

Item 1 Cover Page

Castlelake, L.P.

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Part 2A of Form ADV: Firm Brochure

March 30, 2020

This brochure provides information about the qualifications and business practices of Castlelake, L.P. which does business under the name “Castlelake”. If you have any questions about the contents of this brochure, please contact us at (612) 851-3000. 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 Castlelake is also available on the SEC’s website at www.adviserinfo.sec.gov.

Castlelake is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of Castlelake provide you with information about which you determine to hire or retain Castlelake.

Item 2 Material Changes

Since Castlelake's last updating amendment dated September 10, 2019, Castlelake has made general modifications to descriptive information contained herein, including the description of the business practices of Castlelake and its affiliates and supplements existing disclosures relating to Castlelake's practices and related potential conflicts of interest under "Performance-Based Fees and Side-by-Side Management", "Methods of Analysis, Investment Strategies and Risk of Loss", "Brokerage Practices" and "Client Referrals and Other Compensation."

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Our Brochure may also be requested by contacting Kevin Hiniker, Castlelake's General Counsel and Chief Compliance Officer, at (612) 851-3031.

Additional information about Castlelake is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 - Advisory Business

Castlelake, L.P., which does business under the name “Castlelake” (“Castlelake”) was established in 2005 and serves primarily as: (1) the investment adviser to private investment funds and co-investment funds or entities (“Fund” or “Funds”) that focus on investments in global aviation finance and assets, European assets, North American assets, global specialty finance and global special situations; and (2) the servicer of securitization trusts and other financings (the “Vehicles”) for which Castlelake manages aircraft leases, maintenance and disposition proceeds.

Castlelake’s advisory services to the Funds and the Vehicles are detailed in the applicable private placement memorandum, confidential information memorandum or other offering memorandum (each, a “Memorandum”), investment management agreements, and limited partnership or other operating agreements (each, a “Partnership Agreement”) (each such Memorandum and Partnership Agreement collectively referred to herein as an “Offering Document”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Castlelake or its related entities also has entered into side letter agreements (“Side Letters”) with certain investors in the Funds, establishing rights under, or supplementing or alternating the terms (including economic or other terms) of, the applicable Offering Documents with respect to such investors.

Additionally, from time to time and as permitted by the relevant Offering Documents of each Fund, Castlelake expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Castlelake’s personnel and/or certain other persons associated with Castlelake and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle have in the past purchased, and may in the future purchase, a portion of an investment from one or more Funds after such Funds have consummated their investment (also known as a post-closing sell-down or transfer).

Castlelake is managed by Rory O’Neill, Evan Carruthers, Luke Beltnick, Eduardo D’Alessandro, Peter Glerum, Kevin Hiniker, Matt Little, Joe McConnell, Gina Lee Peyton and Otto Verhoeff (collectively, the “Principals”). In the aggregate, the Principals own 100% of Castlelake.

The Funds are categorized as “lock-up funds.” Detailed information about the Funds and the Vehicles is located in their respective Offering Documents. Castlelake invests called capital and recycled proceeds in the lock-up funds during their respective commitment periods, and as otherwise permitted in the Offering Documents, in portfolio investments.

All discussions of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, the services provided to the Funds, the fees and other costs associated with an investment in the Funds and other terms, are qualified in their entirety by reference to each Fund’s respective Offering Documents. Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable Fund’s general partner and not individually to investors in the Funds. Each Fund’s general partner or managing member is subject to the Advisers Act pursuant to Castlelake’s registration in accordance with SEC guidance. This brochure describes the business practices of the general partners and managing members, which operate as a single advisory business together with

Castlelake. References herein to Castlelake should be read to include the general partners and managing members as applicable.

As of December 31, 2019, Castlelake manages approximately \$19.7 billion in assets on a discretionary basis.

Item 5 - Fees and Compensation

Management Fees

In general, Castlelake receives management and servicing fees (calculated and payable either monthly or quarterly) as well as certain performance-based servicing compensation, all of which are described in detail in the respective Offering Documents. Each Fund's management fees are subject to an offset by all or the specified portion of the servicing fees and compensation and other similar consideration (all net of expenses) relating to the making, disposition or management of Fund investments received by Castlelake or its affiliates. However, management fees are not offset by any servicing fees or other compensation received by Castlelake or any affiliate through any securitization or similar vehicle, warehouse facility, joint venture, co-investment or other structure with respect to assets, investments or debt that is not owned by a Fund, or activities that are not on behalf of a Fund (including, without limitation, providing services to any persons other than a Fund participating in, or providing financing to, the same investment, or with respect to any other activities undertaken by such persons for the benefit of any third parties, or providing services with respect to assets owned by third parties). In certain circumstances, Castlelake expects that co-investors or other parties will negotiate the right to share a portion of certain fees from a particular investment, and the above-described offset will be applied after excluding any amounts paid to such persons.

Carried Interest

Castlelake will receive carried interest with respect to the Funds generally equal to a percentage of net profits, subject to a preferred return, as more fully described in each Fund's respective Offering Documents.

Other Information

Castlelake is permitted to exempt investors in the Funds from payment of all or a portion of management fees and/or carried interest. For certain Funds this includes Castlelake, its general partner entities and any other person designated by Castlelake, such as "friends and family" of Castlelake or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. For example, in instances where a Castlelake professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the management fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Offering Documents, certain general partners have the right to permit investors, affiliated with Castlelake or otherwise, to invest through the relevant general partner or other vehicles that do not bear management fees or carried interest. In general, the management fee offsets described above apply only with respect to the capital commitments of fee-paying investors and do not apply if a Fund ceases to pay management fees at the end of its term.

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

Principals or other current or former employees of Castlelake generally receive salaries and other compensation derived from, and in certain cases including a portion of, management fees, carried interest or other compensation received by Castlelake or its affiliates.

As further described in the Offering Documents, each Fund pays or reimburses Castlelake for expenses, which generally include, without limitation, organizational expenses (in some instances subject to maximum amounts, but including without limitation travel expenses and other direct costs of personnel of Castlelake, its affiliates or agents); expenses relating to each Fund's operations and administration by a third party; expenses (including travel related expenses) related to discovering, investigating, developing, negotiating, structuring, making, holding, managing, monitoring, and disposing of investments (including potential investments or co-investments that are not consummated) including, without limitation, transaction costs, interest and commitment fees on debit balances, borrowings, guarantees or other credit support or permitted hedging activity, clearing and settlement charges, appraisal fees, investment banking expenses, custody fees; expenses of service companies, custodians, depositories, consultants, tax preparers, outside counsel, accountants and other experts or professionals; fees or expenses for audit, legal and compliance services on behalf of a Fund; brokerage and commission charges for securities and commodity transactions and other trade-related fees (refer to "Brokerage Practices" below for additional information); fees and profit sharing arrangements (that are not payable to a Fund's general partner or its affiliates) with third parties and/or operating partners in connection with a Fund's investments; the costs and expenses of any litigation involving the Funds or Vehicles and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of such Funds or Vehicles; data production and maintenance costs and services, communication expenses and third-party research expenses, including specific expenses incurred in obtaining systems, research and other information, including information service subscriptions, utilized for portfolio management, valuations, accounting or reporting purposes; any liability insurance expenses whether on behalf of a Fund, Castlelake or its affiliates (including, without limitation, cybersecurity insurance, crime insurance, any fiduciary bonds, representation and warranty insurance, directors and officers insurance, and errors and omissions insurance); indemnification and litigation expenses to the extent provided in the Offering Documents; expenses relating to any governmental inquiry or public relations undertaking; regulatory and compliance expenses, taxes, fees or other governmental charges levied against a Fund; fees and expenses related to the organization, operation, administration, legal, tax and compliance expenses of special purpose vehicles ("SPVs") relating to a Fund; fees for certain personnel to perform jurisdiction-specific administrative functions at one or more registered or administrative offices in a non-U.S. jurisdiction in connection with one or more investments in such jurisdiction; registered office and registered agent fees and expenses; expenses associated with reporting and providing information to existing and prospective Fund investors (including in respect of investment-related matters and any other Fund-specific reporting, notification or other filing obligations), including through a third party data portal and otherwise; expenses associated with environmental, social and corporate governance, including engaging any consultants with respect thereto; ongoing compliance expenses and fees contemplated by, or related to, the Alternative Investment Fund Managers Directive or any similar non-U.S. law; expenses relating to any governmental inquiry or public relations undertaking relating to the Funds or Vehicles; expenses of relating to any forms, schedules, reports, filings, information or other documents prepared with respect to FATCA and any comparable non-U.S. filings; expenses

incurred in connection with winding up and liquidating the Funds or Vehicles; unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer. The foregoing types of expenses are not exclusive and investors are encouraged to review the Offering Documents for more detailed expense provisions. The Funds also bear expenses indirectly to the extent portfolio investments in a respective Fund pays or bears expenses, including expenses of Castllake and/or its affiliates. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

The Vehicles pay or reimburse Castllake for certain expenses specified in their Offering Documents. Such expenses include any fees, costs, expenses, taxes and indemnification amounts incurred on behalf of the issuer group member in the course of business activities permitted under a Vehicle's indenture, including, without limitation, issuer expenses, ordinary course expenses, service provider fees relating to the assets, maintenance and modification expenses and asset trade payments with respect to the assets (not funded out of the maintenance support account) and liquidity facility expenses.

Air travel expenses attributable to the activities of Funds or Vehicles and investments are charged accordingly as either economy or business/first class travel as the situation warrants. In certain circumstances where non-commercial air transportation is elected, such non-commercial air transportation expenses charged to Funds or Vehicles are capped at commercial business/first class travel costs, as applicable.

In certain circumstances, one Fund may pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. In certain circumstances, Castllake advances amounts related to the foregoing and receives reimbursement from the Funds to which such expenses relate.

Valuation. Castllake is responsible for valuing the securities and other investments comprising the assets and liabilities of the Funds. Investments in marketable securities are typically "marked to market" by reference to the last generally available price quotation. Investments in non-marketable securities and other assets for which reliable market quotations are not readily available are valued in a manner as Castllake determines on a consistent basis, so long as such methodology is consistent with U.S. generally accepted accounting principles ("U.S. GAAP"). Castllake will typically apply the valuation technique (income approach, market approach and cost approach) that is appropriate in the circumstances and will obtain and may rely on information provided by any source or sources reasonably believed to be accurate in determining the value of the investments or assets. It is often appropriate to use a combination of any or all of the valuation techniques and related information. Determining how to measure the values when using multiple techniques may change over time based on changes in facts and circumstances. A conflict of interest arises due to the fact that a higher fair value assigned to such investment can result in greater management fees paid (where management fees are based on net asset values). Valuations assigned to securities and other investments are not necessarily equivalent to the value that can be realized by the Funds on the sale of those securities and other investments. In addition, there is a risk that the valuations of an investment made pursuant to U.S. GAAP may differ from the price at which an investment is actually be sold.

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

Castlelake's Fund clients are subject to performance-based compensation payable to Castlelake or its affiliates. Castlelake affiliates will receive carried interest with respect to the Funds generally equal to a percentage of net profits, subject to a preferred return, as described more fully in the respective Offering Documents. In addition, the respective Funds may make cash distributions to Castlelake affiliates in amounts sufficient to pay individual income taxes on income allocated to such affiliates for tax purposes, which amounts may not be repaid in the event the applicable preferred return has not been met. Performance-based compensation commences after invested capital and the applicable preferred return have been distributed to investors. In addition, certain Funds include servicing fees and/or asset disposition fees that are used in calculating net management fees.

The existence of carried interest or other performance-based compensation creates a conflict of interest because it is not proportionate to the capital contributions of Castlelake affiliates to a Fund and may create an incentive for Castlelake to make riskier or more speculative investments, or to hold an investment longer than otherwise would be the case, either with the aim to increase performance compensation paid. This conflict is mitigated through the Funds' diversification and eligibility requirements, ongoing risk management and the fact that Castlelake's Principals invested a significant amount of their net worth in the Funds. In addition, Castlelake's investment allocation process described in Item 10 of this brochure further mitigates the risk of investments being allocated for the primary purpose of increasing performance compensation.

With respect to the Vehicles, the following types of performance-based compensation may be incurred and payable to Castlelake as servicer: (1) servicer incentive fee is payable if the amount of rent income received during certain periods of time, net of certain maintenance-related payments, is equal to or greater than an agreed upon percentage of the projected net amount for the related period of time; (2) sales fees are payable as incurred upon net sales proceeds arising from the sale of assets; (3) remarketing fees are payable in the case of entering into a new lease or extending the lease term, and (4) end of lease compensation is payable on a percentage basis to the extent amounts of lease compensation exceed transaction related maintenance expenses actually incurred.

Castlelake manages multiple Funds at any given time, and to the extent that Castlelake personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for the Funds from which they are entitled to receive a higher carried interest percentage. This side-by-side management creates a conflict of interest in that Castlelake could provide more favorable investment opportunities to Funds with more favorable compensation arrangements. Castlelake seeks to mitigate this conflict of interest with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds' investment guidelines and Offering Documents, as well as other factors that do not include the amount of performance-based compensation received by Castlelake or any personnel.

Item 7 - Types of Clients

Castlelake provides investment advice to the Funds and the Vehicles. Fund and Vehicle investors generally consist of state, local and corporate pension and profit sharing plans, trusts, estates, charitable

organizations, endowments, corporations, business entities, private fund-of-funds, foreign sovereign wealth funds and high net worth individuals. Employees of Castlelake who qualify as “knowledgeable employees” under Rule 3c-5 of the Investment Company Act of 1940 are also permitted to invest (directly or indirectly) in the Funds.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Each Fund and each Vehicle imposes minimum investment requirements upon investors that can be waived in certain circumstances, as set forth in the respective Offering Documents.

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

Methods of Analysis

The methods of analysis are conducted at varying levels depending upon the markets and participants involved. Castlelake performs extensive quantitative and qualitative fundamental research to determine the suitability of a particular investment itself and in the context of the relevant industry as well as overall market. Investment professionals will develop, as warranted, financial models to perform an analysis of comparable valuations in the public and private markets, a discounted cash flow analysis, a reorganization analysis and liquidation analysis, and an analysis of potential returns for the investment and many other types of financial analysis. At the completion of a favorable due diligence process, Castlelake determines the price range at which to pursue the investment opportunity.

Investment Strategies

More detailed information regarding Castlelake’s investment strategies and activities described below is set forth in the Offering Documents. Castlelake’s asset strategies are centered on: (i) global aircraft assets and aviation finance; (ii) European distressed real estate assets and non-performing loan portfolios; (iii) North American distressed assets and non-performing loan portfolios; (iv) specialty finance; and (v) global special situations. Consistent with Castlelake’s overall investment approach, there is an emphasis on smaller asset opportunities.

Global Aircraft and Aviation Finance. Castlelake aviation investments focus on building a diversified portfolio of aircraft with contractual operating leases that are likely to generate a post-debt service current yield and a risk appropriate investment return over the life of the relevant Funds. Castlelake investments also involve secured loans and other financing packages to airlines or lessors that look to refinance or acquire aircraft. Depending on the strategy set forth in the Offering Documents, aviation investments may focus on younger mid-life aircraft yielding stable lower returns or older aircraft and related assets with a higher risk and higher return profile. Castlelake’s aviation strategy also includes the Vehicles collateralized by aircraft.

Distressed Assets and Special Situations. A key tenet is to provide liquidity to industries experiencing dislocation in either asset values, capital availability or both. With most investments in non-aircraft

distressed assets or real estate and non-performing loan assets, Castllake utilizes a series of joint-venture asset operating partnerships under which the operating partners provide a focus on managing the daily details of the investments regarding payments and administration. Castllake maintains control over, or is involved in, economic and strategic decisions, working either in collaboration with the specific operating partners, or within the governance structure of a portfolio company in which the Funds hold an equity interest. Castllake's corporate distressed investments may also include senior secured bonds, bank loans and trade claims in global asset rich opportunities. A focus is maintained on deep value opportunities where control can be established or an active role can be taken in a restructuring.

Specialty Finance. Castllake specialty finance investments include financing existing and new consumer credit portfolios and third-party servicing businesses which primarily rely on direct, bilateral discussions with industry participants to source off-market deal flow. Intermediaries typically introduce Castllake to auction processes, which may be larger in size, potentially lending themselves to co-investment opportunities. Specialty finance and individual asset classes within specialty finance include a specialization and understanding of nuances of each sub-asset class. Similar to other Castllake investment strategies, specialty finance can include a joint venture partner model focused on aligning interests combined with structural controls over decision-making.

General Risks

The transactions that Castllake engages in involve substantial risks. Growing competition may limit the ability to take advantage of investment opportunities in rapidly changing markets or to access investment opportunities believed to be attractive. Investing involves risk of loss that an investor should be prepared to bear.

Due to the nature of Castllake's trading and investment activities, results may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods. The material risks presented by Castllake's strategies and investments are set forth below. Additional information is contained in the respective Offering Documents. This brochure does not purport to contain a complete disclosure of all risks that may be relevant to an existing or prospective investor.

Material Risks

Concentration of Investments. In its flagship multi-strategy Funds, Castllake is generally not limited in the amount of the Funds' capital to one industry. Although Castllake will follow a general policy of seeking to spread the Funds' capital among a number of investments, issuers, industries and geographies, Castllake may depart from such policy from time to time and the Funds may hold one or more investments that are relatively large in relation to a Fund's capital or are concentrated in a single issuer or a group of related issuers or in a single industry or in a focused geographical area, all to the extent permitted by the Offering Documents. Although Castllake's aviation-focused funds will be heavily concentrated in the aviation investments, Castllake will also follow a general policy of seeking to spread such Funds' capital among a number of investments, issuers and geographies. However, Castllake may depart from such policy from time to time and the aviation-focused Funds may hold one or more investments that are relatively large in relation to a Fund's capital or are concentrated in a single issuer or a group of related issuers or in a focused geographical area. The result of such concentration of investments is that a loss in any such position could materially reduce the relevant Fund's capital.

Availability of, and Competition for, Suitable Investments. The activity of identifying, completing and realizing attractive investments is usually highly competitive, and involves a high degree of uncertainty. Castlelake competes for investments with many other investors, including, other investment partnerships and corporations, strategic industry acquirers, institutional investors and other financial investors, including hedge funds and private equity funds investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk and more personnel than Castlelake and its affiliates. The Funds may also incur significant expenses identifying, investigating and/or attempting to make potential investments that are ultimately not consummated. Castlelake expects that competition for appropriate investment opportunities may increase, which may reduce the number of investment opportunities available to the Partnership and/or adversely affecting the terms upon which investments can be made. There can be no assurance that the Partnership will be able to locate, complete and exit investments which satisfy the Partnership's rate of return objective or realize upon their values or that it will be able to fully invest its available capital. It is possible that the Partnership will never be fully invested if enough sufficiently attractive investments are not identified. An investor should be aware that it may lose all or part of its investment in the Partnership.

Increases in Assets under Management. Despite limitations on commitments on a Fund-by-Fund basis, Castlelake has not limited the aggregate amount of assets it may manage. Subject to requirements in the Offering Documents, Castlelake will raise new Funds, Vehicles or other investment products, may pursue new investment strategies and will continue to seek new investment capital. There can be no assurance that appropriate investment opportunities will be available to accommodate future increases in assets under management, which may require Castlelake to modify its investment decisions for the Funds because it cannot deploy all the assets in the manner it desires.

Asset Managers and Service Companies. Castlelake may enter into arrangements with asset or industry specialized management or advisory teams (which may include joint venture partners) ("Asset Managers") to acquire, manage and dispose of certain assets, which can include fixed payments and/or profit-sharing arrangements with such persons, thus impacting returns to the Funds. . Such payments and profit-sharing arrangements are in addition to the management fees and performance-based compensation to Castlelake and its affiliates and are not subject to an offset if paid to a third party. It is possible for certain Asset Managers to receive incentive compensation related to the value or performance of specific assets serviced by them even though a Fund, as a whole, does not have positive returns. The failure on the part of Castlelake to select or retain the right Asset Managers and/or to establish a governance and compensation structure that provides for the appropriate balance of economic incentives to the Asset Manager and oversight by Castlelake, or to provide servicing with respect to certain assets (including securitization-like vehicles) on its own, could adversely impact the Funds. If an Asset Manager breaches its servicing agreement or otherwise fails to perform its responsibilities adequately, the Funds may be adversely affected. In addition, given the specialized nature of these service providers, they may be difficult to replace if needed and transfers of servicing may cause a disruption of services or cash flow on the related investment.

Use of Affiliates for Servicing. Castlelake or its affiliates act as servicer and receive compensation from the Vehicles in which some Funds have an interest and expects to do so in the future for other Fund investments or entities, provided that fees to affiliated servicers will typically be structured (via offset to management fees or otherwise) so that, in addition to the payment of management fees, a Fund does not

effectively bear the fees with respect to its allocable portion of investment in the Vehicles, financing facility or other entity. This can be accomplished through special allocation of the relevant fees to investors other than the Funds, or if any Fund is subject to such fees payable to Castllake or its affiliates, any such amounts (net of related expenses) are applied to offset the Fund's management fees. In general, these management fee offsets apply only with respect to the capital commitments of fee-paying investors and do not apply if a Fund ceases to pay management fees at the end of its term.

To the extent that servicing with respect to certain assets is performed in-house by Castllake employees, there can be no assurance that the Firm will in the future be able to attract, train, develop, integrate or retain, suitable employees with the skills required to provide such servicing. Qualified personnel, in particular technical aviation servicing professionals, are in great demand throughout the aviation industry. Competitors and other entities may attempt to recruit Castllake's employees. The loss of such personnel, the inability to identify, attract or retain qualified personnel in the future or delays in hiring qualified personnel, particularly technical aviation servicing professionals, may make it difficult for Castllake to service such assets.

Proprietary Information. Castllake relies on trade secret and other similar laws and confidentiality agreements with employees and third parties to protect its proprietary aircraft and portfolio modeling approach, all of which offer only limited protection. Castllake's intellectual property rights may be invalidated or competitors may develop a similar aircraft and portfolio modeling approach independently. Legal proceedings to enforce Castllake's intellectual property rights may be unsuccessful and could also be expensive and divert management's attention.

Co-Investment Risks. A Fund's general partner may provide or commit to provide co-investment opportunities to one or more limited partners and/or third parties. There are risks in connection with such third-party involvement, including the possibility that a third-party co-investor may at any time have economic or business interests or goals that are inconsistent with the Funds and may have at any time financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Partnership, or may be in a position to take (or block) action in a manner contrary to the Partnership's investment objectives. In addition, the Partnership may in certain circumstances be liable for actions of its third-party co-investor or partner.

Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by a general partner in its discretion, may not be in the best interests of the Fund or any individual limited partner. In exercising its discretion in connection with such co-investment opportunities, the general partner may consider some or all of a wide range of factors, in certain cases including factors which benefit the general partner such as the likelihood that an investor may invest in a future fund sponsored by the general partner or its affiliates. See "Conflicts of Interest - Co-Investments" below for additional information. Castllake seeks to mitigate this conflict of interest with allocation policies and practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds' investment guidelines and Offering Documents. Castllake's investment allocation process described in Item 10 of this brochure further mitigates the risk of investments being allocated for the primary purpose of increasing performance compensation.

Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party co-investor or partner may at any time have economic

or business interests or goals that are inconsistent with those of the applicable Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third party co-investor or partner. There can be no assurance that such Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. Further, expenses relating to potential co-investments that are not consummated may be borne by the Funds. Also, any co-investment by the Funds through a SPV may expose the Funds to additional risk given that the SPV may not have segregation of liabilities arising from different investments, and the Funds can have liability regardless of whether they participate in all investments made by such SPV or otherwise in excess of its participation percentage if any other SPV participant defaults on its obligations.

When and to the extent that employees and related persons of the general partner make capital investments in or alongside a Fund, the applicable general partner is subject to conflicting interests in connection with these investments. The applicable general partner's allocation of co-investment opportunities among such persons may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some persons relative to others.

Third Party Involvement. The Funds may co-invest with third parties through limited liability companies, joint ventures or other entities. These investments involve risks not present if a third party were not involved, including the possibility that the third party can take action contrary to the investment objectives of the Fund, may be unable or unwilling to perform its duties or obligations under the relevant agreements, may have financial, legal or regulatory difficulties resulting in a negative impact on a joint venture, or may have economic or business interests or goals which are inconsistent with those of the Funds. In addition, a Fund may in certain circumstances be liable for actions of its third party co-investors. Castllake's ability to exercise control or significant influence in connection with the joint venture may be limited and will depend on the nature of the governing documentation.

Execution Risks. The execution of the investment strategies employed by Castllake can involve complex transactions, use of negotiated terms with counterparties and difficult to execute transactions. In each case, Castllake seeks best execution and has trained execution and operations professionals devoted to executing and settling such investments. However, in light of the complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to the Funds and Vehicles. Castllake may choose to forego pursuing claims against brokers and counterparties on behalf of the Funds for any reason including, but not limited to, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties. Castllake is not liable to the Funds for losses caused by brokers or counterparties.

Counterparty and Settlement Risks. Many of the markets in which Castllake effects transactions are through private transactions. Some of the markets are "over-the-counter" or "interdealer." The counterparties in such private transactions and participants in these types of markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. There is a risk that a counterparty will not settle a transaction because of a credit or liquidity problem. In addition, there may be practical or time problems associated with enforcing a Fund's or a Vehicle's rights to its assets in the case of an insolvency of any such party. Many non-U.S. countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling investments and no central depository or custodian for the safe keeping of

securities. The registration, recordkeeping and transfer of instruments can be carried out manually, which may cause delays in the recording of ownership. Certain markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures in some non-U.S. countries, settlement risk is more prominent.

Tax Considerations. The Funds and Vehicles may take positions with respect to certain tax issues that depend on legal and other conclusions not yet addressed by the courts or governing tax authorities. Should any such positions be successfully challenged by governing tax authorities, there could be a material adverse effect on the Funds.

Litigation. Litigation can and does occur in the ordinary course of the management of a Fund or a Vehicle. The Funds and Vehicles may be engaged in litigation both as a plaintiff and as a defendant. Such litigation can arise as a result of credit disputes, defaults, bankruptcies or other reasons. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the time and attention of Castlelake and its affiliates, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Litigation entails expense and the possibility of counterclaims against the Funds including Castlelake and its affiliates and ultimately judgments may be rendered against a Fund for which such Fund does not carry insurance. Castlelake and others are indemnified by the Funds or Vehicles in connection with such litigation, subject to certain conditions. The expense of defending against third-party claims made against the Funds, Vehicles, their portfolio investments or persons indemnified by them and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds or the Vehicles and may be significant unless indemnification or other rights can be enforced or insurance is available.

Contingent Liabilities. The Funds may from time to time incur contingent liabilities in connection with an investment. The Funds may also enter into agreements pursuant to which they agree to assume responsibility for default risk presented by a third party. In addition, the Funds may purchase investments that are subject to contingent liabilities. These arrangements may result in contingent liabilities which will be borne by such Funds.

Limitations on Actions and Indemnification. The Offering Documents limit the circumstances under which Castlelake and respective general partners can be held liable to the Funds or the Vehicles. As a result, the Funds or Vehicles may have a more limited right of action in certain cases than they would in the absence of such a limitation. In addition, The Funds and the Vehicles are required to indemnify Castlelake, its affiliated persons and entities and other parties set forth in the Offering Documents, including, without limitation, members of the Funds' Advisory Committees for liabilities incurred in connection with the affairs of the Funds and/or the Vehicles, absent (among other things) bad faith, gross negligence or willful misconduct. The application of the foregoing standards can result in the Funds and the Vehicles bearing significant financial losses even where such losses were caused by the negligence (even if heightened) of the covered persons. The indemnification obligations of a Fund would be payable from the assets of that Fund, including the unfunded capital commitments to such Fund. If the assets of a Fund are insufficient to pay any such indemnification obligations, distributions already made by such Fund may be recalled to pay such obligations.

Exit Risk. There is risk that Castllake will be unable to realize investment objectives through the sale or disposition of investments at an attractive price, within any given period of time, or will otherwise be unable to complete any exit strategy. In particular, these risks could arise from the absence of an established market for investments, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic or political conditions and changes in laws, regulations or fiscal policies of jurisdictions in which investments are located.

Need for Follow-On Investments. Following an initial investment, Funds may decide to provide additional funds to an investment or may have the opportunity to increase an investment. There is no assurance that Funds will make follow-on investments or will have sufficient funds to make all or any of such investments. Any decision not to make follow-on investments or the inability to make such investments may have a substantial negative effect on an investment in need of such an investment or may result in a lost opportunity for the Funds to increase participation in a successful investment. Additionally, such failure to make such investments may result in the dilution of Funds' ownership in an investment if a third party or another Fund invests in such investment. In addition, many investments may need additional capital to sustain their working capital needs. If the capital provided by Funds is not sufficient, or Funds are unable to provide additional capital, further capital may need to be raised for an investment at an unfavorable price. To the extent Funds do not participate in additional financing rounds, the Funds' interests in an investment may be diluted.

Cyber Security Breaches and Identity Theft. Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Neither Castllake nor any third-party partners or service providers may be able to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. Castllake's information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals or service providers, other disruptive behavior including denial-of-service attacks, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Cyber-attacks may also take the form of socially-engineered frauds, such as "phishing". There have been reports of hacking attempts on American corporate intellectual property. Like many other businesses, Castllake has defended against "phishing" efforts and both Castllake and the Funds are at risk of "phishing" and other cyber-attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Castllake's systems to disclose sensitive information in order to gain access to Castllake's data or that of the Funds and/or to send money to improper accounts or locations.

Although Castllake has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Castllake and/or the Funds or Vehicles it manages or services may have to incur significant expenses to fix or replace them and seek to remedy the effects of such issues. The failure of these systems and/or of business continuity or disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including confidential or proprietary information and/or personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputations of Castllake and/or the Funds reputation and subject any such entities and their respective affiliates to legal claims, regulatory penalties or otherwise affect their business and financial performance. In addition, the

insurance coverage of Castl lake or the Funds may be insufficient to compensate any such entities and its respective affiliates or counterparties for incurred liabilities.

Data Privacy and Protection. Data protection laws and regulations related to privacy, data protection and information security could increase costs for Castl lake and the Funds or Vehicles, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of the investments of a Fund or Vehicle.

Castl lake is subject to laws and regulations related to privacy, data protection and information security in the jurisdictions in which it does business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs to the Funds or Vehicles may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

On May 25, 2018, the General Data Protection Regulation (EU 2016/679) (the “GDPR”) replaced the pre-existing EU data protection legislation and became enforceable across all 28 EU Member States. The GDPR seeks to harmonize national data protection laws and enforcement across the EU. The GDPR notably has a greater extra-territorial reach than the pre-existing legislation and will have a significant impact on data controllers and data processors (i) with an establishment in the EU, (ii) that offer goods or services to EU data subjects, or (iii) that monitor EU data subjects’ behavior within the EU.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of Castl lake’s current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

Anti-Money Laundering Requirements. In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, Castl lake may decline to accept a subscription on the basis of the information that is provided by a prospective investor in a Fund or if such information is not provided. Requests for documentation and additional information may be made at any time by third parties. Castl lake or its affiliates may be required to provide this information or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors in a Fund that the information has been provided. Castl lake takes such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures.

Prime Broker and Custody. Funds can rank as an unsecured creditor to its prime brokers in relation to assets that a prime broker borrows, lends or otherwise uses and, in the event of the insolvency of the prime broker, Funds might not be able to recover equivalent assets in full. In addition, if applicable law permits, cash or assets that a prime broker holds or receives on the Funds’ behalf may not be treated by a prime broker as “client assets,” may not be segregated from the prime broker’s own assets and may be used by a prime broker in the course of its investment business. In such event, the Funds will rank as one of a prime broker’s unsecured creditors. The Funds’ custodian may not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Funds as a result of the bankruptcy or insolvency of any such sub-custodian. Custody services in certain non-

U.S. jurisdictions remain undeveloped and accordingly there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions.

Risks Relating to Non-U.S. Investments. Investments in foreign assets, issuers or securities may be restricted or controlled to varying degrees. Such investments require consideration of certain additional risks typically not associated with investing in U.S. assets, issuers or securities, among other things, trade balances and imbalances and related economic policies, potential price volatility in, and relative illiquidity of, some non-U.S. markets, potentially unsettled points of applicable governing law, the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes and possible non-U.S. tax return filing requirements for the Funds, and confiscatory taxation and economic or political instability in foreign nations.

Additional risks include but are not limited to (i) differing business cultures and legal regimes, (ii) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets, (iii) currency exchange rate fluctuations, (iv) higher rates of inflation, (v) controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital and on the ability of a Fund or Vehicle to exchange local currencies for U.S. dollars, (vi) greater governmental involvement in and control over the economies, (vii) differences in auditing and financial reporting standards, which may result in the unavailability of material information about issuers, (viii) less extensive regulation of the securities markets, (ix) longer settlement periods for securities transactions, (x) differences in tax regimes (including potential withholding obligations on proceeds paid from a Fund) and changes in tax treaties or U.S. tax law regarding foreign investments, (xi) less developed corporate laws regarding fiduciary duties and the protection of investors, (xii) less publicly available information about certain non-U.S. companies and assets than would be the case for comparable companies in the United States, (xiii) less well-developed regulatory institutions, (xiv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction and (xv) civil disturbances. Although Castlelake may attempt to enter into certain currency hedges at the Fund or Vehicle level to mitigate currency risk, there is no guaranty the hedging will be successful or sufficient to protect the entire investment and any gain on such investment. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to, or as uniform as, those that apply to U.S. companies.

Banks and other counterparties in emerging markets may impose restrictions or require certain approvals that would not exist in the United States and may require extensive diligence (including in respect of anti-money laundering and know-your-customer or similar laws) that differ significantly from those in place in the U.S.

Market Conditions. Investments rely upon local market conditions, and in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or, in some circumstances, upon more favorable market conditions existing prior to the end of the term of a Fund. No assurance can be given that Fund investments can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of Castlelake.

Economic, Social and Political Conditions. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited

availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of Funds or Vehicles to execute their respective strategies. This may slow the rate of future investments and transactions by Funds or Vehicles and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the investments of Funds or Vehicles. Similarly, legislative acts, rulemaking, adjudicatory or other activities of the United States Congress, the SEC, the Federal Reserve Board, the NYSE, FINRA or other governmental or quasi-governmental bodies, agencies and regulatory organizations may make investments less attractive.

Effect of Epidemic Diseases. As of the date of this brochure, there is an outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared a global pandemic on March 11, 2020. Continued increases in reported cases of COVID-19 as well as outbreaks of Severe Acute Respiratory Syndrome, Ebola, H1N1, Zika, measles or other epidemic diseases such as avian influenza, swine flu or the fear of such events, have in the past and may in the future prompt additional restrictions and precautionary measures to be put in place, which could be expected to adversely impact global commercial activity and contribute to significant volatility in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries and businesses have reacted by closing offices, retail stores, schools and other venues. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on the aviation, transportation, hospitality, tourism and other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The outbreak of COVID-19 has caused a worldwide public health emergency with a substantial number of hospitalizations and deaths, and has contributed to both volatility and material declines in equity and debt markets. The global impact of the outbreak is rapidly evolving, and many national, state and local governments have reacted by instituting mandatory or voluntary quarantines and travel prohibitions and restrictions. COVID-19 is currently having an adverse impact on worldwide air travel, supply chains and the global economy. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

COVID-19 and the resulting changes to global businesses and economies likely will adversely impact the business and operations of Castlake and its affiliates, the Fund’s investments and their respective affiliates. Certain businesses and activities may be temporarily or permanently halted as a result of government or other quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors, including the potential adverse impact of COVID-19 on the health of key personnel. The extent of the impact of COVID-19 will depend on many factors, including the duration and scope of the resulting public health emergency, the extent of any related restrictions implemented, the impact of such public health emergency on goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local economic markets, all of which are highly uncertain.

United Kingdom Exit from the EU. On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the European Union (“Brexit”). After a number of iterations, the European Commission and the United Kingdom’s negotiators reached agreement on the terms of the United Kingdom’s withdrawal from the EU, and these terms have been approved by the United Kingdom Parliament and the relevant EU bodies. The United Kingdom formally left the EU on January 31, 2020 at

11:00 pm after which it entered the transition period specified in the withdrawal agreement, which is scheduled to end on December 31, 2020 (subject to any mutual agreement between the parties to extend). During this period, it is expected that the majority of the existing EU rules will continue to apply in the United Kingdom.

The terms of United Kingdom's exit from the EU are still uncertain, including United Kingdom's access to the EU single market permitting the exchange of goods and services between the United Kingdom and the EU. The United Kingdom expects to agree a deal on a future relationship with the EU by the end of the transitional period but whether this is possible is subject to disagreement by leaders of certain EU member states.

The future application of EU-based legislation to the Funds in the United Kingdom will depend, among other things, on how the United Kingdom renegotiates its relationship with the EU. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on the Funds and their investments.

The legal, political and economic uncertainty generally resulting from the United Kingdom's exit from the EU may adversely affect both EU and United Kingdom-based businesses. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the United Kingdom and in one or more EU Member States.

Investment Risks

Broad Investment Mandate. Except as set forth in the Funds' Offering Documents, there are no material limitations on the instruments, markets or countries in which the Funds may invest or the specific investment strategies that may be employed on behalf of the Fund (other than the Funds that focus on a specific industry). Certain of the Funds may make investments throughout the capital structure such as mezzanine securities, senior secured debt, bank debt, unsecured debt, convertible bonds and preferred and common stock and across asset classes such as real estate, public equity, structured equity, minority private equity, commodities and credit. Certain of the Funds may make equity, credit and/or debt investments that do not involve control or influence over the underlying entity in which the Funds invest. Additionally, the Funds will be permitted to invest (and may actually invest) in any number of companies and assets operating in a wide range of industries (other than the Funds that focus on a specific industry), geographies or activities. The Funds may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate.

Aircraft and Aircraft Operating Leases. The Funds and the Vehicles acquire direct or indirect ownership interests in aircraft and related engines which are leased to airline or other operators, and in some circumstances are not currently leased. The aircraft leasing market is affected by various cyclical and other factors that are not within the control of Castlelake such as: (i) interest rates; (ii) the availability of credit; (iii) fuel costs and general economic conditions affecting lessee operations; (iv) manufacturer production level; (v) passenger demand; (vi) retirement and obsolescence of aircraft models; (vii) manufacturers merging or exiting the industry or ceasing to produce aircraft types; (viii) re-introduction into service of aircraft previously in storage; (ix) governmental regulation; (x) air traffic control infrastructure constraints (xi) the particular maintenance and operating history of aircraft and engines; (xii) the number of operators using a type of aircraft; (xiii) import restrictions; and (xiv) existing supply of parked or grounded aircraft. The availability of commercial aircraft for lease or sale has periodically

experienced cycles of oversupply and undersupply, producing sharp decreases and increases in aircraft values and lease rates. Aircraft leasing is subject to lessee credit risk, default and market related events or other occurrences that could increase or decrease the demand for certain models of aircraft and related engines.

In addition to general industry factors that may affect aircraft values and lease rates, the value of specific aircraft will depend on a number of other factors that are not within the control of Castlelake, such as the particular maintenance and operating history of the aircraft, the number of operators using the type of aircraft and the supply of such type of aircraft, whether the aircraft is subject to a lease and any regulatory and legal requirements that must be satisfied before the aircraft can be sold. Values of aircraft may be adversely affected by changes in the competitive and financial position of the relevant commercial aircraft manufacturer, by the withdrawal of such manufacturer from that market or by unexpected manufacturing defects that may surface subsequently.

The lessee may, generally after maintenance is performed on the leased assets and the lessee is reimbursed for expenses incurred in connection with such maintenance, then draw upon maintenance reserves to cover the cost of scheduled maintenance. Upon the expiration of the lease, unused reserves are typically retained by the lessor. In any event, there is the risk that these reserves will not be sufficient to cover costs and expenses incurred by the Fund once the asset is returned.

The Funds may enter into lease agreements that specify re-delivery conditions with respect to major components including the airframe, engines, landing gear, and auxiliary power unit. Accordingly, the compliance of operators and airlines with re-delivery conditions will determine the value and marketability of the aircraft. If any lessee fails to deliver complete and accurate records of leased aircraft assets upon re-delivery, the Fund may be unable re-lease such assets to operators and airlines because airworthiness requirements could prohibit the use of aircraft containing such assets that do not have complete documentation.

Asset Backed Debt Vehicles. The Funds may structure partial exit transactions through establishing asset backed debt vehicles to which some or all certain types of assets will be transferred. The Funds are expected to be issued the most junior tranches of securities in such asset backed debt vehicles, which are typically treated as equity certificates for U.S. federal income tax purposes and are generally unrated or rated below investment grade. Such securities are subordinated to payments of interest and principal on higher-rated securities of the asset backed debt vehicle and will be directly affected by any losses or delays in payment on the related collateral. Interests in asset backed debt vehicles can be considered a levered investment in the underlying collateral of the vehicle because the amount of the investment is significantly below the principal value of the vehicle's equity and below investment grade debt's pro rata portion of the underlying collateral. However, an asset backed debt vehicle's equity and below investment grade debt tranches, due to their subordinated nature, are the first and second tranche, respectively, to absorb trading losses and defaults in the underlying collateral. Therefore, while the levered nature of an asset backed debt vehicle's equity and below investment grade debt tranches increases the cash flow that may be available for distribution, it also increases the exposure to trading losses and defaults, and accordingly, causes returns to be more volatile. Payments on asset backed debt vehicle equity and below investment grade debt tranches may be deferred or eliminated depending on the amount of cash flow generated by the collateral. Castlelake or its affiliates will act as collateral manager with respect to any such vehicles. The fees payable to Castlelake or its affiliates with respect to any asset backed debt vehicles will be structured so that the Funds do not bear such amounts with respect to their ownership in such Vehicles (including through credits and/or offset of the management

fees payable by the Fund to Castlelake by any such amounts). Multiple Funds may be issued interests in the same asset backed debt vehicles and Funds may purchase interests in the Vehicles or other asset backed debt vehicles in the secondary markets, with such interests being of the same or different classes held by other Funds.

Investments in Undervalued and Distressed Assets. The Funds invest in undervalued and distressed assets, including financial assets, transportation assets such as those in aviation, and shipping, consumer debt, residential and commercial real estate as well as assets in other industries. The identification of investment opportunities in such assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued or distressed assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in significant losses. Such assets may be required to be held for a substantial period of time before realizing their anticipated value. In addition, these assets will often require additional ongoing maintenance capital. Indebtedness may be incurred in connection with such asset acquisitions, which debt would typically be secured by the assets so acquired and typically nonrecourse to the Funds and the Vehicles. The industries in which the Funds invest may be subject to extensive rules and regulations limiting rights or otherwise impacting the risk profile. Castlelake in some instances enters into arrangements with industry specialized management, servicing teams or entities to acquire, manage and dispose of these assets, which typically include fixed payments and/or profit-sharing arrangements with such teams or entities. The failure on the part of Castlelake to select the right management/advisory team for an asset class and/or to establish a governance and compensation structure that provides for the appropriate balance of economic incentives to the team and oversight by Castlelake, or to provide servicing with respect to the Vehicles and assets on its own, would have a material adverse effect on the investment in such asset class.

Illiquidity of Investments in Assets. The Funds invest in assets, loans or securities for which no (or only a limited) liquid market exists or that are subject to legal or other restrictions on transfer. The market prices, if any, for such assets may in fact be volatile, and may fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financing condition of the obligors on the assets. Castlelake may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

A portion of the investments may consist of securities that are subject to restrictions on resale because they were acquired in a “private placement” transaction or for other reasons including Castlelake’s access to material non-public information. In addition, the Funds may hold securities and other assets subject to contractual restrictions on transfer. The sale of illiquid assets and restricted securities often requires more time and results in higher brokerage charges and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

Investments in Real Estate. Castlelake may, from time to time, invest in a variety of real estate and related transactions, either as a direct investment or through investment in other entities, including affiliates. Investing in real estate entails certain risks including: the burdens of ownership of real property; local, national and international economic conditions; the supply and demand for properties; the financial condition of tenants, buyers and sellers of properties; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal and

monetary policies; environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in real property tax rates; changes in energy prices; negative developments in the economy; uninsured casualties; force majeure acts, weather events, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of Castlake. In addition, real estate assets are subject to long-term cyclical trends that give rise to significant volatility in values.

Real estate loans acquired by the Funds can be, at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans will require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement “take-out” financing will not be available. Purchases of participations in real estate loans may involve many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.

Investment in Loans. Castlake may invest in loans, which may entail the following risks (among others):

- *General Credit Risks* – Investors may be exposed to losses resulting from default and foreclosure. The value of the underlying collateral, if any, the creditworthiness of the borrower and the priority of the lien are each of great importance (although the Funds may invest in subordinate or second priority liens). In the event of a foreclosure, the Funds may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss.
- *Lower Credit Quality Loans* - Because there are no restrictions on the credit quality of loans, those purchased by the Funds may be deemed to have substantial vulnerability to default in payment of interest and/or principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.
- *First Lien Loans* – The Funds may acquire interests in first lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Funds acquire loans pursuant to an assignment, it is possible that the Funds’ claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee. The factors affecting an issuer’s first lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other debt of an issuer.
- *Second Lien Loans* – The Funds may invest in loans that are secured by a second lien on assets. Second lien loans are subject to inter-creditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy which can materially affect recoveries. While there is broad market acceptance of some second lien inter-creditor terms, no clear market standard has developed for certain other material inter-creditor terms for second lien loan products.

- *Mezzanine Loans* - The Funds may make mezzanine loans in companies that also have indebtedness which is more senior than the mezzanine loans, all or a portion of which may be secured. The Funds may also provide financing to companies and subsequently create senior debt held by a third party and mezzanine debt held by the Funds. Mezzanine loans or facilities may, but often will not, benefit from the same or similar financial terms and other covenants as those provided to more senior indebtedness. The ability of the Funds to influence a borrower's affairs, particularly during periods of financial distress or following insolvency, is likely to be substantially less than those holding more senior indebtedness.
- *Non-Performing Loans* - Investments in non-performing and sub-performing loans may involve workout negotiations, restructuring and the possibility of foreclosure. These processes can be lengthy and expensive. In addition, these investments can include securities and debt obligations of financially distressed issuers, including companies involved in bankruptcy or other reorganization and liquidation proceedings. As a result, such investments may be subject to additional bankruptcy related risks, and returns on such investments may not be realized for a considerable period of time.
- *Direct Loans* - On occasion, Funds may provide financing to borrowers that have difficulty obtaining financing from other sources. Deterioration in a borrower's financial condition and prospects may be accompanied by a decrease in the value of any collateral and a reduced likelihood of the borrower's repayment and of Castlelake capitalizing on any guarantees it may have obtained from the borrower's management or other parties. Some direct loans may be subordinated to a senior lender and interest in any collateral would, accordingly, likely be subordinate to another lender's security interest.
- *Usury Considerations*. Interest charged on loans owned by Funds may be subject to state usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest, unenforceability of debt, rescission rights or other borrower remedies. Although the Funds do not intend to engage in conduct expected to be in violation of any applicable usury laws, the potential exists for a borrower to assert that the usury laws of particular jurisdiction apply to a loan transaction.
- *Lender Liability Considerations and Equitable Subordination* - In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely, because of the nature of certain of the Fund investments, the Fund could be subject to allegations of lender liability. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its or its affiliates' influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable

subordination". Because of the nature of certain Fund investments, Funds could be subject to claims from creditors of an obligor that Funds' investments issued by such obligor that are held by the Funds should be equitably subordinated, which could potentially reduce the cash flows and/or market value of the investment. The Funds may make investments in which they would not be the lead creditor. Accordingly, it is possible that lender liability or equitable subordination claims affecting Fund investments could arise without the direct involvement of the Funds.

- *Modification and Refinancing* – Investments in loans may involve making modifications which may include permanently or temporarily reducing or otherwise changing the interest rate, forgiving payments of principal or interest, extending the final maturity date, capitalizing or deferring delinquent interest and other amounts owed under the loans, deferring principal payments with or without interest or any combination of these or other modifications. These modifications may reduce the value of the loans. Castlake may seek to refinance a loan to realize the greater value from such loan. However, there may be impediments to executing a refinancing strategy to the extent other lenders have adjusted their loan programs and underwriting standards to be more conservative. The effect of the above would likely serve to make refinancing of loans potentially more difficult and less profitable.

Loan Origination. Certain of the Funds may originate or purchase loans. applicable laws or regulations may require that such Fund obtain a license from, or register with, the relevant authority. In addition, certain Funds may make investments in industries, companies, or assets that are subject to licensing and other regulatory requirements that may impact such Fund's ability to fully implement its investment strategy without obtaining the requisite license or regulatory approval. Such Fund may incur significant costs, expenses and delays (including missed investment opportunities) in connection with such license or registration requirements.

Structured Finance Transactions and Obligations. The value of certain structured finance and other transactions in which Funds can invest may be particularly sensitive to changes in prevailing interest rates, and the ability of Funds to successfully utilize these instruments may depend in part on Castlake's ability to forecast interest rates and other economic data correctly. Structured finance obligations are subject to a number of risks, including prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may depend upon any associated hedge agreement providing for the exchange of interest accruing on the security being repackaged into interest stated to be payable on the trust certificates or similar securities). In addition, the performance of a structured finance obligation will be affected by a variety of factors, including the level and timing of payments and recoveries on and the characteristics of the underlying repackaged securities, remoteness of those assets from the originator or transferor and the adequacy of and ability to realize upon any related collateral. Moreover, to the extent Funds invest in non-U.S. debt obligations, they may be subject to additional risks and considerations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy, currency risk and other factors outside of Castlake's control.

Consumer Credit. Funds may invest in consumer credit, such as consumer loans, including credit card receivables and similar assets, automobile loans, student loans or other loans. The performance of such assets or loans will be affected by general economic conditions and conditions impacting the individual underlying borrowers including interest rates, unemployment levels, gasoline prices, upward adjustments in monthly mortgage payments, the rate of inflation, consumer perceptions of economic conditions generally and changes in consumer confidence levels. These loans are subject to risks of prepayment,

delinquency and default similar to those present in mortgage loans. The ability of a borrower to repay any such loan is dependent on a number of factors, including, among other things, the income and assets of the borrower. Funds may invest in consumer loans that have been made to borrowers of varying creditworthiness, have been extended pursuant to varying underwriting guidelines, have no underwriting guidelines at all, or have been subject to fraudulent origination practices. Risks specific to different categories of consumer loans may affect the Funds' return on such investments. In the case of credit card loans, for example, various and unpredictable social, economic and geographic factors may affect the payment patterns and rates of default by borrowers, including consumer confidence and attitudes toward debt, rates of inflation and unemployment and prevailing interest rates. Rates of prepayment and default on consumer loans will similarly vary based on a number of factors, but will also be affected by contractual terms present in such loans, including the extension of grace periods, deferment periods and, under some circumstances, forbearance periods. Castlake cannot predict how these and other factors may affect the Funds' investments in consumer loans.

In addition, consumer loans generally have significant risk of loss or default, particularly in the case of loans that are secured by rapidly depreciable assets, such as automobiles, or loans that are unsecured. In these cases, the Funds face the risk that any collateral for a defaulted loan may not provide an adequate source of repayment of the outstanding loan balance. Thus, the recovery and sale of such property could be insufficient to compensate the Funds for the principal and interest outstanding on these loans. In addition, because loan applications may be completed by third parties, the Funds assume the risks associated with that third party properly complying with U.S. federal, state, and local or other applicable consumer protection laws. It may become necessary to increase the Funds' provision for loan losses in the event that the Fund's losses on consumer loans increase, which would reduce the Funds' profits.

Further, consumer loans and other consumer credit products are subject to various consumer protection laws which regulate the creation and enforcement of such loans and other products. In the U.S., regulators such as the U.S. Consumer Financial Protection Bureau (the "CFPB") and individual U.S. states may further regulate the consumer credit industry in ways that make it more difficult for servicers of such loans to collect payments on such loans, resulting in reduced collections. Such laws and regulations may, among other things, regulate interest rates and other charges, require certain disclosures, regulate the use of consumer credit information and regulate debt collection practices (e.g., the U.S. Fair Debt Collection Practices Act). The violation of certain provisions of these and other applicable laws and regulations by originators, lenders, servicers and their affiliates may limit their ability to collect all or part of the principal of, or interest on, such loans, entitle the borrower to a refund of amounts previously paid by it, or require such originators, lenders, servicers and their affiliates to pay significant fines and penalties and/or other significant expenditures. Changes to U.S. federal or state bankruptcy or debtor relief or other applicable laws may also impede collection efforts or alter timing and amount of collections. In the U.S., if a borrower were to seek protection under U.S. federal or state bankruptcy or debtor relief laws, a court could reduce or discharge completely the borrower's obligations to repay amounts due on its receivable.

The CFPB has rulemaking, supervisory, and enforcement and other authorities relating to consumer financial products and services, including debt collection. The Funds' third-party servicers may be subject to the CFPB's supervisory and enforcement authority. Increased regulation on both a federal and state level have resulted in changes to consumer protection laws, which impede collection efforts, increase costs of collection, alter timing and amount of collections and reduce the yield on credit card receivables. Practices with respect to revolving credit card accounts that do not comply with consumer protection laws may result in certain credit card receivables not being valid or enforceable in accordance with the terms

of such accounts against the obligors of those credit card receivables. Federal and state consumer protection laws regulate the creation and enforcement of consumer loans, including credit card receivables.

Oil and Gas. The price of crude oil is inherently volatile, and this volatility is expected to continue. This may adversely affect the earnings of oil and gas related assets in which the Funds may invest and the performance and valuation of such investments. Historically, the markets for energy have been volatile and have been substantially depressed for an extended period. While oil prices have recovered from their low levels, there are different views about the strength of the economic recovery and future demand for oil and natural gas and other energy products. Consequently, there is no assurance that oil and energy prices will not fall again. The price of oil depends on numerous factors beyond Castlelake's control, including (i) changes in the global supply, demand and inventories of oil; (ii) production interruptions; (iii) the actions of the Organization of the Petroleum Exporting Countries; (iv) the price and quantity of foreign imports of oil; (v) legislative and regulatory changes; (vi) political conditions, including embargoes, in or affecting other oil-producing countries; (vii) economic and energy infrastructure disruptions caused by actual or threatened acts of war, or terrorist activities, or national security measures deployed to protect the United States from such actual or threatened acts or activities; (viii) economic stability of major energy companies and the interdependence of oil and energy trading companies; (ix) the level of worldwide oil exploration and production activity; (x) weather conditions, including energy infrastructure disruptions resulting from those conditions; (xi) technological advances affecting energy consumption; and (xii) the price and availability of alternative fuels.

Renewable Energy. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in energy prices, which may adversely affect the earnings of renewable energy-related assets in which the Funds may invest and the performance and valuation of such investments. The performance of such investments may be substantially dependent upon the prevailing prices of oil and natural gas. As energy derived from fossil fuels becomes more expensive, the value of such investments and renewable technologies generally should increase as well. Conversely, if new oil or gas deposits are found, or if the cost of producing energy from these sources decreases significantly for other reasons, the attractiveness of the Funds' renewable investments would likely decrease. In addition, decreases in the retail prices of electricity from utilities or from other energy sources could decrease demand for renewable energy.

Mining. The Funds may invest in mining companies. Commodity exploration and mining activities are inherently subject to numerous significant risks and uncertainties including, but not limited to: (i) unanticipated ground and water conditions and adverse claims to water rights; (ii) unusual or unexpected geological formations; (iii) metallurgical and other processing problems; (iv) the occurrence of unusual weather or operating conditions and other force majeure events; (v) lower than expected ore grades; (vi) industrial accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) availability of contractors and labor; (x) government permit restrictions and regulation restrictions; (xi) unavailability of materials and equipment; and (xii) the failure of equipment or processes to operate in accordance with specifications or expectations. These risks and uncertainties could result in: (i) delays, reductions or stoppages in mining activities; (ii) increased capital and/or extraction costs; (iii) damage to, or destruction of, mineral projects, extraction facilities or other properties; (iv) personal injuries; (v) environmental damage; (vi) monetary losses; and (vii) legal claims. In addition, success in commodity exploration is dependent on many factors, including, without limitation, the experience and capabilities of a company's management, the availability of geological expertise and the availability of sufficient funds to conduct the exploration program. Even if an exploration program is

successful and commercially recoverable commodities are established, the economic and operational feasibility of extraction may change and global supply and demand may change.

Shipping and Tanker Assets. The Funds may invest in shipping and tanker vessels or assets. The shipping and tanker industries are both cyclical and volatile in terms of market values and operating costs of vessels and resulting profitability. Fluctuations in vessel values and costs result from changes in supply and demand and, specifically with respect to tanker capacity (and therefore, tankers), changes in the supply and demand for oil, oil products and chemicals. The factors affecting the supply and demand and operational costs for vessels are outside of Castlake's control, and the nature, timing and degree of changes in industry conditions is unpredictable. Profitability of these investments will depend on Castlake's projections with respect to future supply/demand and pricing that may not prove to be accurate. The market value of any vessels is also expected to fluctuate depending on general economic and market conditions affecting the shipping industry, as well as other modes of transportation, types, sizes and ages of vessels, applicable government regulations and the cost of new builds.

Infrastructure Risks. Certain of the Funds may invest in infrastructure assets. Such investments will be subject to additional infrastructure sector risks, including (i) the risk that technology employed will be not be effective or efficient, (ii) the risk of equipment failures, failure to perform according to design specifications, failure to meet expected levels of efficiency, fuel interruptions, loss of sale and supply contracts, (iii) changes in power or fuel contract prices, bankruptcy of or defaults by key customers, suppliers or other counterparties, and tort liability, (iv) risk of changes of values of infrastructure sector companies, (v) risks associated with employment of personnel and unionized labor, (vi) political and regulatory considerations and popular sentiments that could affect the ability of such Funds to buy or sell investments on favorable terms, and (vii) other unanticipated events which adversely affect operations. The occurrence of events related to any of the foregoing could have a material adverse effect on such Funds and their respective investments.

Project Finance. Some of the Funds' investments may be in structured project finance opportunities. A project finance structure entails the assumption of "project risk" by equity investors such as the Fund, usually without recourse to a project sponsor. Such risk can include construction risk, regulatory risk, operating and technical risks, bypass risk, demand, usage and patronage risks, catastrophic and force majeure risks, risk of environment liabilities, documentation risks and commodity price risks. The Fund may also invest in some projects and facilities at an early stage of development. These projects involve additional uncertainties, including the possibility that the projects may not be completed, operating licenses may not be obtained, and permanent financing may be unavailable.

Loan Participations and Assignments. Funds may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks, other financial institutions or lending syndicates. When purchasing loan participations, Funds assume the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Fund invests may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to Funds. For example, if a loan is foreclosed, the Funds could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under legal theories of lender liability, the Funds could be held liable as a co-lender.

Bridge Financings. From time to time, certain Funds may provide interim financing to facilitate an investment on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication (including for co-investments). Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Funds' control, such long-term securities may not be issued, or refinancing or syndication may not occur, and such bridge loans may remain outstanding with an increased risk of default. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds, and such loans may cause the Funds to have increased concentration in the given investment.

To the extent a Fund provides bridge financing to facilitate portfolio investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the applicable Offering Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

Non-Controlling Investments. Although Castllake will typically seek to have control rights with respect to its investments, the Funds may make non-controlling investments and, therefore, may have a limited ability to protect its investments. The Funds may hold meaningful minority stakes in investments and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio investments are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Funds may seek to protect their interests or influence company management by negotiating the right to appoint a director or by obtaining certain other minority investor rights. Board service and some minority rights provisions may affect the Funds' ability to dispose of such an investment. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate their respective interests than it would be had the Funds owned a controlling interest in such investment. Even if the Funds have contractual rights to seek liquidity of the Funds' minority interests in such investments, it may be very difficult to sell such interests or seek a sale of such investment upon terms acceptable to the Funds, especially in cases where the interests of the other investors in such investment have different business and investment objectives and goals.

Controlling Interests. Because of equity ownership in certain companies, representation on the board of directors and/or contractual rights (if applicable), Funds may control, participate in the management of or influence substantially the conduct of portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, products, benefits, failure to supervise management, violation of laws and regulations, for which the limited liability generally afforded to investors may be ignored. The exercise of control may also subject Castllake to claims from third parties, including minority investors of such company.

Joint Venture Arrangements. The Funds may enter into joint venture arrangements in which Castllake does not retain all decision-making authority. In the event of such joint venture arrangement, Castllake will seek to negotiate appropriate rights to protect Fund interests, although there can be no assurance that such rights will be available or that such rights will provide sufficient protection of Fund rights or interests. Such an investment may involve risks not present in investments where a third party is not involved, including the possibility that the joint venture partner may be unable or unwilling to perform its duties or obligations under the relevant agreement, may have financial, legal or regulatory difficulties resulting in a negative impact on the joint venture, may have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. In addition, the increased possibility of default by, diminished liquidity or insolvency of, the joint venture partner, due to a sustained or general economic downturn (including in the event of default on its funding obligations, the Fund may have to make up for the shortfall) and the possibility that the Fund may be liable for the actions of its joint venture partner in certain circumstances.

Leverage. Castllake uses leverage for certain purposes in managing Fund or Vehicle portfolios (including short term credit facilities and on-recourse or limited recourse leverage). Leverage generally magnifies both the opportunities for gain (including through greater diversification) and the risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Although the use of leverage increases returns on investments if there is a greater return on the incremental investments purchased with the borrowed funds than the cost for such funds, the use of leverage decreases returns if it fails to earn as much on such incremental investments as it pays for such funds. The use of leverage in connection with acquisition of investments, or investments which may include securities of companies with leveraged capital structures, will result in material interest expense and other costs to the Funds or Vehicles. In addition, leverage will increase the exposure of Fund investments to any deterioration in an asset's condition, industry and competitive pressures, an adverse economic environment and rising interest rates and could accelerate and magnify declines in the value of the investments of a Fund or Vehicle in a down market. Similarly, the Funds may make investments that are unable to generate sufficient cash flow to meet principal and interest payments on their indebtedness. Accordingly, the value of the underlying investments could be significantly reduced or even eliminated due to further credit deterioration.

The lenders that provide financing may apply discretionary covenants or repayment obligations which, if not met, may result in loss of financing and forced liquidations of investments at disadvantageous prices. Such discretionary covenants or repayment obligations may also impair the ability of a Fund or Vehicle to finance future operations and capital needs. Furthermore, should the credit markets be tight at the time Castllake determines that it is desirable to sell all or a part of an investment, the Fund may not realize the expected returns from the liquidation of such investment.

Subscription Lines. Castllake's Funds have entered into subscription line credit agreements with one or more lenders in order to finance investments and to pay Fund expenses. For administrative convenience, capital calls, including those used to pay interest or principal on subscription lines, asset-backed facilities and other indebtedness, may be "batched" together into larger, less frequent capital calls, with a Fund's interim capital needs being satisfied by such subscription line credit agreements. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant general partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the

Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Offering Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

Interest will accrue on subscription lines at a rate lower than the preferred return of a Fund. Where a preferred return begins to accrue after capital contributions are due (regardless of when a Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which investors would otherwise be entitled had capital been called, and thus could result in the general partner of the Fund receiving carried interest sooner than it would without borrowing. As a general matter, use of leverage in lieu of drawing down commitments enhances internal rates of return (either negative or positive) to investors in a Fund. In light of the foregoing, Castlake has an incentive to fund the acquisition and ongoing capital needs of investments and the Funds with the proceeds of such borrowings in lieu of drawing down commitments on a just-in-time basis.

In addition, when the management fee is calculated as a percentage of invested capital, an investor would generally pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to investors will be commensurate with such costs.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant general partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant general partner may request certain financial information and other documentation from limited partners to share with lenders. Castlake will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the general partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant general partner called smaller amounts of capital

incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the general partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Risks Associated with Bankruptcy Cases. Investment and lending activities, particularly involving companies in distressed situations, may result in the Fund becoming involved as a creditor in bankruptcy cases. In addition, the Funds may purchase securities or assets of, or claims against, companies in bankruptcy. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. Generally, the duration of a bankruptcy case can only be roughly estimated. This process can involve substantial legal, professional and administrative costs to investors; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to reorganize and may be required to liquidate assets.

The debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected by an erosion of the issuer's fundamental value. There exists a significant risk that Castlake's influence with respect to a class of securities can be lost by the inflation of the number and the amount of such claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority over the claims of certain creditors (for example, claims for taxes) may be quite high.

Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. The risk of debt securities can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation.

Enhanced Equipment Trust Certificates ("EETCs"). Although any entity may issue EETCs, to date, U.S. airlines are the primary issuers. An airline EETC is an obligation secured directly by aircraft or aircraft engines as collateral. EETCs tend to be less liquid than bonds. Other asset-backed securities may be collateralized by the fees earned by service providers. The value of asset-backed securities may be substantially dependent on the servicing of the underlying asset pools and therefore is subject to risks associated with the negligence of, or defalcation by, their servicers. In certain circumstances, the mishandling of related documentation also may affect the rights of the security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in added cost and delays in addition to losses associated with a decline in the value of the underlying asset.

Interest Rate Risk. Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of Fund investments. The ability of companies or businesses in which Funds may invest to refinance debt instruments or repay debt obligations (including making payments to Funds as a creditor with respect thereto) may depend on their ability to obtain financing. Volatility and instability in the securities market may also increase the risks inherent in the Funds' investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Additional factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, international disorders and instability in domestic and foreign financial markets. While Funds may seek to do so, they are not required to hedge interest rate risk.

Distressed Securities. The Funds may purchase, directly or indirectly, securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such purchases may involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. There is no assurance that Castlake will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation, investors may lose their entire investment or may be required to accept cash or securities with a value less than the original investment.

Defaulted Securities. The Funds may invest in the securities of, and trade claims against, companies involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject investors to litigation risks or prevent the investors from disposing of securities. In a bankruptcy or other proceeding, the investors as creditors may be unable to enforce their rights in any collateral or may have security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors.

Trade and Other General Unsecured Claims. The Funds may acquire interests in claims of trade creditors and other general unsecured claim holders of a debtor ("trade claims"). Trade claims generally include, but are not limited to, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, claims for contract rejections and claims related to litigation. Trade claims are typically unsecured and may, in unusual circumstances, be subordinated to other unsecured obligations of the debtor. The repayment of trade claims is subject to significant uncertainties, including potential set-off by the debtor as well as the other uncertainties described herein with respect to other distressed securities. An investment in trade claims and high-risk receivables may also entail special risks including, but not limited to, fraud on the part of the assignor of the trade claim as well as logistical and mechanical issues which may adjust the underlying claim and/or affect the ability to collect the claim in whole or in part.

High-Yield Securities. The Funds may invest in high-yield bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be greater risk with respect to the issuer's capacity to pay

interest and repay principal. Further, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which they can be sold.

Privately Traded Securities. Privately traded securities, including investments in companies undergoing debt restructurings and recapitalized companies, involve a high degree of business and financial risk. Such companies may have highly leveraged capital structures, require substantial additional capital to support expansion or to achieve or maintain a competitive position, produce substantial variations in operating results from period to period or operate at a loss. In addition, such investments may subject the Funds to risks that differ in type or degree from those involved with publicly-held investments. Such risks may include, among other things, less liquidity and less transparency. Moreover, there will be no readily available market for such investments, and hence, most of such investments will be difficult to value. Although Castllake may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent it takes minority positions in companies in which it invests, Castllake may not be in a position to exercise control over the management of such companies. Private equity investments may have extended holding periods of several years and there can be no assurance that a viable exit mechanism will be available at the end of the anticipated holding period.

Preferred Equity. Preferred equity investments involve a higher degree of risk than conventional debt financing due to a variety of factors, including their non-collateralized nature and subordinated ranking to other loans and liabilities of the entity in which such preferred equity is held. Accordingly, if the issuer defaults on the Fund's investment, the Fund would generally only be able to proceed against such entity in accordance with the terms of the preferred security and not against any property owned by such entity. Furthermore, in the event of bankruptcy or foreclosure, the Fund would only be able to recoup its investment after all lenders to, and other creditors of, such entity are paid in full.

Derivative Instruments. Castllake may use various derivative instruments which may be volatile and which may be subject to wide and sudden fluctuations in market value. The Funds may enter into interest rate swaps and similar transactions primarily as a means of hedging borrowing against fluctuations in interest rates or preserving or enhancing a return or spread on a particular investment or portion of its portfolio. Castllake may enter into interest rate swaps on either an asset-based or liability-based basis, depending on whether it is hedging its assets or its liabilities. Castllake may also enter into credit default swaps and may either buy protection or sell protection from losses caused by the occurrence of a negotiated default event. When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent Castllake from achieving the intended hedging effect or expose the Funds to the risk of loss.

Derivative instruments that may be purchased or sold by Castllake can include instruments not traded on an exchange. OTC options, unlike exchanged-traded options, are bilateral contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which Castllake can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In some cases, particularly in the context of OTC instruments, hedging arrangements will subject the Funds to the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks.

Mortgage-Backed and Asset-Backed Securities. The Funds may invest in any tranche, including unrated tranches, of a variety of types of asset-backed securities, including residential and commercial mortgage-backed securities and other asset-backed securities. These types of securities are primarily exposed to the performance and credit risk of the underlying collateral. They are also substantially dependent on the servicing of the underlying asset pools and therefore subject to risks associated with the negligence of, or misappropriation by, their servicers. The rate of defaults and losses on residential mortgage loans, which would, in turn, have an adverse effect on mortgage-backed securities, will be affected by a number of factors, including global, regional and local economic conditions in the area where the properties are located and the residential real estate market in general. Further, the real estate industry as a whole suffered significant losses as a result of deteriorating international economic conditions during the global financial crisis and may again do so in the future.

When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage re-financings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for certain other types of fixed-income securities. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited, and such securities are subject to many of the same risks as mortgage-backed securities.

Non-U.S. Investments and Currencies. Castlake invests on a global basis and may invest a significant portion of assets of the Funds in non-U.S. investments. This requires consideration of certain risks typically not associated with investing in U.S. assets or securities. These risks include, among other things, trade balances and imbalances and related economic policies, potential price volatility in, and relative illiquidity of, some non-U.S. markets, unfavorable currency exchange rate fluctuations, potentially unsettled points of applicable governing law, capital repatriation regulations, imposition of exchange control regulation by the U. S. or foreign governments, U.S. and foreign withholding taxes, the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or their limited partners with respect to the Fund's income and possible non-U.S. tax return filing requirements for the Funds and/or their limited partners, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations. Laws and regulations of foreign countries may impose restrictions that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States.

Additional risks of non-U.S. investments include: (i) economic dislocations in the host country; (ii) less publicly available information about certain non-U.S. companies and assets than would be the case for comparable companies in the United States; (iii) less well-developed regulatory institutions; (iv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (v) civil disturbances; (vi) government instability; and (vii) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to, or as uniform as, those that apply to U.S. companies. Banks and other counterparties in emerging markets may impose restrictions or require certain approvals that would not exist in the United States and may require extensive diligence (including in respect of anti-money

laundrying and know-your-customer or similar laws) that differ significantly from those in place in the United States.

Because investments in other countries will likely be denominated in the currencies of such countries, any fluctuation in currency exchange rates will affect the value of the investments, and any restrictions imposed to prevent outflows of capital may make it difficult or impossible to exchange or repatriate foreign currency. Castlake may seek to hedge the foreign currency exposure, but such hedging strategies may not necessarily be available or effective and may not always be employed. Accordingly, the Funds, may at times be, directly or indirectly, subject to foreign exchange risks.

Emerging Market Opportunities. The Funds invest in assets or companies located or doing business in emerging market geographies. An emerging market geography is any country determined to have an emerging market economy, considering factors such as the country's credit rating, the development of its financial and capital markets and its political and economic stability. In addition, emerging markets may be commodity-dependent in nature and hold lower gross national products relative to more developed countries. Investing in emerging market opportunities includes all of the risks of non-U.S. investments noted above, but to an increased degree. Emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed and variability in legal jurisdiction. These markets may have heightened volatility, greater political, regulatory, legal and economic uncertainties, less liquidity, dependence on particular commodities or international aid, high levels of inflation, restrictions on foreign investment and restrictions on repatriation of investment income and capital. Future economic or political situations could lead to price controls, forced mergers, expropriation, nationalization or the creation of government monopolies. Emerging markets may have governments that are less stable, markets that are less liquid and economies that are less developed and variability in legal jurisdiction. The Funds could be adversely affected by any delay or obstacle resulting from its investment in an emerging market opportunity. Economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Funds' investments.

Risks Relating to Vehicles

Vehicle Structure: Limited Liquidity and Recourse. An investor's investment in a Vehicle is subject to the structure and terms of each Vehicle. Investors should have no expectation of a secondary market in securities or loans issued by a Vehicle, or that markets would provide investors with liquidity. The securities or loans issued by a Vehicle are limited recourse obligations; investors must rely on available collections from the collateral pledged by a Vehicle, as issuer, pursuant to the indenture and will have no other source of payment.

Subordination. Payments on the senior-most class(es) or tranches of a Vehicle's securities or loans are subordinate to the payment of certain fees and expenses payable by Castlake to other parties pursuant to the indenture. Payments of principal and interest on any junior classes or tranches of securities or loans are subordinated under the priority of payments to payments on any senior class of securities or other instruments. To the extent any losses are suffered by any securities or other instruments, those losses will be borne by each class of or tranche of securities or other instruments in order of subordination and according to the Vehicle's governing documentation. Accordingly, the most subordinated classes or tranches of securities or other instruments may not be paid in full and may be subject to 100% loss. In addition, the most subordinated class(es) or tranches of interests in a Vehicle's securities or loans represent highly leveraged investments and will be most affected by any changes of market value of the

collateral, including, but not limited to, defaults, prepayments and other risks associated with the collateral.

Remedies. If an event of default occurs under a Vehicle's indenture, the controlling class (generally the most senior class of notes or tranche of loans then outstanding) will generally be entitled to determine the remedies to be exercised under the indenture. The interests of the controlling class of a Vehicle may be adverse to those of the subordinated classes or tranches, and in pursuing this interest the controlling class will have no obligation to consider any possible effect on other interests. In addition, the junior-most class or tranche of securities or other instruments is not generally entitled to exercise remedies under the indenture, nor is the trustee generally obligated to act on behalf of the holders of these securities, loans or other instruments.

Sale of Collateral. If an event of default occurs under a Vehicle indenture, there can be no assurance that the proceeds of any sale of collateral will be sufficient to pay in full transaction expenses and principal and interest on the securities or other instruments. In addition, once more senior classes or tranches have been paid in full a fluctuation in values and costs resulting from changes in supply and demand could impact the amount of proceeds received in the sale of remaining assets.

Reinvestment Risk. In certain circumstances, certain funds will be reinvested in additional or substitute assets. A number of factors, including the need to satisfy certain reinvestment criteria set forth in the indenture, may result in a lower yield on additional or substitute assets. In addition, due to significant restrictions set forth in the Vehicle indenture on the ability to buy and sell collateral, the issuer may be unable to buy or sell obligations or take other actions which might be in the best interests of the security or loan holders in the absence of these restrictions.

Valuation. For the Vehicles, Castlake is responsible for arranging for relevant third-party valuation in accordance with the Vehicle's Offering Documents.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding certain legal or disciplinary events that would be material to an evaluation of Castlake or the integrity of Castlake's management. Castlake has no legal or disciplinary event responsive to this Item to report.

Item 10 - Other Financial Industry Activities and Affiliations

Castlake is the investment manager for each of the Funds and the servicer for certain of the Vehicles. The general partner of Castlake is Castlake Holdings, LLC, a Delaware limited liability company. Castlake is a related person to the general partners or managing members to the Funds. Please see Item 6 of this brochure regarding performance-based fees that may be paid by a Fund or Vehicle to its servicer, general partner or managing member.

Castlake (UK), LLP ("Casklake (UK)"), a United Kingdom limited liability partnership, is an investment adviser authorized and regulated by the UK Financial Conduct Authority. Castlake (UK) provides sub-advisory investment management and research services to Castlake. Castlake (UK)'s managing member is Castlake Holdings (UK) Ltd., which is wholly owned by Castlake.

Castlelake Aviation Holdings (Ireland) Limited, an Ireland private company limited, provides technical asset management services and remarketing support relating to aviation investments and also acts as the servicer for certain of the Vehicles.

Castlelake Pte. Ltd., a Singapore private limited company, also provides technical asset management services and remarketing support relating to aviation investments.

Conflicts of Interest

Investors should be aware that there will be occasions where Castlelake and its affiliates encounter conflicts of interest in connection with the Funds' investment activities. The following discussion enumerates certain of those conflicts of interest.

Coordination Among Funds and Vehicles. While Castlelake generally devotes substantially all of its time and attention as is reasonably necessary to manage, service and dispose of the investments and assets of the Funds and the Vehicles, it cannot and does not devote all of its time and attention to any single Fund or Vehicle and it may devote time and attention to other matters. Castlelake will engage in investment activities for multiple Funds and Vehicles and, to the extent permitted by Castlelake's compliance policies act for its own account. This can result in certain conflict of interest situations, including the following:

- *Co-Investments.* Where possible and appropriate based on the size of the opportunity and other factors, co-investment opportunities have been, and are expected in the future to be, offered to various Fund investors or to third parties, whether through collectively owned special purpose vehicles ("SPVs") and otherwise. When co-investment opportunities are available, they will be allocated at the discretion of Castlelake based on a variety of factors that may include (depending on the terms of the applicable Offering Documents): suitability; prior expression of interest by a third party; timing, existing third-party obligations; legal, regulatory, tax, underwriting or other considerations affecting co-investment participation; and the size of the commitment by a third party or other Fund investors. Although a prospective co-investor's willingness to invest in future funds may be considered by Castlelake, it will not be the sole determining factor considered by Castlelake in identifying co-investors. Co-investment opportunities may, and typically will, be offered to some and not to other Castlelake investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. Castlelake is also permitted to provide co-investment opportunities to third parties, e.g., sellers, company management, strategic and financial partners, finders, brokers or other sourcing persons, preferred stockholders, joint venture partners or lenders. Third party co-investors may be required to pay management and performance fees, but Funds in a co-investment are not assessed any management or performance fees. Any fees (including management fees) or carried interest in respect of any co-investments paid to and/or received by Castlelake or its affiliates will be retained by such persons and will not offset management fees payable by any Funds. Similarly, given that Castlelake or its affiliates may be entitled to economics in respect of co-investments, Castlelake may be incented to provide co-investment opportunities which may in turn cause Castlelake to devote meaningful time thereon. Further, expenses relating to potential co-investments that are not consummated may be borne by the Funds.

Assets of each co-investor may become exposed to the risk of claims involving one or more other co-investors, e.g., a third party to a transaction may require the co-investing Funds or Vehicle to agree to joint and several liability, or certain types of investments may be pooled together in a common SPV without segregation of liabilities arising from different investments even though not all participating accounts participate in all investments entered into by the SPV. Castllake intends to mitigate such risks as it deems appropriate from time to time, such as through cross-indemnification arrangements, but there can be no guarantee that such risks can be mitigated in full. Any co-investments in private transactions are expected to be made through collectively owned SPVs or otherwise as determined by Castllake in its discretion (provided that the Funds do not effectively bear any additional management fees or incentive compensation in favor of Castllake or its affiliates in connection with investments in any such SPVs). All or a portion of the management fees determined with respect to the Funds may be debited at the level of any such SPV and any such amounts shall offset the management fees payable by the Fund on a dollar-for-dollar basis. Investments through an SPV with the multiple Funds can expose such Funds to the risk of claims involving one or more of the other Funds. Castllake mitigates such risks as it deems appropriate from time to time, such as through cross-indemnification arrangements among participating Funds, but there can be no guarantee that such risks can be mitigated in full. Castllake will be subject to a potential conflict of interest when acting on behalf of multiple Funds with divergent interests.

- *Allocation of Investment Opportunities.* When a limited opportunity to acquire or dispose of an investment which is either suitable for, or already held by, more than one Fund or Vehicle with similar investment objectives, Castllake seeks to allocate investment opportunities in such a manner that, to the extent feasible, no Fund or Vehicle receives consistently more or less favorable treatment than any other Fund or Vehicle. Investment opportunities suitable or appropriate for more than one Fund or Vehicle based on the terms of the operating agreements and investment programs of such Funds or Vehicles will generally be allocated on a *pro rata* basis amongst the Funds or Vehicles based on total capital commitments. However, such investment opportunities may be allocated other than on a *pro rata* basis where Castllake determines another equitable allocation is appropriate in light of one or more relevant factors affecting each Fund or Vehicle, including available capital, capital constraints, portfolio and/or counterparty diversification, risk profile, targeted return profile, status of investment as a follow-on investment with respect to any Fund, duration of investment and timing of the Fund's commitment period and term, investment horizon (i.e., capital obligations, funding or distribution requirements), tax sensitivity and other structural and regulatory considerations, provisions in the operating agreements of the Funds and any other factors specified in Castllake's allocation policy. Additionally, the operating agreements and investment programs of certain Funds may restrict, limit or prohibit, in whole or in part, or may give priority with respect to investments to such Funds.

Subject to Castllake's policies, Castllake and its principals and employees may carry on investment activities for their own accounts and for family members and friends who do not invest in the Funds, and may give advice and recommend securities to the certain Funds which may differ from the advice given to, or investments recommended or bought for, other Funds even though their investment objectives may be the same or similar. Further, Castllake and its principals employees will carry on investment activities that are different than the investment activities of the Funds.

- *Allocation of Fees and Expenses.* A variety of potential conflicts of interest arise when determining allocations of various fees and expenses among the Funds that are involved in the same investment. Castlelake, in its sole discretion, will allocate fees and expenses in accordance with the Funds' governing documents and in a manner that it believes in good faith is fair and equitable to the respective Funds under the circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-investors receiving related benefits or proportionately in accordance with asset size (including with respect to potential investments or co-investments that are not consummated). Further, because certain expenses are paid for by the Funds and/or their portfolio investments or, if incurred by Castlelake, are reimbursed by the Funds and/or their portfolio investments, Castlelake may not necessarily seek out the lowest cost options when incurring (or causing the Funds to incur) such expenses. Additionally, as referenced above, Castlelake may structure a co-investment opportunity such that the proposed participants (including third party co-investors) in such co-investment opportunity do not bear any broken deal or related expenses.
- *Pooled Indebtedness.* The Funds may incur indebtedness, leverage or other obligations and/or guarantees on a joint, several, cross-collateralized (which may be on an investment-by-investment or portfolio-wide basis) or joint and several basis in order to acquire a portfolio of assets or to obtain more favorable financing terms. While such arrangements may be joint and several with respect to the Funds, such arrangements may not necessarily impose reciprocal joint and several obligations on such Funds. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Funds may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such other Funds are unable to repay their pro rata share of such indebtedness. Moreover, the Funds could also lose their interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments. In addition, a third party to a transaction may require the Funds to agree to joint and several liability, which will give rise to similar risk and conflicts.
- *Investments at Different Levels of Capital Structure.* The Funds are permitted to invest in securities or other instruments of the same issuer (or affiliated group of issuers) having a different seniority in the issuer's capital structure. If the issuer becomes insolvent or suffers financial distress, there may be a conflict between the interests insofar as the issuer may be unable to satisfy the claims of all classes of its creditors and security holders. Under these circumstances it may not be feasible for Castlelake to reconcile the conflicting interests of the Funds or Vehicles in a way that protects all of the interests. In certain circumstances Funds may be prohibited from exercising (or Castlelake may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests.

Interfund Cross Transactions. From time to time Castlelake has determined, and may in the future determine, that a purchase, sale or lease of an investment from one or more of the Funds or the Vehicles to another is in their respective best interests. For example, one Fund may acquire an investment from an unrelated seller in anticipation of offering it to another Fund at a future date if the latter Fund does not have available capital to make the investment when it is being marketed by the unrelated seller. This

may also arise, for example, if one Fund is being wholly or partially liquidated, while another account has cash available for investment. Further, a Fund may acquire or lease investments from, or sell or lease investments to, another Fund, the Vehicles, or an affiliate of Castllake that is in the business of originating and syndicating loans or other assets. In particular, the Funds can exit or partially exit an investment or a series of related investments through contribution of such assets to an affiliated securitization Vehicle or other entity established by Castllake or its affiliates in which the Funds. For a securitization Vehicle the Funds would typically hold junior tranches on a non-recourse basis while the senior tranches would typically be offered to third parties, including banks. In addition, Castllake has established warehouse financing facilities in order to finance aircraft purchases for multiple participating Funds. Because the lenders in the warehouse facilities have cross collateralized aircraft financed by the participating Funds, it is possible that an investment made by one Fund may not be able to satisfy its debt obligations to the warehouse facility, and could rely on the cash flows from investments owned by other Funds that are utilizing the warehouse facility. Castllake has established a process to monitor and then reconcile these interfund situations should they arise. For other entities, the Funds would typically hold direct or indirect equity interests in the entity established to hold the assets. While these transactions with related parties expand the universe of opportunities that are available to Castllake, all Funds will not necessarily derive a benefit from each such transaction, and the Funds and the other parties to a particular transaction may have divergent interests. In order to minimize the conflict, Castllake conducts any such transactions on an arms-length basis, including documentation/rationale to support fair market value of the purchase, lease or contribution of assets. In addition, Castllake reports annually to Funds' advisory committees regarding any key interfund transactions. If required by the Offering Documents, Castllake will seek advice by the advisory committees of the relevant Funds.

Servicing Fees from Vehicles. Castllake and/or its affiliates enter into servicing agreements with the Vehicles, debt facilities and other financings and may do so for certain Fund investments or entities. Pursuant to these servicing agreements, Castllake and/or its affiliates receive certain fees. Because these fees are paid at the Vehicle, facility or other financing level, both equity owners, such as the Funds, and third-party debt owners or lenders bear such fees. Castllake is subject to a conflict of interest in creating these Vehicles, facilities and other financings because of its ability to receive additional compensation by retaining all or a portion of these fees. Castllake addresses this conflict by ensuring that servicing fees attributable to the Funds' investments are offset against each Fund's management fee so that, in addition to the payment of management fees, a Fund does not effectively bear the fees with respect to its allocable portion of its investment in the Vehicles or other entity; provided that in some instances the offset may be limited as further detailed in the Offering Documents. As the servicing fee offset is no longer applicable if a Fund no longer has an investment in the Vehicle or other entities or when a Fund ceases to pay management fees, Castllake could have an incentive to either monetize the Fund's equity position and/or delay the process of monetizing the investments subject to such financings. In addition, Castllake receives additional compensation when there is no offset of servicing fees associated with the debt or investments not held by the Funds. Castllake retains all servicing fees that are paid by any third parties with respect to investments in which the Funds also invest.

Transactions with Third Parties. Castllake and its personnel devote time to pursuing opportunities for the Funds and the Vehicles including selling and re-leasing aircraft, which may be similar to the aircraft owned by other Funds or Vehicles of Castllake. In such instances, the time required to pursue such opportunities on behalf of one Fund or Vehicle could interfere with the time spent on the aircraft of a different Fund or Vehicle. In addition, because the Funds and Vehicles invest in, and divest from, the same (or similar) types of aircraft or assets, Castllake or its affiliates in certain cases will direct certain opportunities that fall within a the mandate of one Fund or Vehicle to a different Fund or Vehicle, or

potentially to co-investors in certain scenarios (it being understood that such arrangements may give rise to conflicts of interest that may not necessarily be resolved in favor of a Fund).

Servicing to Third Parties. In some cases, Funds and Vehicles may sell aircraft to financial buyers (i.e., hedge funds, business development corporations and other capital providers that invest in aviation assets) or other counterparties that require servicing and aircraft management expertise of a third party, such as Castlelake. In certain cases, such buyers may elect to continue Castlelake's or its affiliates' servicing relationship with the aircraft. In such transactions, Castlelake is exposed to a conflict because the transaction creates an incentive for Castlelake to choose buyers for a Vehicle's or Fund's assets who will maintain the servicing relationship, which may create an incentive to sell the assets at a lower value than would otherwise be received (or earlier than would otherwise be the case). Additionally, when assets are sold by a Fund or Vehicle but Castlelake or its affiliates maintain a servicing relationship with the aircraft, Castlelake would generally be entitled to retain the servicing fees without the need to offset such fees against the applicable management fee. As a result, while Castlelake's ability to provide servicing to a third party purchaser may enhance a Fund or Vehicle's exit opportunities, Castlelake is subject to a conflict of interest in that it is presented with opportunities to use the Funds to generate additional sources of income for itself. Finally, Castlelake may provide servicing and aircraft management to third parties on assets that are not held by the Funds or Vehicles. Third party servicing may create an incentive for Castlelake in determining whether the third party or a Fund or Vehicle (whichever is applicable) will be provided with a lease or disposition opportunity. Castlelake seeks to mitigate these conflicts through the application of its conflict of interest policies and procedures.

Board Participation. The investment programs of the Funds may from time to time enable Castlelake to place its representatives on creditors' committees and/or boards of certain companies in which the Funds have invested. While such representation may enable Castlelake to enhance the sale value, it may also prevent Castlelake from freely disposing of investments and may subject Funds to additional liability. The Funds will indemnify Castlelake, its affiliates, or any other person designated by any of them for claims arising from creditors' committee and/or board representation. Castlelake will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Additionally, certain Castlelake employees serve on boards of directors of portfolio companies which arise from governance agreements negotiated at the time of investment or restructuring of an investment. Such employees are not permitted to receive and/or retain compensation in connection with officer or board of director roles. In many cases, the Funds may be the sole equity holder of a company and thus the board and its members will be aligned with the Funds interests. However, there may be instances when a Fund is not the sole equity holder, and in such instances conflicts of interest may arise for individuals serving as directors. These individuals would in such cases have fiduciary duties to the company that are in conflict with the interests of the Funds. Further, the service as a director may limit the Funds' ability to transact in the company's securities or prevent Castlelake from sharing information with investors in the Funds.

Different Types of Investors. The Funds and the Vehicles are commingled entities and their investors may have conflicting investment, tax and other interests. The conflicting interests of investors may adversely impact the nature of investments made by Castlelake, the structuring or acquisition of investments and the timing of disposition of investments. Conflicts may arise in connection with decisions made by Castlelake regarding an investment that may be more beneficial to one investor than another, especially

with respect to tax matters. Castlelake is not required to take into account individual investor considerations in conducting the Funds' operations.

Side Letters. Castlelake has entered into, and may in the future enter into, Side Letters with certain investors in the Funds which provide those investors with different rights or terms, which may include, without limitation, (i) more favorable fee and other economic arrangements (including discounts and terms applicable in exchange for closing by a specified deadline, making a certain size capital commitment, investing in multiple funds or other parameters) with respect to such investors; (ii) excuse or exclusion rights applicable to particular Investments or withdrawal rights (with the consent of the general partner) from the Fund, including without limitation, as a result of an investor's specific policies or certain violations of U.S. federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors (which may materially increase another investor's pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal) and may reduce the overall size of the Fund); (iii) extension of certain information rights or additional or modified reporting (including customized reports) to such investor, including, without limitation, to accommodate special regulatory or other circumstances of such investor, which will be time-consuming, divert the attention of personnel Castlelake and its affiliates and the costs of which will be borne by the Fund and are likely to be material, including on a cumulative basis over the life of the Fund; (iv) special priorities, rights and economic and other terms with respect to co-investment allocation and participation; (v) waiver of certain confidentiality obligations; (vi) consent rights to certain amendments to the Fund's governing documents; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor (including with respect to limitations on the ability to provide indemnification); (viii) certain adjustments with respect to economic provisions (including potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors); (ix) additional obligations and restrictions with respect to the structuring of any particular investment in light of the legal, tax and regulatory considerations of particular investors; or (x) agreement to various sovereign immunity, jurisdiction and venue provisions applicable to certain governmental, sovereign, or other types of investors (which could limit the ability to initiate or maintain legal proceedings against certain investors in certain jurisdictions). These Side Letters are generally subject to "most favored nation" provisions rights in the Funds.

Material Non-Public Information. Castlelake or its affiliates may acquire confidential or material non-public information or be otherwise restricted from initiating certain transactions. Because the Funds will not be free to act upon any such information, such Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Castlelake may choose to limit the information, or withhold certain information, that would otherwise be disclosed to investors in the Funds due to its confidential nature. To the extent any investor becomes aware of any such confidential or material, non-public information, such investor may be restricted with respect to its own investment or other activities and/or be subject to certain laws, regulations or rules with respect to such confidential or material, non-public information.

Valuation. The Funds hold positions in non-marketable investments or other investments for which independent quotations are unavailable or are not reliable indications of the fair value of such Funds' position. Castlelake is permitted to value such positions in its discretion, and the Funds are not required to obtain independent appraisals or valuations of any such positions. The process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such investment and may differ from the prices at which such investments ultimately may

be sold. The exercise of discretion in valuation by Castl lake may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees. In addition, Castl lake or its affiliates have an incentive to value such investments at a higher level in order to enhance performance reporting.

Engagement of Service Providers and Other Personnel. Castl lake or its affiliates expect to exercise discretion to recommend that the Funds or their portfolio investments contract for services with various service providers, potentially including, among others: (i) Castl lake or an affiliate, which may include other portfolio investments of the Funds and at rates determined or substantively influenced by Castl lake or its affiliates; (ii) an entity with which Castl lake or its affiliates or current or former personnel has a relationship or from which such person derive a financial or other benefit (including another Fund); or (iii) an investor in one of the Funds or its affiliates. This subjects Castl lake to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio investment performance, Castl lake may have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that Castl lake, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Castl lake or the Funds, may favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not Castl lake has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Castl lake may also, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio investments owned by the Partnership or the Other Accounts; conversely, former personnel or executives of Castl lake may serve in significant management roles at portfolio investments (or sellers thereof) or service providers recommended by Castl lake. Similarly, Castl lake and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio investment finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio investment executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Castl lake and/or the Funds. Castl lake may have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio investment owned by the Funds if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Castl lake information about markets and industries in which Castl lake operates (or is contemplating operations) or will provide other services that are beneficial to Castl lake. Castl lake may also have a conflict of interest in making such recommendations in that Castl lake has an incentive to maintain goodwill between itself and the existing and prospective portfolio investments for the Funds and Vehicles that Castl lake advises, while the products or services recommended may not necessarily be the best available to the portfolio investments held by the Funds.

Time and Attention. None of Castl lake, the Principals or any employees of Castl lake are required to devote their entire time and attention to the affairs of any one Fund or Vehicle, and they will engage in investment activities for other Funds or Vehicles.

Fringe Benefits. Castlelake and its respective personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any management fees payable to the Funds nor will otherwise be shared with the Funds, investors and/or portfolio companies and which may create a conflict to select an option that may be more expensive than other suitable options. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, “miles,” “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Castlelake and/or such personnel (and not the Funds, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, investors and/or portfolio companies.

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

Code of Ethics. Castlelake has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct, and fiduciary duty to its Funds. The Code of Ethics requires that all of Castlelake’s employees and partners act in a professional and ethical manner. Persons subject to Castlelake’s Code of Ethics are subject to, among other things, various restrictions relating to their purchase or sale of securities. These restrictions include pre-clearance and disclosure requirements, and general prohibitions on transactions in securities in certain circumstances, including when in possession of material non-public information; transactions in securities of issuers on Castlelake’s restricted list; and acquisition of securities in initial public offerings. There are also restrictions on the acquisition by persons subject to Castlelake’s Code of Ethics in private placements, which acquisitions require the prior approval of Castlelake’s chief compliance officer and the satisfaction of certain conditions. A copy of Castlelake’s Code of Ethics will be provided upon request by investors in a Fund.

The Code of Ethics also addresses the fiduciary duties expected of the persons subject to the Code, including confidentiality obligations, gift and entertainment policies, and restrictions on outside business activities.

Castlelake employees are, in certain instances, permitted to trade for their own accounts in securities which are recommended to and/or purchased for the Funds. Because Castlelake permits such personal trading, this creates the conflict that employees could use their knowledge of pending client transactions in an attempt to benefit their own personal transactions. For example, if an employee owns a security the employee knows Castlelake will be selling out of client accounts, the employee could sell the personal holding ahead of time in an effort to obtain a higher price than might exist when Fund holdings are sold. To address certain conflicts related to personal trading, the Code of Ethics requires pre-approval of many types of personal securities transactions. Because Castlelake does not prohibit employees from investing in the same securities in which Funds invest, Castlelake’s Compliance personnel monitor the periodic personal securities transactions and holdings reports in an effort to ensure that employees do not personally benefit from, or try to take advantage of, their knowledge of upcoming buys and sells by the Funds. In general, given the nature of the Funds’ investments and the limited personal securities activities of our employees, Castlelake does not believe as a practical matter that employees will be able to benefit personally from such knowledge.

Gifts. Castlelake personnel from time to time receive or give certain gifts and gratuities from or to broker-dealers, service providers, asset managers, counterparties or other persons with whom Castlelake, its

affiliates or Funds do business (including portfolio brokers). Receipt of such gifts and gratuities might be viewed as causing a conflict of interest for Castllake in selecting brokers and dealers and other service providers. It is a violation of Castllake's Code of Ethics for employees to offer or accept inappropriate gifts, favors, entertainment, special accommodations, or other things that could be viewed as overly generous and could influence their decision-making. To address certain conflicts related to receipt or giving of gifts, the Code of Ethics requires pre-approval of gifts of more than a *de minimis* (\$250) value.

Time and Attention of Principals. The Principals intend to devote substantially all of their business time and attention to the management and servicing of each of the respective Funds and Vehicles. They may in the future also spend time to organize, sponsor, manage and operate additional investment funds (subject to any limitations described in the relevant Partnership Agreements). The Principals are also permitted to pursue certain other business activities outside of the Funds and Vehicles.

Item 12 - Brokerage Practices

Selection of Brokers. Securities transactions are executed by brokers selected by Castllake in its sole discretion. Castllake will take into account certain factors, including: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the level of trading expertise for the particular type of investment at hand; the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker.

Soft Dollars. As a practical matter, the receipt of research from the broker-dealers that execute Castllake's transactions is not a material factor in the selection of such brokers. To the extent consistent with Castllake's obligation to seek best execution, and all other considerations being equal, Castllake may place trades with broker-dealers who provide Castllake with their own research ("proprietary research"). This determination is informal and is subject to the discretion of Castllake's head trader. There are no formal or informal commission targets for the broker-dealers that provide Castllake with research. Castllake receives the following types of proprietary research: reports and commentary on companies, industries and the economy; and access to broker-dealer research analysts to discuss companies. Castllake believes this research benefits all of the client accounts and does not seek to allocate the research proportionately to the specific accounts whose trades are with the broker-dealer that provides the research. Obtaining this research benefits Castllake because it does not have to produce or pay for the research itself. As a result, Castllake has an incentive to select or recommend a broker-dealer based on Castllake's interest in receiving the research, rather than on the Funds' interest in receiving most favorable execution. However, as noted above, Castllake's receipt of proprietary research is a very minor consideration in its selection of broker-dealers to execute transactions, Castllake does not "pay up" and it always seeks best execution.

Best Execution. Castllake seeks best execution of transactions for client accounts in such a manner that is the most favorable under the circumstances. Although Castllake generally seeks competitive commission rates, it will not necessarily pay the lowest commission. Given the differences in market structures or the characteristics of financial instruments, it is not possible to identify and apply a uniform standard of, and procedure for, best execution that would be valid and effective for all types of instruments. With the understanding that certain other factors, such as liquidity and complexity of the instrument, the Funds have given the discretionary mandate that the best possible price available may not always represent best execution. Furthermore, in some circumstances there will only be a very limited

number of venues through which the transaction can be executed. In such cases best execution is demonstrated through achieving the desired transaction at a price deemed appropriate by Castllake.

Aggregation of Trades. As applicable, Castllake will place orders for all eligible Funds on a combined basis so that each participating Fund experiences the same average price for the trade. If all such orders are not filled at the same price, they will be filled for each client at the average price. If it is not possible under prevailing market conditions to fill the entire order for all Funds at the same price that would be obtainable if an order were placed for only one client, Castllake will usually allocate the trade among the Funds with transaction costs being shared pro rata, or otherwise on a basis that it considers in good faith to be equitable.

Cross Trades. Transactions between Funds, with or without the involvement of a broker, are generally permitted provided they are conducted on an arms-length basis and Castllake does not receive any brokerage compensation in connection with the transaction which is settled at then existing market prices.

Execution Risk and Investment Manager Errors. The execution of the trading and investment strategies employed by Castllake can involve complex transactions, difficult to execute trades and use of negotiated terms with counterparties such as in the use of derivatives. In each case, Castllake seeks best execution and has trained execution and operations professionals devoted to executing, settling and clearing such trades. However, in light of the complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to Funds. Castllake will evaluate the merits of potential claims for damage against brokers and counterparties who are at fault, and to the extent practicable may seek to recover losses from those parties. Castllake may choose to forego pursuing claims against brokers and counterparties on behalf of its Funds for any reason including, but not limited to, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties and overall market. In addition, Castllake's own investment and operations professionals may be solely or partly responsible for errors in placing, processing, and settling investments. Castllake is not liable to the Funds for losses caused by brokers or counterparties or by Castllake's own negligence or contributory negligence. Losses resulting from such errors will be borne by the Funds so long as such persons met the standard of care set forth in the Offering Documents.

Item 13 - Review of Accounts

Investments are reviewed regularly by Castllake's investment professionals and operations team. In addition, each client portfolio is reviewed regularly by Castllake's Principals and Chief Compliance Officer. Compliance personnel also reviews the Funds' portfolios to provide oversight and review of the investing activity. An independent auditor annually audits each Fund's financial statements.

Statements are prepared and sent to Fund and Vehicle investors on either a monthly basis or quarterly basis respectively. The respective statements include but are not limited to an investor's beginning account balance, contributions, distributions, periodic net income and ending balance. Additionally, investors in Funds and Vehicles receive monthly or quarterly written updates of the Fund's activity and performance. The managing agents of the Vehicles prepare and deliver monthly, quarterly and annual reports and other statements and reports as required under the indentures governing the Vehicles.

On an annual basis, investors in Funds received audited financial statements. Also, investors in Funds have their income reported to them on Schedule K-1s, Schedule 1042s or a combination of the two.

Item 14 - Client Referrals and Other Compensation

In connection with the offering of interests in some of its Funds, the general partners of certain Funds have entered into agreements with a number of registered broker-dealers pursuant to which the broker-dealer acted or is acting as the exclusive placement agent for the relevant Fund. For this service, the placement agent was or will be paid a fee that is being offset against management fees that Castllake does or will earn for that Fund.

Such placement agents do not act as investment advisers, municipal advisors, or fiduciaries to potential purchasers in connection investments into the Funds. The placement agents may also seek to do business with and earn fees or commissions from affiliates of Castllake and portfolio activity of the Funds, as well as with other third party fund sponsors that may have similar or different investment objectives than the Funds. Examples of such business may include, without limitation: provision of financing or investment banking services; lending or arranging credit; provision of prime brokerage; and placement services. Accordingly, placement agents may be influenced by its interest in such current or future fees and commissions, including differentials in the placement fees that are offered by other third party fund sponsors for which the placement agent acts as placement agent. Certain affiliates or employees of the placement agent might invest in a Fund on their own behalf and/or on behalf of their clients.

Item 15 - Custody

Castllake does not serve as the qualified custodian of any of the assets owned by the Funds or the Vehicles. However, Castllake is deemed by the applicable regulatory rules to have constructive custody of the assets of each Fund due to its affiliation with the general partners or issuers of such entities. Castllake satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that each Fund is subject to an annual audit by an independent accounting firm that is registered and examined by the Public Company Accounting Oversight Board, and that audited financial statements for each Fund are provided to its investors within 120 days of the applicable Fund's fiscal year-end.

Item 16 - Investment Discretion

Castllake exercises broad investment discretion over all of the Funds it sponsors and manages. This discretion is established in and subject to the terms of the Offering Documents. As a general practice, Castllake does not allow clients to place limitations on this authority. Pursuant to the terms of the Offering Documents, however, and as noted under "Conflicts of Interest – Side Letters" above, Castllake and/or its affiliates enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Investors in the Funds and Vehicles endorse Castllake's discretionary authority by executing the subscription documents related to their investment and accepting the terms outlined in the respective Offering Documents.

Item 17 - Voting Client Securities

Castlelake has the authority to vote the securities held by the Funds. Castlelake's operations team is responsible for reviewing all proxies and voting them consistent with the Castlelake policies and procedures. Castlelake will endeavor to avoid material conflicts of interest in the voting of proxies. However, where material conflicts of interest arise, Castlelake is committed to resolving the conflict in the clients' best interest. In situations where Castlelake perceives a material conflict of interest, Castlelake may defer to the voting recommendation of an independent third-party provider of proxy services, or take such other action in good faith that would protect the interest of advisory clients.

Under certain circumstances, Castlelake may not be able to vote proxies or may find that the expected economic costs from voting outweigh the benefits associated with voting. For example, Castlelake may not vote proxies on certain foreign securities due to local restrictions or customs.

A copy of Castlelake's written proxy voting policies and procedures as well as information on how proxies were voted for the Fund in which they have invested is available to any investor upon request.

Item 18 - Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Castlelake has no financial condition that impairs its ability to meet contractual commitments to the Funds, and has never been the subject of a bankruptcy proceeding.