which they obtain financing or other services, or to which they seek to sell interests in loan securitizations. The regulatory regimes applicable to financial services firms with which the Funds do business may increase borrowing costs or limit the terms or availability of credit, affect the terms or pricing of loan securitizations, affect the collectability of loans, or have other indirect effects.

Title VII of the Dodd-Frank Act provided for a sweeping overhaul of the regulation of privately negotiated derivatives. The CFTC has been granted broad regulatory authority over “swaps,” which term has been defined in the Dodd-Frank Act and related CFTC rules to include derivatives. Title VII may affect the Funds’ ability to enter into derivative transactions, may increase the costs in entering into such transactions, and/or may result in the Funds entering into such transactions on less favorable terms than prior to effectiveness of the Dodd-Frank Act. For example, the Funds may be required to clear certain interest rate hedging transactions by submitting them to a derivatives clearing organization. In addition, to the extent the Funds are required to clear any such transactions, they will be required to, among other things, post margin in connection with such transactions. The occurrence of any of the foregoing events may have an adverse effect on the Funds’ businesses and their financial returns.

In addition, certain Funds may invest in distressed investments and, as a result, there is a possibility that Gallatin will participate in restructuring activities. It is possible that certain Funds will become involved in litigation with respect to creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against such Funds including their general partners or managers and Gallatin, and ultimately, judgments may be rendered against the Fund for which such Funds do not carry insurance.

US Risk Retention Rules. Under requirements promulgated under the Dodd Frank Act and similar European Union requirements, a “sponsor” or “securitizer” is generally required to retain at least 5% of the credit risk of the securitized assets it sponsors or securitizes (“**Risk Retention Rules**”). There has been no explicit guidance regarding whether entities may be structured for

this purpose and therefore the regulatory environment in which any such structure intends to operate is highly uncertain and it is possible that Gallatin could be deemed to be a sponsor or a securitizer. Additionally, the impact of the Risk Retention Rules on the securitization market is unclear and such rules may negatively impact the value of CLOs, securitizations and the underlying assets.

Monetary Policy and Governmental Intervention. As part of the response to the 2008 global financial crisis, the US Federal Reserve (the “**Federal Reserve**”) and global central banks, including the European Central Bank, have – in addition to other governmental actions to stabilize markets and seek to encourage economic growth – acted to hold interest rates to historic lows. It cannot be predicted with certainty when, or how, these policies will change, but actions by the Federal Reserve and other central bankers may have a significant effect on interest rates and on the United States and the world economies generally, which in turn may affect the performance of the investments of Funds. Further financial crises may result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

Non-US Currency Risks. Certain Funds may make investments that are denominated in non-US currency and therefore are subject to the risk that the value of a particular currency will change in relation to one or more other currencies, including generally the currency in which the books of the Funds are kept and contributions and distributions generally will be made. Among the factors that may affect currency values are trade balances, the level of short term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. A Fund will incur costs in converting investment proceeds from one currency to another. Gallatin may, but is under no obligation to, employ hedging techniques to minimize these risks, although there can be no assurance that such strategies will be effective. Investments in any country in which US dollars are not the local currency may be affected by such changes in the value of foreign exchange between the US dollar and such currency. Such changes may have an adverse effect on the value, price or income of the investment to such prospective investors. There may also be foreign exchange regulations applicable to investments in non-US currencies in certain jurisdictions.

Pay-to-Play Laws, Regulations and Policies. A number of US states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees or agents makes a contribution to certain elected officials or candidates. If Gallatin, any of its employees or affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Funds.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of Gallatin, service providers to the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by

such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. Gallatin has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that Gallatin will be able to identify or prevent such misconduct.

Changes in Investment Focus. The Funds may not be restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a Fund's disclosure and/or governing documents will generally contain a description of the types of investments that other Funds have historically made and/or information about Gallatin's expectations with respect to such Fund, many factors may contribute to changes in emphasis in the construction of such Fund's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries.

Lack of Liquidity of Investments. It is anticipated that there will be a significant period of time before a new Fund will have completed its investments in portfolio companies. Such investments may take at least three to five years or more from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Disposition of a Fund's investments periodically requires a lengthy time period or may result in distributions in-kind to investors. As such, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution of such Fund.

Limitations on Transferability. Interests in a Fund will not be registered under the Securities Act, or any other securities laws applicable in any US or non-US jurisdiction and may not be transferred unless registered under applicable securities laws or unless an exemption from such laws is available. Gallatin and the general partners or managers of the Funds have no plans, and are under no obligation, to cause any Funds to register such interests under such laws. No market exists for the interests in the Funds, and none is expected to develop.

Possible Lack of Diversification. Each Fund may concentrate its portfolio investments by investing all of its assets in only a few issuers, industries or countries. By investing in a limited number of portfolio investments, the aggregate returns realized by a Fund may be substantially affected by the unfavorable performance of a small number of such portfolio investments. In addition, Gallatin's investments are likely to be concentrated in the financial services industry and not broadly diversified by industry classification.

Leverage. The Funds, in certain instances, may borrow and utilize various other forms of leverage, and may expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging Fund will decrease. Accordingly, any event which adversely affects the value of a portfolio investment would be magnified to the extent a Fund is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to such Funds' investments combined with the effect of the credit quality deterioration of the portfolio investments, could result in a substantial loss to such Funds that could be substantially greater than if such Funds were not leveraged. In addition, contractual demands by lenders to a Fund to reduce its leverage may force such Fund

to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a Fund, such claim would be senior to the rights of an investor in the Fund. As a result, if a Fund's losses were to exceed the amount of capital invested, an investor could lose its entire investment.

Financing Arrangements. To the extent that a Fund enters into financing arrangements in the future, such arrangements may contain provisions that expose it to particular risk of loss. For example, any cross-default provisions could magnify the effect of an individual default. If a cross-default provision were exercised, a substantial loss could result for a Fund. Also, a Fund may enter into financing arrangements that contain financial covenants that could require it to maintain certain financial ratios. If a Fund were to breach the financial covenants contained in any such financing arrangement, it might be required to repay such debt immediately, in whole or in part, together with any attendant costs, and such Fund might be forced to sell some of its assets to fund such costs. A Fund may also be required to reduce or suspend distributions. Such financial covenants would also limit the ability of Gallatin or such Fund to adopt the financial structure (e.g., by reducing levels of borrowing) that it would have adopted in the absence of such covenants. In addition, pursuant to the partnership or limited liability company agreements of a Fund, the general partner or manager may be permitted to pledge the capital commitments of the investors to secure financing arrangements for such Fund. The investors may be required to honor their capital commitments to permit the Fund to pay debt rather than to make investments.

Investments in Distressed Securities and Restructurings. A Fund may make investments in restructurings that involve companies that are experiencing or are expected to experience severe financial difficulties. These financial difficulties may never be overcome and may lead to uncertain outcomes, including causing a company to become subject to bankruptcy proceedings. Investments in a financially troubled company could, in certain circumstances, subject the applicable Fund to additional liabilities that may exceed the value of such Fund's original investment in the company. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds or distributions by the Funds to their investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Uncertainty of Financial Projections. As part of its due diligence of a potential investment, Gallatin may recommend investment by a Fund on the basis of the company's financial projections. Projected operating results normally will be based primarily on management judgments. In all cases, 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. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections and the performance of any investment in such company.

Investments in Subordinated Debt. Certain Fund investments may consist of loans or securities, or interests in pools of securities that are subordinated or may be subordinated in right of payment and ranked junior to other securities issued by, or loans made to, obligors. If an obligor experiences financial difficulty, holders of its more senior securities will be entitled to payments in priority to the Funds. Some of the Funds' possible asset-backed investments also may have structural features that divert payments of interest and/or principal to more senior classes of loans or securities backed by the same assets when loss rates or delinquency exceeds certain levels. This may interrupt the income the Funds receive from such investments, which may lead to the Funds having less income to distribute to their investors. If the obligors are highly leveraged or the Funds invest in securities that are unrated or rated below investment grade, such investments are subject to additional risks, including an increased risk of default during periods of economic downturn, the possibility that the obligor may not be able to meet its debt payments, and limited secondary market support, among other risks.

Investments in Equity Securities. Certain Funds may hold investments in equity securities and equity-related security derivatives. The Funds may choose to short the equity of an issuer when another technique is not available, most notably a bond or some other derivative. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. The Funds also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of private placements, registering restricted securities for public resale. In addition, equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments.

High Yield Securities. Certain Funds may invest in high-yield securities. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, a Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to make timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities that react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could severely disrupt the market for such instruments and may have an adverse impact on the value of such instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such instruments.

Interest Rate Risk. Changes in interest rates can affect the value of a Fund's investments in fixed income instruments. Increases in interest rates may cause the value of a Fund's investments to decline. Certain Funds may experience increased interest rate risk to the extent they invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Portfolio Investment Ratings. Investments in the debt of companies include commercial loans, high-yield corporate or other debt obligations of both US and non-US obligors rated below investment grade and other investment instruments, which have greater credit and liquidity risk than more highly-rated obligations.

Downgrades and negative rating actions may occur with respect to the investments and, in such case, there is no requirement to sell any such investment. Investments with lower ratings will have greater credit, insolvency and liquidity risk than more highly-rated obligations and, therefore, a greater risk of loss. In addition to credit and liquidity risk, lower-rated obligations have greater volatility than more highly-rated obligations. Future periods of uncertainty in the United States economy may increase volatility and default rates.

Risks Applicable to Insurance Company Investments. Investments in insurance companies are subject to significant risks relating to the matching of assets and liability characteristics such as interest rate duration and weighted average life and to credit risk. If assumptions relating to these characteristics prove to be incorrect and an insurance company's assets and liabilities are not appropriately matched, such insurance company's financial condition could be adversely affected, which may have resulting economic and regulatory implications for a Fund, and/or Gallatin. Furthermore, insurance company portfolios tend to have a significant amount of interest rate-sensitive instruments. Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions and other factors beyond Gallatin's control. Because of the unpredictable nature of losses that may arise under insurance liabilities, liquidity needs could be substantial and may increase at any time. Changes in interest rates could have an adverse effect on the value of an insurance company investment portfolio and future investment income. For example, changes in interest rates could expose a Fund to prepayment risks on mortgage backed securities. Increases in interest rates will generally decrease the value of investments in fixed-income securities. If increases in interest rates occur during periods when a Fund is required to sell investments to satisfy liquidity needs, such Fund may experience investment losses. If interest rates decline, reinvested funds will earn less than expected.

Insurance company investments are also exposed to significant credit risk on fixed income securities, including investments in investment grade and high-yield bonds. Issuers or guarantors of such fixed income securities may default on principal or interest payments owed, or the underlying collateral may default on such payments, causing an adverse change in cash flows. An economic downturn affecting the issuers or underlying collateral of these securities, a ratings downgrade affecting the issuers of such securities, or similar trends and issues could cause default rates of the fixed income securities in these portfolios to increase resulting in losses to shareholders of such insurance companies.

Cyber-Security Risk. Investment advisers, including Gallatin, increasingly rely on information and technology systems to conduct their business. Such systems might in some circumstances be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. Despite reasonable precautions, cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect the Funds. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which the

Funds invest, harm Gallatin's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

Reliance on General Partner or Manager and Management Teams. The investors in a Fund will have no right or power to participate in the management of a Fund or to make investment decisions and thus must depend solely upon the ability of the general partner or manager of a Fund and Gallatin to identify and consummate suitable investments and to dispose of investments of a Fund at a profit. The loss of the services of one or more of the partners (or similar) of the general partner or manager of a Fund and/or Gallatin could have an adverse impact on a Fund's ability to realize its investment objectives. There can be no assurance that each employee will continue to be associated with a Fund throughout its anticipated term. Although the general partner or manager of a Fund will monitor the performance of each investment, each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. Although the general partner or manager of a Fund intends to invest in companies operated by strong management, there can be no assurance that any portfolio company's existing management team, or any successor, will be able to successfully operate such portfolio company.

Recycling/Reinvestment. Under certain circumstances and subject to certain conditions, proceeds from the partial or complete liquidation of any investment that constitute a return of capital contributions may be retained and reinvested by the applicable general partner of a Fund. Accordingly, an investor may be required to fund for portfolio investments an aggregate amount in excess of its committed capital during the term of a Fund, and to the extent such recalled or retained amounts are reinvested in portfolio investments, an investor will remain subject to investment and other risks associated with such portfolio investments.

Dilution from Follow-In Investments. Following its initial investment in a portfolio company, a Fund may decide to provide additional needed funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient capital to make all or any of such investments and the amount of any follow-on investments after such Fund's investment period is subject to limitations in the limited partnership or limited liability company agreements. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for the applicable Fund to increase its participation in a successful portfolio company. In the event a Fund does not participate in a follow-on investment opportunity and other investors provide the requested financing, the applicable Fund's investment in the portfolio company will likely be substantially diluted.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment in a portfolio company, a Fund may in the future 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. It also may be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. Arrangements which result in contingent liabilities shall be borne by the applicable Fund.

Control-Person Liability. A Fund may have controlling interests in some of its portfolio companies. The exercise of such control may impose additional risks of liability for

environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws), or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, a Fund might suffer a significant loss.

Director Liability. A Fund typically will have the right to appoint one or more representatives to the boards of directors (or comparable governing bodies) of portfolio companies. Serving on such boards will expose such Fund's representatives, and ultimately such Fund, to potential liability. Although portfolio companies often purchase insurance to protect directors and officers from such liability, certain portfolio companies may not obtain such insurance and there can be no assurance that such insurance will prove sufficient even if obtained. In addition, representation of the Fund on a portfolio company's board of directors may also have the effect of impairing the ability of such Fund to sell its securities in that portfolio company at such times and upon such terms as it might otherwise desire. If a Fund is a significant shareholder with board representation, such Fund could be subject to legal claims it would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities law claims and other board-related claims. A Fund may indemnify such representatives for claims arising from such board representation, subject to limited exceptions in the applicable limited partnership or limited liability company agreements.

Third Party Litigation Costs. A Fund's investment activities subject it to the risk of becoming involved in litigation by third parties with respect to a portfolio company. This risk is somewhat greater if the Fund exercises control of, or significant influence on, a portfolio company's business operations. To the extent not covered by insurance, the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the employees of the applicable general partner or manager of such Fund or Gallatin, be borne by the Fund, would reduce its net assets and could require investors to return to the Fund capital and earnings previously distributed by the Fund. Gallatin, the applicable general partner or manager of the Fund and other related parties are entitled to indemnification by the Fund in connection with such litigation, subject to limited exceptions in the limited partnership or limited liability company agreements.

Indemnification. A Fund may be required to indemnify the general partner or manager of a Fund, certain employees, their respective affiliates, and certain other "covered persons" for liabilities incurred in connection with the affairs of a Fund and as otherwise provided in the applicable limited partnership or limited liability company agreement. Such liabilities can be material and have an adverse effect on the returns to the investors. The indemnification obligation of a Fund would be payable from the assets of a Fund, including the unpaid capital commitments of the investors (or the return of distributions as described in the applicable Fund limited partnership or limited liability company agreement).

Excuse from Fund Liabilities. Certain investors in a Fund may be prohibited or excused from directly or indirectly indemnifying third parties in certain circumstances. For example, US state pension plans and other government plans may be prohibited by statute from entering into indemnification agreements where they would be obligated to indemnify against losses caused by particular events or circumstances or may be prohibited from entering into indemnification agreements that are not subject to a cap on liability. If a Fund incurs an indemnification obligation and an investor is prohibited or excused from satisfying all or a portion of its share of such obligation, then the other investors may bear a greater percentage of the costs of such obligation and/or be required to make additional capital contributions to replace such shortfall.

Further, the applicable general partner or manager of the Fund may be required to sell assets in order to satisfy such Fund's indemnification obligation.

Minority Investments; Investments with Third Parties. A Fund may invest in minority positions of companies and in companies for which a Fund has no right to appoint a director or otherwise exert significant influence or protect its position. A Fund may also co-invest with third parties, thereby acquiring non-controlling interests in certain investments. In such cases, the Fund will be reliant on the existing management and boards of directors of such companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund, and such third party co-investors, and such investments may involve risks not present in investments where the Fund holds a majority position or a third party is not involved.

Return of Distribution. An investor in a Fund that receives a distribution in violation of certain applicable laws, rules or regulations, will, under certain circumstances, be obligated to recontribute such distribution to such Fund. The applicable limited partnership or limited liability company agreement may also require investors in a Fund to return to the applicable Fund distributions they previously received that represent a return to investors of their capital contributions and amounts necessary to satisfy claims against the applicable Fund, subject to certain limitations.

Tax Implications. An investment in a Fund involves a number of complex tax considerations and no assurance can be given regarding the actual level of taxation that may be imposed upon a Fund, its investments or its investors with respect to their investments in a Fund. Based on the character of its income and the documentation provided by the investor, the Fund may be required to withhold on US-sourced income and/or related distributions.

The Investment Advisers Act. Gallatin is in the process of registering as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). As a result, investors in the Funds would receive the benefits of the regulatory safeguards to investors contained in the Advisers Act. However, the performance of the Funds' investment portfolio could be materially adversely affected due to the various costs, burdens and limitations associated with compliance therewith.

Breaches of Confidentiality; Freedom of Information Disclosure. Although the investors in a Fund are subject to confidentiality provisions, confidential information relating to a Fund, its portfolio companies and other investors may be inadvertently or intentionally disclosed, causing harm to such persons. Further, under "freedom of information" and similar laws, certain investors in a Fund may be required by law to disclose publicly information about the Fund and its portfolio companies. Such disclosure could have a material adverse effect on the applicable Fund, its portfolio companies and/or other investors, including causing competitive harm.

Failure to Make Capital Contributions. If an investor fails to pay, or is excused or excluded from paying, installments of its capital commitment or other amounts owed to a Fund, such Fund may be unable to pay its obligations when due. As a result, the applicable Fund may not be able to close transactions or pay its creditors, and may otherwise be subjected to significant penalties, damages and other negative consequences that could materially adversely affect the returns to the investors. In addition, if an investor defaults, it may be subject to various remedies as provided in the applicable Fund's limited partnership or limited liability company agreement, including without limitation, reductions in its capital account balance and forfeiture of a portion of its interest.

No Independent Counsel. One law firm represents the Funds, the Fund's general partners or managers, Gallatin and their respective affiliates. Gallatin's outside counsel does not represent any of the investors in a Fund in their capacities as investors in the Fund.

Receipt of Material, Non-Public Information. By reason of their responsibilities in connection with a Fund and other activities, personnel of Gallatin or a general partner or manager of a Fund may acquire confidential or material non-public information relating to portfolio companies or may be restricted from initiating transactions in certain securities. A Fund may not be free to act upon any such information. Due to restrictions with respect to publicly-traded securities, a Fund may not be able to initiate a transaction in the securities of a company that it otherwise might have initiated and may not be able to sell an investment in a company that it otherwise might have sold if personnel of Gallatin or a Fund's general partner or manager have access to material non-public information relating to such company.

Investment in Junior Securities. Although an equity fund expects to invest principally in senior equity and equity-related securities, the securities in which an equity fund will invest may be among the most junior in a portfolio company's overall capital structure and, thus, subject to the greatest risk of loss.

Annual Income Tax Information. Investors of a Fund may be required to obtain extensions for filing US federal, state and local income tax returns. Each investor will be furnished information on a Schedule K-1 for preparation of such investor's individual US federal income tax return.

Tax Liabilities in Excess of Cash Distributions. Due to potential timing differences between income recognition for tax purposes and actual cash distributions by a Fund, an Investor may incur income tax liabilities in excess of actual cash distributions made prior to the date such liabilities arise or such taxes are due.

Investments in Pass-through Entities; Tax-Exempt Investors and UBTI. As more and more businesses are organized as limited companies, it is likely that a Fund's investment portfolio may include one or more entities treated as "pass-through entities" for federal income tax purposes. The Funds will use reasonable best efforts to avoid structuring such investment in a manner that would result in the recognition of unrelated business taxable income ("UBTI") or income effectively connected with a US trade or business if other investment structures are available that provide reasonably equivalent expected returns (e.g., by holding such an investment indirectly through a corporation), but it is possible that such investments could result in (a) the generation of taxable income for a Fund and its investors, even though they will not necessarily receive the cash flow related to such taxable income, (b) the generation of UBTI for tax-exempt investors, and (c) the treatment of the Funds (and therefore their investors, including investors that are domiciled outside the United States) as being engaged in the conduct of a US trade or business.

Tax-exempt investors may recognize UBTI from a Fund for US federal income tax purposes and any such amounts of UBTI could be significant.

Investment in Emerging Markets. A Fund may invest in securities of companies based in, traded on an exchange in, or with substantial business in or issued by the governments of, emerging markets, including, but not limited to, certain central and eastern European countries. These securities involve risks and may be highly volatile and subject to significant market swings, due to the inexperience of financial intermediaries, the lack of modern technology, the

lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets lack the social, political and economic stability characteristics of more developed countries. As a result, the risks relating to investments in foreign securities described above, including the possibility of nationalization or expropriation, may be heightened. In addition, certain countries may restrict or prohibit investment opportunities in issuers or industries deemed important to national interests. Such restrictions may affect the market price, liquidity and rights of securities that may be purchased by a Fund. Settlement mechanisms in emerging securities markets may be less efficient and less reliable than in more developed markets and placing securities with a custodian or broker-dealer in an emerging country may also present considerable risks. The small size of securities markets in such countries and the low volume of trading may result in a lack of liquidity and in substantially greater price volatility.

Small or Medium-Sized Companies. Investing in the securities of small or medium-sized companies can involve greater risk and the possibility of greater portfolio price volatility than is typically associated with equity investments in larger, more established issuers. Historically, stocks of small or medium-sized companies and recently organized companies have been more volatile in price than those of larger companies. Among the reasons for greater price volatility of the stocks of these smaller companies is the lower degree of liquidity in the markets for such stocks. Further, smaller companies and unseasoned companies may have limited product lines, markets or financial resources, and they may depend upon a limited or less experienced management group. The securities of smaller companies may be traded only on the over-the-counter markets or on a regional securities exchange and may not be traded daily or in the volume typical of trading on a larger, more established securities exchange or trading platform.

Convertible Securities Risk. Convertible securities include corporate bonds, notes, preferred stocks or debt-securities of issuers that can be converted into (that is, exchanged for) common stocks or other equity securities at a stated price or rate. Convertible securities also include other securities, such as warrants, that provide an opportunity for equity participation. Because convertible securities can be converted into equity securities, their value will normally vary in some proportion with those of the underlying equity securities. Due to the conversion feature, convertible securities generally yield less than non-convertible fixed income securities of similar credit quality and maturity. A Fund's investment in convertible securities may at times include securities that have a mandatory conversion feature, pursuant to which the securities convert automatically into common stock at a specified date and conversion ratio, or that are convertible at the option of the issuer. When conversion is not at the option of the holder, a Fund may be required to convert the security into the underlying common stock even at times when the value of the underlying common stock has declined substantially.

Participation Certificates Risks. The price, performance, liquidity and value of a participation certificate are all linked directly to the underlying security, so that investing in a participation certificate subjects a Fund to the risks associated with an investment in the underlying equity security. Investing in a participation certificate also exposes a Fund to counterparty risk, which is the risk that the bank or broker-dealer that issues the certificate will not fulfill its contractual obligation to timely pay the Fund the amount owed under the certificate.

Warrants and Stock Purchase Rights. A Fund may participate in rights offerings and may purchase warrants, which are privileges issued by corporations enabling the owners to subscribe to and purchase a specified number of shares of the corporation at a specified price during a specified period of time. Subscription rights normally have a short life span to

expiration. The purchase of rights or warrants involves the risk that a fund could lose the purchase value of a right or warrant if the right to subscribe to additional shares is not exercised prior to the rights' and warrants' expiration. Also, the purchase of rights and/or warrants involves the risk that the effective price paid for the right and/or warrant added to the subscription price of the related security may exceed the value of the subscribed security's market price such as when there is no movement in the level of the underlying security. Buying a warrant does not make the fund a shareholder of the underlying stock. The warrant holder has no voting or dividend rights with respect to the underlying stock. A warrant does not carry any right to assets of the issuer, and for this reason investment in warrants may be more speculative than other equity-based investments. Transactions in off-exchange warrants may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted when dealing with off-exchange warrants, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

Real Estate Investment Trusts (REITs). A Fund may invest in shares of REITs, which are pooled investment vehicles that invest in real estate or real estate loans or interests. Investing in REITs involves risks similar to those associated with investing in equity securities of small capitalization companies. REITs are dependent upon management skills, are not diversified, and are subject to risks of project financing, default by borrowers, self-liquidation, and the possibilities of failing to qualify for the exemption from taxation on distributed amounts under the Internal Revenue Code of 1986, as amended.

Performance-Based Allocation. As the party receiving the carried interest, Gallatin receives compensation based upon the appreciation of the Fund's assets. This arrangement may create an incentive for Gallatin to recommend investments that are riskier or more speculative than would be the case if the allocation was not made.

Item 9. Disciplinary Information

Gallatin has no legal or disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Material Relationships or Arrangements with Industry Participants.

Gallatin may form affiliated general partners or managing members for each Fund or separate investment vehicles and other affiliates that provide advisory services to and/or receive fees advisory fees from the Funds. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds.

As described in Item 4 above, Gallatin has entered into an arrangement with the Strategic Investor.

The Funds may enter into agreements, or “side letters,” with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set out in the relevant Fund Documentation. The modifications are solely at the discretion of Gallatin and may, among other things, be based on the size of the investor's investment in a Fund, an agreement by an investor to maintain such investment in a Fund for a significant period of time, or other similar commitment by an investor to a Fund.

Board Memberships

Gallatin's investment professionals serve as directors of other companies in the financial industry and may serve as directors of companies in which a Fund invests. As a director of a company, an investment professional also owes a fiduciary duty to the company. Board memberships may place an investment professional in a position where they must make a decision that is not in the best interests of a Fund. Investment professionals serving as directors may receive non-public information as a result of their duties and such knowledge may restrict a Fund's ability to buy or sell securities of the relevant company. Gallatin's investment professionals have in the past and may continue to also sit on the boards of public companies. Gallatin does not expect the Funds to purchase the securities of public companies except as the result of a private company making an initial public offer.

Personal Interests in Other Businesses

Gallatin's investment professionals have interests in other businesses in the financial industry, including investments in other private investment vehicles; however they do not expect to spend time or resources in conducting such other businesses and Gallatin does not expect such interests to create a material conflict of interest. Gallatin will review each future request for participation in an outside business act and determine whether a conflict may exist and what, if any, policies or procedures should be applied to mitigate the conflict.

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

Code of Ethics

Gallatin has adopted a Code of Ethics in accordance with Rule 204A-1 under Advisers Act that is applicable to its managers and employees (collectively, “**Personnel**”). The Code of Ethics contains provisions that remind Personnel of their obligations to Gallatin’s clients and obligations to comply with federal securities laws, sets forth standards of conduct, restricts certain personal securities trading and requires reporting of personal securities transactions and holdings. Personnel who violate the Code of Ethics may be subject to disciplinary or other action (including, without limitation, termination of employment). Personnel are required to acknowledge that he or she received, read and understands the Code of Ethics. The Code of Ethics, among other benefits, helps Gallatin detect and prevent potential conflicts of interest.

The Code of Ethics is designed to prevent the personal securities transactions and interests of Personnel from interfering with (i) making decisions for Funds and (ii) implementing such decisions while, at the same time, allowing Personnel to invest for their own accounts where appropriate. The Code of Ethics restricts trading in the securities of any issuer included on Gallatin’s restricted list and requires preapproval before making a transaction in an initial public offering or limited offering. Under the Code of Ethics, Personnel are also required to file certain periodic reports consistent with Rule 204A-1 under the Act. Such reporting and review helps Gallatin detect and prevent potential conflicts of interest.

Gallatin will provide a copy of the Code of Ethics to any Client or prospective investor upon written request addressed to: ATTN: Chief Compliance Officer, Gallatin Point Capital LLC, 4445 Willard Ave, Suite 1100, Chevy Chase, MD 20815; email info@gallatinpoint.com; or call 203-742-0200.

Participation or Interest in Client Transactions

Gallatin and employees may co-invest in the same investments that are made by the Funds. The amount and certain other terms of such co-investments are expected to be agreed with the investors in the Funds making the investments and will be described in the applicable Fund Documents.

Conflicts of Interest

In the ordinary course of conducting its investment advisory activities, the interests of a Fund can conflict with the interests of Gallatin, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a summary of how the Gallatin intends to address such conflicts of interest, can be found below. Other conflicts are disclosed throughout this brochure and applicable Fund Documents.

Resolution of Conflicts

In the case of all conflicts of interest, Gallatin’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using Gallatin’s best judgment, but in its sole discretion. In resolving conflicts, Gallatin intends to consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Many important conflicts of interest will generally be disclosed in

and resolved by set procedures, restrictions or other provisions contained in the Fund Documents for the Funds. The Funds may establish advisory committees, consisting of representatives of investors not affiliated with Gallatin, to evaluate conflicts and their resolutions.

Management of the Funds

Gallatin will be responsible for managing all of the Funds. Conflicts of interest arise in allocating time, services or functions of Personnel. To mitigate such conflicts, the Fund Documents may limit and describe when the Manager can fundraise for a new fund.

Invested Capital Fee Structure

Because there is expected to be a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Management Fees could, at certain times during the life of the Funds, be based upon capital invested by the Funds, such fee structure could create an incentive to deploy capital when Gallatin would not otherwise have done so.

Allocation of Investment Opportunities Among Funds

Each opportunity that will be recommended to a Fund will first be offered to the Strategic Investor, whom will be permitted to invest up to a certain percentage of the available investment. After the Strategic Investor determines whether to invest and in what amounts, the Fund will determine the amount of its investment.

In the future, investment opportunities may be available to more than a single Fund and may be appropriate investments for one or more other Funds, following the Strategic Investors option to invest. Gallatin intends to seek to reduce the risk of any inequitable allocation of investment opportunities by formulating investment allocation and sharing guidelines. However, Gallatin may not anticipate all possible investment structures that may be required during the life of a Fund and certain investment structures may not be contemplated in Fund Documents. In such cases, Gallatin intends to seek to allocate such opportunities on an equitable basis using its best judgment and in the sole discretion of Gallatin.

Follow-on Investments

A follow-on investment in an existing portfolio company could present a conflict of interest, such as with respect to a determination of terms or the allocation of the investment opportunity to different Funds (for example when the Fund Documents of a Fund would not permit such follow-on investment). A Fund may from time-to-time participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest arise, 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.

Cross Transactions

One or more of the Funds may in the future engage in activities that may be considered internal cross-trading transactions. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price

otherwise possible, or Gallatin might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund. To address these conflicts of interest, Gallatin intends to maintain policies and procedures regarding the disclosure and best execution requirements for such transactions.

Principal Transaction

If a Fund enters into a principal transaction, it will only do so in accordance with all of the requirements of the Advisers Act and will obtain the required prior consent to the transaction from the relevant funds.

Allocation of Co-investment Opportunities

Gallatin may offer to investors in the Funds or other unrelated third parties the ability to co-invest in an investment alongside a Fund and potentially the Strategic Investor. Co-investment opportunities may arise due to size of an investment or desire for a co-investor based on strategic considerations including, but not limited to, relevant knowledge of an industry, geographic region or contacts with prospective managers, board members or advisors. Gallatin intends to consider whether offering a co-investment would pose a conflict with the Funds before making any investment available to such potential co-investors. Gallatin may offer co-investment opportunities to any potential investor in its sole discretion and is not required to offer the opportunities to investors in the Funds.

In the event Gallatin determines to offer a co-investment investment opportunity, there can be no assurance that Gallatin will be successful in offering such co-investment opportunity, in whole or in part, that the closing of such co-investment will be consummated in a timely manner or that the co-investment will take place on the terms and conditions that will be preferable for the Fund. In the event that Gallatin is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration than was initially intended, experience delays in the investment process, and/or lose, or cause the Fund to renegotiate, the investment opportunity, each of which could result in less favorable terms or economics for the Fund.

Due in part to the fact that investors and potential investors in a Fund or a co-investor may ask different questions and request different information (for example in side letters), Gallatin may provide certain information to one or more prospective investors that it has not provided to all of the investors or prospective investors.

Business with Portfolio Companies and Investors

Given the collaborative nature of Gallatin's expected business and the portfolio companies in which the Funds will invest, there may be situations in which Gallatin is in the position of recommending portfolio company services to other portfolio companies of other Funds. Gallatin would have a conflict of interest in making such recommendations, in that Gallatin has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the applicable Funds and its portfolio companies receiving the service.

In certain instances, a Fund's portfolio company may compete with another Fund's portfolio company. A conflict of interest may arise in these instances because advice and recommendations provided by Gallatin to a portfolio company may have adverse consequences to a competitor portfolio company owned by another Fund.

Side Letter Agreements

In addition to the arrangement with the Strategic Investor, Gallatin may enter into certain side letter arrangements with certain investors in a Fund which may provide, in certain cases, such investors with different or preferential rights or terms, including but not limited to information rights, acknowledgement that an investor is interested in co-investments (such acknowledgement does not provide an investor with any specific co-investment rights or preferences), internal transfer rights (such as an agreement to make internal investor restructurings less burdensome for such investor), and potentially a different fee structure, where specifically permitted by and disclosed in Fund Documents.

Advisory Committees

Each Fund may establish an advisory committee consisting of representatives of investors. A conflict of interest may exist if only certain and not all investors who expressed interest in becoming a member of a Fund advisory committee are nominated. An advisory committee may also have the ability to approve conflicts of interests with respect to Gallatin and the applicable Fund, which could be disadvantageous to investors, including those investors who expressed interest in becoming a member of the advisory committee but were not nominated.

Other Potential Conflicts

Gallatin and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, Gallatin and/or its affiliates, the parties may engage separate counsel and in litigation and other circumstances separate representation may be required.

Item 12. Brokerage Practices

Gallatin does not intend to engage broker-dealers in the normal course to effect transactions in publicly traded securities because each Fund will generally make privately negotiated purchases of interests in businesses. Gallatin may, however, engage in certain hedging transactions and, in some cases, may use broker-dealers as necessary to sell a Fund's publicly-traded securities consistent with an exit strategy as a result of an initial public offering. Gallatin intends to select brokers based on a number of factors, including, but not limited to, the size and type of transaction, the markets for securities to be purchased or sold, execution, efficiency, settlement capability, financial condition of the broker-dealer, the quality of the broker-dealer's portfolio execution on a continuing basis and reasonableness of brokerage commissions.

Gallatin will always attempt to achieve the best overall price for the Funds, taking into account the circumstances of the transaction and the reputability of the executing broker-dealer, and will evaluate each transaction to ensure that the execution price is in line with, or exceeds, that of the current market. The lowest possible commission cost is not necessarily sought in that it may not result in the best quality execution of transactions effected for the Funds.

A "soft dollar" arrangement is an arrangement whereby an investment adviser directs client brokerage, or pays higher commissions, to a particular broker-dealer in return for research or other services from such broker-dealer. Gallatin may in the future enter into soft dollar arrangements, but does not expect to initially. Gallatin may also receive proprietary research and certain other limited benefits from broker-dealers as an incident of doing business with such broker-dealers where it does not involve the payment of soft dollars. Gallatin does not expect to enter into directed brokerage arrangements or recommend a broker-dealer to anyone.

Item 13. Review of Accounts

Oversight and Monitoring

Each Fund is expected to make only a specific investment. After an investment is made by a Fund, Gallatin will continuously monitor the investment for the Fund. Gallatin intends to enter into investment with the expectation of being a significant and active investor. Gallatin may also hold a board seat for the investment, or serve as a board observer if precluded from being a board member. In addition, all Funds will be reviewed on an ongoing basis in seeking exit opportunities.

Reporting

Investors in the Funds will receive audited financial statements for the year within 120 days after the fiscal year end. Investors in the Funds also receive periodic reports pursuant to the terms of the relevant Fund Documentation. Gallatin will from time-to-time, in its sole discretion, provide additional information relating to a Fund to one or more investors in such Fund as it deems appropriate.

Item 14. Client Referrals and Other Compensation

Gallatin does not compensate any person who is not a supervised person, including solicitors or placement agents, for client referrals. Gallatin may enter into arrangements with, and compensate, solicitors for investor referrals to the Funds.

Item 15. Custody

Gallatin intends that each Fund (and each separate investment vehicle where applicable) will be audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and each Fund will distribute its audited financial statements on an annual basis to all investors no later than 120 days after the end of the applicable Fund's fiscal year end.

Gallatin does not intend to have custody of assets of institutional clients for which it provides non-discretionary investment advice.

Item 16. Investment Discretion

Gallatin intends to provide investment advisory services on a discretionary basis to the Funds. Gallatin's advice with respect to the Funds is provided in accordance with the investment objectives, limitations, and guidelines as set out in the relevant Fund Documentation. Prior to assuming discretion in managing a Fund's assets, Gallatin enters into an investment management agreement or other agreement that sets out the scope of Gallatin's discretion. Gallatin generally has the authority to determine the securities to be purchased and sold for the Fund and the amount of securities to be purchased or sold for the Fund.

Item 17. Voting Client Securities

The Funds will likely be active investors in their respective portfolio companies. Gallatin may have a representative at the board of directors of the portfolio company. It is expected for these representatives to potentially remain on the board for a period of time if the portfolio company were to go public. In addition, the Funds intend to stay closely involved with the investments as shareholders. Gallatin intends to review and vote on proxy and shareholder consent matters on a case-by-case basis. Gallatin intends to stay apprised of developments that affect a portfolio company in which a Fund invests, carefully review matters submitted to the Funds for a vote as holders of portfolio company securities and vote on those matters on a case-by-case basis in a manner that Gallatin believes is in the best interests of the applicable Fund.

Investors may obtain information about how a proxy was voted and/or obtain a copy of the proxy voting policies and procedures upon written request to: ATTN: Chief Compliance Officer, Gallatin Point Capital LLC, 4445 Willard Ave, Suite 1100, Chevy Chase, MD 20815; email info@gallatinpoint.com; or call 203-742-0200.

Item 18. Financial Information

This item is not applicable.