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# *Form ADV, Part 2A: Firm Brochure*

## *First Eagle Private Credit, LLC*

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500 Boylston Street, Suite 1200  
Boston, MA 02116  
P: (617) 848-2500  
F: (617) 848-4300  
<https://www.feim.com>

This document (the “Brochure”) provides information about the qualifications and business practices of First Eagle Private Credit, LLC and its relying advisers, First Eagle Private Credit Advisors, LLC and First Eagle Commercial Loan Originator II LLC (together, “FE Private Credit” or “FEPC”). If you have any questions about the contents of this brochure, please contact us at (617) 848-2500 and/or [FEPC.Compliance@feim.com](mailto:FEPC.Compliance@feim.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

FE Private Credit may refer to itself as a “registered investment adviser” or describe itself as being “registered” from time to time. Registration with the SEC does not imply a certain level of skill or training.

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## *March 30, 2020*

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## **Item 2.      Material Changes**

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Below is a summary of material changes pertaining to FE Private Credit's business.

FE Private Credit filed its last annual update to the Firm Brochure on March 29, 2019

On January 31, 2020, the parent company of First Eagle Private Credit LLC, First Eagle Investment Management, LLC acquired THL Credit Advisors LLC. THL Credit Advisors LLC was renamed First Eagle Alternative Credit, LLC.

Item 4 has been updated to reflect the acquisition of First Eagle Alternative Credit, LLC by First Eagle Investment Management, LLC.

Item 8 has been updated to add certain additional risk factors.

Item 10 has been updated to address affiliations with First Eagle Alternative Credit LLC.

## Important Note about this Brochure

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This Brochure is not:

- *An offer or agreement to provide advisory services to any person;*
- *An offer to sell interests (or a solicitation of an offer to purchase interests) in any private investment fund (each a “Fund”), any other pooled investment vehicle including, but not limited to, any collateralized loan obligation issuer (each such pooled investment vehicle, a “CLO”);*
- *An offer to enter into any separately managed account or “fund of one” (each an “SMA”); or*
- *A complete discussion of the features, risks or conflicts associated with any Fund, CLO, SMA or advisory service offered by FE Private Credit.*

As required by the Investment Advisers Act of 1940, as amended (“**Advisers Act**”), FE Private Credit provides this Brochure to current and prospective clients.<sup>1</sup> In its discretion, FE Private Credit may also provide this Brochure to current or prospective investors in clients, together with other relevant documents applicable thereto, including but not limited to a client’s organizational documents, a Fund or CLO’s offering or private placement memorandum and other related transaction documents or the SMA agreement for an SMA (collectively, the “Relevant Documents”), prior to, or in connection with, their investments. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of FE Private Credit, persons who receive this Brochure (whether or not from FE Private Credit) should be aware that it is designed solely to provide information about FE Private Credit as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure differs from information provided in the Relevant Documents. More complete information about each Fund, CLO or SMA is included in the Relevant Documents, certain of which may be provided to current and eligible prospective investors only by FE Private Credit or by persons authorized to communicate with current or potential eligible investors by or on behalf of FE Private Credit. To the extent that there is any conflict between discussions herein and similar or related discussions in any such Relevant Documents, such Relevant Documents shall govern and control.

No offer or solicitation for an investment in a Fund, CLO or SMA advised by FE Private Credit will be made before the delivery of the applicable Relevant Documents to potential investors who should read the Relevant Documents carefully and consult with their tax, legal and financial advisors before making any investment decision.

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<sup>1</sup> Throughout this Brochure, “clients” refers to Funds and CLO Clients to whom FE Private Credit provides (or may in the future provide) discretionary investment advisory services and “investors” refers to underlying investors in the clients.

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## **Item 4. Advisory Business**

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First Eagle Private Credit, LLC was formed in 2004 under the name NewStar Financial, Inc. as a direct lender focused primarily on the “middle market” segment of the U.S. loan market. As of approximately December 31, 2019, the Company managed regulatory assets under management of \$4,547,720,858 on a discretionary basis.

In December 2017, the Company was acquired by a wholly owned subsidiary of First Eagle Holdings, Inc., a holding company incorporated in Delaware (“FE Holdings”), the parent company of First Eagle Investment Management, LLC (“FEIM”). In October of 2018 NewStar Financial, Inc. converted into NewStar Financial, LLC, and also became a wholly owned subsidiary of FEIM and in December 2018, changed its name to First Eagle Private Credit, LLC. With a heritage that dates back to 1864, FEIM is an independent investment management firm that provides investment advisory services to institutional clients through a range of investment strategies and retail mutual funds. In January 2020, FEIM acquired First Eagle Alternative Credit, LLC (together with its affiliates, as the context requires, “FE Alternative Credit”), a registered investment adviser that serves as investment manager for both direct lending and broadly syndicated investments, through public and private vehicles, collateralized loan obligations, separately managed accounts and co-mingled funds. Like FEPC, FE Alternative Credit is a wholly owned subsidiary of FEIM and, as part of the alternative credit group of FEIM, FE Alternative Credit provides services to FEPC in respect of our advisory clients.

FEIM is a limited liability company organized under the laws of Delaware and has been a registered investment adviser under the Advisers Act since 1995. It is a subsidiary of FE Holdings. BCP CC Holdings L.P. owns a controlling interest in FE Holdings. BCP CC Holdings L.P. is a Delaware limited partnership with two managing members, Blackstone Capital Partners VI L.P. (“BCP VI”) and Corsair Mentor, L.P. (“Corsair Mentor”). BCP VI is indirectly controlled by The Blackstone Group Inc. (“Blackstone”) and Corsair Mentor is indirectly controlled by Corsair Capital LLC (“Corsair”). Investment funds managed by Blackstone and Corsair and certain co-investors own a controlling interest in FE Holdings and FEIM through BCP CC Holdings L.P. FEIM mainly provides investment advisory services to mutual funds, private investment funds and institutional accounts. FEIM is the investment adviser to the First Eagle Funds and First Eagle Variable Funds, which are registered investment companies.

FE Private Credit, in its capacity as the alternative credit group of FEIM, offers a range of investment products employing credit-oriented investment strategies focused on “middle market” loans and liquid, tradeable credit. The Company provides investment advisory services to institutional clients through a range of investment strategies with differing risk/return targets across various investment vehicles, including un-levered direct lending strategies through co-mingled funds, fully-levered strategies through CLOs and separate accounts with a spectrum of parameters tailored to investor preferences.

FE Private Credit manages a series of private credit funds that invest in “middle market” loans originated through its direct lending platform. By leveraging its middle market direct lending franchise and strategic relationships, FE Private Credit provides institutional investors with proprietary access to an attractive segment of the U.S. private loan market and the benefits of our proven credit investment platform. Through its wholly-owned subsidiary, First Eagle Private Credit Advisors, LLC the Company also manages assets across a series of CLO funds that invest primarily in broadly syndicated loans.

FE Private Credit’s direct lending business focuses on providing credit to mid-sized private companies that have non-investment grade credit profiles. See Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss,” and Item 10 “Other Financial Industry Activities and Affiliations” for more information. Non-

investment grade middle market loans are extensions of credit made to companies that are either rated below BBB/Baa by one or more of the major rating agencies (or who receive below-investment grade credit estimates therefrom), or un-rated with a comparable rating profile. FE Private Credit typically targets companies with annual cash flow (EBITDA) between \$15 million and \$50 million but may make loans to companies that are either above or below the target size.

FE Private Credit provides tailored investment advisory services to its clients in accordance with contracts with each client. Other than for SMAs, FE Private Credit does not tailor its advisory services to the needs of individual investors. FE Private Credit's clients (or, such clients' subsidiaries, which for purposes of this Brochure shall be deemed to be included as a part of each related client) are typically subject to investment guidelines and other contractual restrictions that may limit the types of assets that are permitted to be acquired by such clients and include, among other things, target asset mix, portfolio concentration limits, quality tests, eligibility criteria, and other constraints which may restrict the ability of the client (or of FE Private Credit, on its behalf) to enter into certain transactions that, in the absence of such restrictions, could otherwise have benefitted the client.

Further, FE Private Credit offers advice to each client account based on specific investment objectives, guidelines and strategies set forth in the respective offering circulars and advisory agreements for each client. In general, FE Private Credit seeks to preserve capital while providing risk adjusted returns for each client account by investing capital across investment strategies, sectors and asset classes. On behalf of its clients, investments may include, but are not limited to, bank debt, corporate bonds (high yield and investment grade), convertible bonds, preferred stock, common stock, credit default swaps and other derivative contracts.

Certain non-discretionary clients may agree with FE Private Credit that they, or their representatives, will be responsible for undertaking their own due diligence with respect to transactions that FE Private Credit recommends. When a client undertakes to do its own due diligence, FE Private Credit is not required to consider the particular needs or circumstances of the client in rendering investment advice to the client. For discretionary clients, FE Private Credit expects to make investment decisions based on the client's investment guidelines and contractual restrictions.

In addition, as discussed in Item 11, "Code of Ethics and Personal Trading, Participation or Interest in Client Transactions", FE Private Credit expects to enter into principal transactions whereby a client will buy assets from (or sell assets to) FE Private Credit or a proprietary subsidiary. In these cases, FE Private Credit will provide notice to, and request the informed consent of, the client. In some cases, consent determinations will be made on the client's behalf by a representative of the client (which may be an independent board of directors, an independent investment professional, an investor or group of investors or another person or entity designated by such client who is independent of FE Private Credit, each an "Independent Review Party"). No principal transaction will be completed prior to receiving the required consent.

FE Private Credit does not participate in wrap fee programs.

## **Item 5. Fees and Compensation**

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FE Private Credit typically is compensated for investment advisory and management services provided to its clients in the form of management and performance fees above a specified threshold return. These fees vary by client. The manner of calculation and payment method for these fees is set forth in the

Relevant Documents for each client. For additional information about performance fees, please refer to Item 6, “Performance-Based Fees and Side-By-Side Management”.

### Fees Charged to Clients

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Fees charged by FE Private Credit vary by client. The Relevant Documents with respect to each such client describe the manner by which such fees are calculated and paid.

With respect to Funds and CLO Clients, fees for investment advisory and management services typically include either a levered or unlevered asset-based management fee and an incentive fee, each generally paid quarterly in arrears, although in some cases the incentive-based compensation may be assessed on an annual basis. Incentive fees are generally paid only after a specified internal rate of return on their investment is achieved for the applicable fund. FE Private Credit generally is entitled to defer or waive all or a portion of its management and/or incentive fees with respect to a particular client or investor, without offering such deferrals or waivers to other clients or investors.

With respect to SMAs, fees for investment advisory and management services are separately negotiated. These fees generally include asset-based management fees and may, if agreed, include incentive fees. Such fees are typically paid quarterly in arrears by invoicing the SMA investor. Fees for certain types of non-discretionary services may be lower than fees for discretionary services.

To the extent that client assets are held through investment vehicles managed by FE Private Credit in which the client holds an equity interest and with respect to which FE Private Credit is entitled to receive management fees, FE Private Credit will make certain adjustments so that the total fee borne by the client does not exceed the amount that the client would have paid as a management fee to FE Private Credit absent such a structure.

### Other Expenses of the Clients

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In addition to the management and performance fees payable to FE Private Credit, Fund and CLO Clients (as well as SMAs that have agreed to do so in their SMA agreements) typically bear the costs, expenses and liabilities in connection with their direct and indirect operations (including any subsidiaries in which they own equity interests). Such expenses typically include, but are not limited to, (a) organizational expenses, (b) fees related to the offer, sale and purchase of interests in pooled investment vehicles, (c) financing costs and expenses including but not limited to (i) placement agent fees, the costs of entering into any financing, any upsizing or additional issuance, any repricing or refinancing and of any amendment, waiver or modification thereof, (ii) rating agency fees and expenses in connection with rating liabilities issued by the client or its subsidiary or in connection with rating the underlying loans, (iii) the payment of interest and principal with respect to their debt, (iv) fees, expenses and indemnities of various service providers and agents including but not limited to trustees, independent board members or independent managers and other service providers, (d) fees, expenses and indemnities of FE Private Credit, as investment adviser, of such client’s Independent Review Party, and of such client’s custodians and other service providers, and (e) costs for professional services for itself and its subsidiaries and reimbursement of such expenses incurred by FE Private Credit, as investment adviser and manager on their behalf, including but not limited to fees and expenses of (i) legal advisers, consultants, rating agencies, accountants (including tax accountants and auditors), brokers and other professionals, (ii) asset pricing and valuation services and asset rating services, compliance services and software, and accounting, programming and data entry services directly related to the management of the client’s direct and indirect assets, (iii) taxes (including but not limited to withholding taxes payable and required to be paid by obligors or their agents), regulatory and governmental charges, (iv) insurance costs and expenses related to litigation and indemnification, (v) costs and expenses incurred in connection with the acquisition or

disposition of investments (whether or not actually consummated) and the management thereof, including but not limited to deal fees, origination fees, structuring fees, transfer fees, brokerage fees, deferred sale charges, loan agents' fees, costs and expenses and attorneys' fees and disbursements, and (vi) extraordinary expenses. These expenses are typically set forth in, and required to be paid pursuant to, the Relevant Documents. As discussed more fully under Item 12, "Brokerage Practices", below, to the extent that FE Private Credit incurs brokerage costs, commissions or other transaction costs directly or indirectly on behalf of a client, such costs will be borne by the client.

### Loan Related Fees for Services

FE Private Credit will underwrite and originate loans which clients will acquire. Typically, FE Private Credit receives and retains for itself compensation from the related loan obligors (*i.e.*, each borrower or guarantor of a loan) or otherwise receives fees or compensation in connection with such loans. Fees and compensation retained by FE Private Credit includes, but is not limited to, structuring, commitment, origination, syndication, monitoring, agent and/or other fees. These fees serve to compensate FE Private Credit for services provided by it in connection with underwriting and originating the loans and are not the type of fees typically received by lenders on such loans. Consequently, these fees are not offset by FE Private Credit against management fees paid by its clients for investment advisory and management services. The investment guidelines of certain clients of FE Private Credit prohibit it from retaining such underwriting and originating fees. FE Private Credit gives clients the benefit of original issue discount for newly originated loans acquired by a client at or shortly after origination and clients are entitled to receive other fees that are typically received by lenders with respect to loans, such as prepayment and amendment fees.

FE Private Credit's receipt of fees for services with respect to underwriting and originating loans that may be offered to or acquired by clients as lenders and investors represents a potential conflict of interest to the extent that FE Private Credit has an economic incentive to underwrite and originate, and recommend or cause clients to invest in, such loans. FE Private Credit seeks to mitigate this conflict through an allocation policy (as described in Item 11) that does not permit FE Private Credit to make allocation decisions on the basis of whether or not a particular client permits FE Private Credit to retain such fees.

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

As discussed in Item 5, "Fees and Compensation", above, FE Private Credit is entitled to performance fees from its existing CLO Clients and performance fee arrangements could also be established with other clients. Because compensation arrangements are negotiated with clients, the nature and calculation methodology for compensation FE Private Credit receives from one client or type of client can differ from compensation paid by others. The presence of performance fee arrangements for some clients but not others, and differences in how performance fees are calculated, creates an incentive for FE Private Credit to favor clients that pay higher performance fees over those that pay lower (or no) performance fees. For example, FE Private Credit may have an incentive to allocate investments it believes will perform more favorably to clients with higher performance fees. In addition, performance fees represent a potential incentive for FE Private Credit to select or recommend investments for clients paying such fees that are more risky or speculative than those that would be recommended under a different fee arrangement. Additionally, FE Private Credit could benefit under certain performance fee arrangements by accelerating or delaying the timing and recognition of capital gains for a client, which (depending on the relevant contractual arrangements) FE Private Credit may control.



Asset based management fees also create potential conflicts of interest as FE Private Credit would benefit from increased leverage by a client and FE Private Credit (depending on contractual arrangements) may control the timing and the amount of leverage used by such client. FE Private Credit could also have an incentive to favor clients in allocating investment opportunities, based on the client's use of leverage.

FE Private Credit seeks to address these conflicts of interest through its allocation policy. Under the allocation policy, FE Private Credit will seek to allocate investment opportunities in loans originated and underwritten by FE Private Credit that are within the investment strategy of the related clients fairly and equitably over time in accordance with applicable law, without regard to the client's leverage level or fee structure. See Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading".

## **Item 7. Types of Clients**

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FE Private Credit's clients include Funds and CLO Clients. Fund and CLO investors typically include banks, insurance companies, business development companies, other private or public funds, businesses or entities, endowments, pension funds, high net worth individuals and family offices. In some cases, FE Private Credit employees may invest in FE Private Credit managed funds including managed CLO's. Except as is otherwise specified in Relevant Documents, investors in these investment vehicles are required to be (i) "accredited investors" as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the "'33 Act") and/or "Qualified Institutional Buyers" as defined in Rule 144A under the '33 Act or (ii) either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act of 1940, as amended (the "**1940 Act**"), as amended (and for purposes of Section 3(c)(7) thereunder).

The terms and conditions of client accounts may vary from client to client depending on the type of client or type of services provided but separately managed accounts generally require a minimum of \$100 million in managed assets. For Funds and CLO Clients, the investment minimums for investors are specified in the Relevant Documents. In certain cases, investment minimums may be reduced or waived by FE Private Credit.

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

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### **Investment Strategies and Methods of Analysis**

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FE Private Credit seeks current income and return of principal for its clients through the acquisition, holding and disposition primarily of below investment grade, middle market loans to mid-size non-public companies and of broadly syndicated loans, but clients may hold other types of assets. FE Private Credit's advice to clients generally relates to secured and unsecured loans and any related assets which may be acquired in exchanges, restructurings, work outs or the exercise of remedies with respect to loans, including stock, warrants and other equity securities, as well as other non-loan assets. Loans may be acquired from or sold to FE Private Credit or its affiliates or from unaffiliated third parties. As noted above, clients may acquire loans directly or indirectly through subsidiaries.

Further, FE Private Credit's investment philosophy is anchored in the belief that competitive risk adjusted returns can be achieved by actively managing portfolios utilizing its investment process. FE Private Credit concentrates on the valuation of companies and securities, determined by rigorous fundamental analysis. It seeks to capture value by focusing on what it believes to be the most inefficient segments of the market

and on the securities of what it sees as underfollowed credits and companies. FE Private Credit targets investment opportunities which it believes offer attractive total return potential with what it's assessed to be less than commensurate risk.

FE Private Credit frequently causes its clients to acquire loans that it has originated (i.e., FE Private Credit has credit underwritten the loan and either it or its client (or both) has been an initial lender making such loan directly to the underlying loan obligor or has participated in the initial lending syndicate for such loan). As a loan originator, FE Private Credit provides senior, secured or unsecured cash-flow loans and, to a lesser extent, second-lien loans to companies. These loans are primarily used to help finance the acquisitions of mid-sized companies with annual cash flow (EBITDA) of typically between \$15 million and \$50 million. Such acquisitions are oftentimes supported by private equity investment funds, managed by established professional alternative asset managers. FE Private Credit may elect to make loans to companies that are either smaller or larger than the aforementioned target amounts.

FE Private Credit or its affiliate, FE Alternative Credit, acts as credit underwriter of all loans acquired by clients, whether originated by FE Private Credit, FE Alternative Credit or a third party. In so doing, FE Private Credit performs a credit analysis with respect to the underlying loan obligors on each such loan, including an analysis of the capital structure of the underlying loan obligor(s) and the priority of the loan in the loan obligor's capital structure. This analysis includes a review of creditworthiness of the underlying loan obligor and of the collateral, if any, securing the loan.

FE Private Credit's investment activities involve a significant degree of risk that clients and investors should be prepared to bear. While, in providing investment advisory services to its clients, FE Private Credit seeks to limit investment risk to opportunities it believes present commensurate return potential, it is not possible to fully mitigate such risk. An investment in a FE Private Credit Fund or CLO Client contemplates the risk of loss and there can be no guarantee that a particular level of return will be achieved. Investors should be aware that Funds and CLO Clients are not diversified among a variety of different investment types or intended to provide a complete investment program. FE Private Credit assumes that investors in a Fund or CLO Client will not invest all of their assets therein. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss. As it is not possible to identify all of the risks associated with investing, this section discusses certain material risks of FE Private Credit's investment activities. Investors and prospective investors in a FE Private Credit advised client should consult the applicable Relevant Documents for a more detailed discussion of applicable risks for any particular Fund or CLO Client.

## Risk Factors

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### Risks of FE Private Credit's Investment Strategy

***Dependence on FE Private Credit.*** The success of clients' investment programs depends on the ability of FE Private Credit to perform credit underwriting due diligence when acquiring loans on behalf of, or recommending loans to be acquired by, clients, and to manage, leverage (if applicable), and dispose of such loans, as appropriate. FE Private Credit's discretionary clients will be particularly dependent on its managerial experience and certain of its officers and employees. The loss of one or more of such officers or employees could have a material adverse impact on clients. FE Private Credit's credit underwriting due diligence of loans, related loan obligors and collateral involves subjective assessments which may not prove true.

***Use of Leverage and Subsidiaries.*** For many clients, FE Private Credit expects to direct such clients (or one or more subsidiaries thereof) to borrow money or otherwise incur leverage in connection with the acquisition or financing of their loan portfolios. While the use of leverage can potentially increase profits,

it will also result in an increased risk of loss and increased volatility to the client including increased risk of loss relating to adverse fluctuations in interest rates, downturns in the leveraged loan market or the economy and the possible inability to refinance such debt when it matures or liquidate the related loan portfolio for an amount sufficient to pay such debt and return capital and/or profits to the client or its investors. Any such event or any other event that adversely affects the value of a client's direct or indirect investment in its loan portfolio could result in a substantial loss to the client and its investors which would be greater than if such client's account was not leveraged. Interest or similar costs associated with such leverage are treated as an expense of the related client, and, to the extent not covered by net returns attributable to the assets acquired, will cause the returns of such clients to be lower than if they had not used leverage. Interest or similar costs associated with leverage may be based on one or more interest rate indices different than that the interest rate indices applicable to the assets supporting such leverage, which mismatch will not necessarily be hedged. If an event of default occurs under the related facility, the lenders or other counterparties to the facility (or some designated portion or agent thereof) would be able to exercise remedies including but not limited to the liquidation of or taking title to the facility's collateral, terminating the client's (or, if applicable, its subsidiary's) rights to the facility, and also possibly resulting in a full or partial loss of the client's direct or indirect investment in the facility.

As noted above (see Item 4, "Advisory Business"), many clients of FE Private Credit will make investments in loans and/or other assets indirectly through subsidiaries that FE Private Credit or the client creates for leverage, liability, tax or other reasons. Such investments carry risks in addition to those carried by direct investments. Among other risks, investments in the equity of a subsidiary are legally subordinate to debts and liabilities of the subsidiary in a bankruptcy of the subsidiary and under contracts entered into by the subsidiary. Furthermore, the duration, term, liquidity or other characteristics of the subsidiary may differ from those of the client which would affect the ability of a client to receive distributions from the subsidiary and which may affect the duration and term of the client.

***Hedging and Other Derivative Transactions.*** FE Private Credit does not currently expect to recommend the use of credit default swaps and generally does not recommend that its clients enter into derivative transactions. Clients may suffer a loss due to unhedged risk.

***Risk of Default on Loans.*** Loan obligors could be susceptible to economic recessions or downturns and may be unable to meet covenant requirements or to service their obligations for indefinite periods of time. In addition, the credit markets are subject to volatility and a changing regulatory environment that could limit the availability of credit being provided by lenders with the result that a loan obligor might not be able to refinance its debt at or prior to maturity. This could lead to default under the related loan and, consequently, termination of the loan or a write down or other reduction in its value, and the exercise of remedies with respect to it. In such cases, clients (and their investors) could suffer losses resulting from an inability to recover all or a portion of their investment in defaulted loans. Moreover, disruption in the credit or other financial markets leading to increased loan defaults and credit downgrades of loan obligors could negatively affect the liquidity and pricing of loans in a client's portfolio.

***Illiquid Assets; Valuation.*** Clients will acquire and own loans that are illiquid assets for which there is not generally a ready market of purchasers, that often are subject to transfer restrictions and are not publicly traded. Clients' investments in illiquid assets could reduce their ability to dispose of such assets in a timely fashion and for a fair price. Illiquid assets may trade at a discount from comparable, more liquid investments such as rated debt issuances by similar companies. As a result, many loans will be directly or indirectly held by clients to their maturity. In addition, since most middle market loans are not publicly traded and have a lower level of liquidity than certain other assets, their fair value is inherently uncertain, may not be readily determinable and can be expected to fluctuate significantly. If and to the extent that FE Private Credit makes any determination of the fair value of any such loan in a client's portfolio, such

determination could differ materially from the value that would be able to be obtained if such loan was sold in the market or from its value if and when it is ultimately sold.

**Concentration.** A concentration in a client's portfolio of loans to a limited number of underlying loan obligors or of loans in a limited number of industries or geographic regions or with a limited type of collateral securing such loans could impair the client's portfolio if the underlying obligors, industries, or geographic regions were to experience economic difficulties or if the asset class collateralizing the loans were to fall out of favor with the market. As a result, obligors could default on their loans with the client being unable to recover the full amount owed on such loans. Under such circumstances clients (and their investors) might not realize their rate of return objectives and could suffer losses.

**Participation on Creditors' Committees; Lender Liability; Equitable Subordination.** Representatives of FE Private Credit sometimes participate on committees formed by creditors to negotiate with loan obligors in connection with loan restructurings or bankruptcies. There can be no assurance that such representatives would be successful in obtaining results most favorable to a particular client in connection with such negotiations and significant legal fees and other expenses may be incurred in connection with such representations, all or a portion of which may be borne by the related client(s). Judicial decisions have upheld the right of loan obligors to sue lending institutions on the basis of various legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the loan obligor or has assumed a degree of control over the loan obligor resulting in the creation of a fiduciary duty owed to the loan obligor or its other creditors or equity owners. To the extent that FE Private Credit participates on such committees, FE Private Credit's clients could become subject to allegations of lender liability. FE Private Credit cannot provide assurance that these claims will not arise or that it (or such client) will not be subject to significant liability if a claim of this type did arise.

**Ability to Acquire Loans on Advantageous Terms; Competition and Supply.** The success of a client's investment strategy will depend, in part, on FE Private Credit's ability to identify loans for acquisition by clients on advantageous terms. In acquiring loans, clients will compete with a broad spectrum of loan originators and loan investors, some of whom have greater financial resources and are more well-known than FE Private Credit and its clients. Increased competition for, or a diminishment in the available supply of, eligible loans could result in higher prices for, and consequently lower yields on, such loans. In addition, FE Private Credit is dependent on its relationship with private equity sponsors and other middle market loan participants in sourcing a portion of the loans in which clients invest. If there is increased competition in the market making or acquiring loans in a manner that is more attractive to the loan obligor or loan seller than that of FE Private Credit or if the private equity sponsors or loan market participants with whom FE Private Credit currently does business find more attractive sources of capital or determine that they do not want to work with FE Private Credit, FE Private Credit may not be able to identify a sufficient number or amount of suitable loans to satisfy its own and its clients' investment objectives, in which case it is possible that not all of a client's committed capital would be deployed, or such capital could be deployed in a manner that would not fully achieve the client's rate of return objectives. In certain instances, FE Private Credit could identify a suitable investment opportunity but not be able to invest without the independent participation of other market participants, with the result that some of those opportunities would not come to fruition. FE Private Credit could have difficulty finding and sourcing sufficient new middle market loans to satisfy its own needs and its clients' investment objectives.

**Diversification.** While FE Private Credit expects to recommend or acquire and maintain, as applicable, a diversified portfolio for its clients, there is no guarantee that it will be able to do so. It is possible that a relatively substantial portion of a client's capital could be invested in one or a small group of loans and/or cash or temporary investments, particularly as a client's portfolio is ramping up or winding down. An

unfavorable performance by one or more of such loans could have a substantial adverse economic impact on the client and the holding of cash or investment of cash in temporary investments for a longer period of time than initially contemplated could have an adverse economic impact on the client's rate of return objectives.

**Assignments and Participations.** Certain clients invest in loans directly by acting as an original lender making a loan to the loan obligor at its inception. Clients also can (and certain clients must), in some instances, invest in loans by assignment from a lender selling such loan to a client or, in some instances, by acquiring a participation interest therein. Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in such loan. Participation interests typically constitute the unsecured obligation of the participation seller to transfer principal and interest payments when and as received from the loan obligor. The holder of the participation interest takes not only the credit risk of the related loan obligor but also the credit risk of the participation seller; such holder lacks direct contractual privity with the loan obligor under the loan and frequently lacks certain voting rights with respect to the loan.

### Risks of Asset Classes Recommended by FE Private Credit

**Credit Risk.** Credit risk can lead to client losses on loans. Credit risk refers to the risk of default by a loan obligor in the payment of principal and/or interest owed on the related loan and if there is inadequate collateral or other credit enhancement such that such loan is unlikely to be repaid in full if the loan obligor defaults. If a loan obligor defaults on a loan, a credit loss will occur if FE Private Credit determines on behalf of the applicable client that all or part of the principal thereof has become unrecoverable and will not be repaid, or for loans acquired at a discount, if FE Private Credit determines that the applicable client will not recover the acquisition price thereof.

**Interest Rate Risk.** Interest rate risk relates to the risk of market change in interest rates that may affect the value of loans held directly or indirectly by a client and the repayment rate of such loans. In general rising interest rates will have a negative impact on the price of fixed rate loans and of adjustable rate loans (although to a lesser degree until such adjustable rate loans are permitted to make a corresponding upward interest increase) and falling interest rates will have a positive impact on price, although falling interest rates also typically result in greater refinancing's or prepayments of the related loans in circumstances in which it is expected that clients and their subsidiaries will not be able to replace such loans at as favorable interest rates. Interest rate mismatches between the interest paid on the loans in a loan portfolio and the debt financing of a client or its subsidiary secured by such loan portfolio may result in the inability of the client or subsidiary to meet certain interest coverage tests or in a default on such debt which could result in the client not achieving its rate of return objectives and/or a loss to such client. Borrowers in a loan portfolio may have the ability to shift between interest rate indexes, which may not match the interest rate index of the portfolio's debt financing.

**Risk associated with LIBOR.** On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate (commonly known as LIBOR), announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. Similarly, it is impossible to predict what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely

affect the value and/or the trading market for LIBOR-based securities in which FEPC's clients may invest. Actions by regulatory authorities, financial institutions or others to phase out, modify or eliminate LIBOR in the future could cause one or more of the following, among other things, to occur: (i) an increase in the volatility of LIBOR prior to the consummation of any such change, (ii) an increase in the portion of loans and temporary investments that calculate interest based on a benchmark rate other than LIBOR or bear interest at a fixed rate, or (iii) increased volatility with respect to the pricing and liquidity of the loans, (iv) a further mismatch between the interest rate payable with respect to any leverage facility and the interest income earned thereby from the loans collateralizing such facility or (v) a mismatch between the interest rate payable with respect to loans held by CLOs and the interest rate utilized for such CLOs. If LIBOR is eliminated as a benchmark rate, it is uncertain whether broad replacement conventions in the leveraged loan and leverage facility markets will develop and, if conventions develop, what those conventions will be and whether they will create adverse consequences for any client, its loans and its leverage facility debt. If no such conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets will have on the price and liquidity of loans or any leverage facility or the ability of any client to obtain new financing when necessary to pay or refinance any then-existing leverage facility debt. While a client might be able to enter into an amendment with the specified holders of its leverage facility debt to provide for its leverage facility to bear interest based on an alternative reference rate instead of LIBOR (or may be permitted to designate an alternative reference rate with respect thereto), there can be no assurance that any such amendment or designation (a) will occur, (b) will effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on its leverage facility debt, (c) will occur prior to any date on which such client suffers adverse consequences from the elimination or modification or potential elimination or modification of LIBOR or (d) will not have a material adverse effect on such client.

***Nature of the Loan Obligors and of Middle Market Loans.*** FE Private Credit's clients typically invest, directly or indirectly, primarily in senior secured loans to below investment grade, privately-owned, middle market companies typically sponsored by private equity firms. The proceeds of these loans are used by such companies principally for acquisitions, recapitalizations and refinancings or other general corporate purposes. Investing in middle market companies involves significant risk. Compared to larger, publicly-traded companies and investment grade rated loan obligors, middle market companies generally have limited access to capital and higher funding costs, are often in a weaker financial position, need more capital to expand or compete and are less able to obtain financing from public capital markets or from traditional funding sources such as commercial banks. These companies generally have shorter operating histories and narrower product lines and are thus more vulnerable to variations in results of operations, changes impacting their industry and changes in general market conditions. Many middle market issuers depend the talents and expertise of a relatively small group of senior managers; as such, the unexpected death, disability, or departure of one or more of these persons could have a disproportionate adverse impact on the issuer. They can also face intense competition, including from companies with greater financial, technical, managerial or marketing resources. These challenges can make it difficult for the underlying loan obligors to make scheduled payments of interest or principal on their loans. Accordingly, loans made to these types of loan obligors often entail higher risks than loans made to larger, publicly-traded companies. As a result, clients may not realize their rate of return objectives and could suffer losses.

FE Private Credit's clients invest primarily in senior, secured cash flow loans underwritten on the basis of the cash flow, profitability and enterprise value of the related loan obligor, with the value of any tangible assets securing the loans as secondary protection. To the extent permitted by their Relevant Documents, certain of FE Private Credit's clients can also invest in first lien/last out, second lien or unitranche loans. Such cash flow loans can have higher leverage ratios than those that would be available from bank lenders.

In the case of senior cash flow loans, a lien is generally taken on substantially all of the loan obligor's assets, but the value of those assets is typically substantially less than the amount advanced to the loan obligor under the related loan. If a cash flow loan obligor defaults on its loan, the primary recourse for lenders under such loan to recover some or all of the principal of such loan would be to force the sale of all or part of the company as a going concern and/or restructure the loan and obtain restructured debt and/or equity ownership in the loan obligor as a means to recover some or all of the principal on the loan. Risks inherent in cash flow lending include, among other things:

- reduced use of or demand for the loan obligor's products or services reducing cash flow to service the loan and the value of the loan obligor as a going concern,
- inability of the loan obligor to manage working capital which could result in lower cash flow,
- inaccurate or fraudulent reporting of the loan obligor's financial position or financial statements,
- economic downturns, political events, regulatory changes, changes in monetary policy by the U.S. Federal Reserve, U.S. or foreign trade restrictions, litigation or acts of terrorism that affect the loan obligor's business, financial condition and prospects,
- the loan obligor's poor management of its business, and
- if a loan obligor uses the proceeds of a cash flow loan to make an acquisition, poorly conceived or poorly executed acquisitions can cause a decline in the operations of the loan obligor's business, cash flow and the value of the business as a going concern.

In addition, if a middle market loan obligor is controlled by a private equity sponsor who experiences financial difficulty or who has substantially reduced or eliminated its net investment in the loan obligor, such sponsor might not be willing or able to provide the same level of managerial, operating or financial support to the related loan obligor.

Middle market loans involve a high degree of financial risk. Clients investing, directly or indirectly, in such loans might not meet their rate of return objectives and could suffer substantial losses up to and including a complete loss if such loans are not repaid by the related loan obligors.

**Risks of Term B, Second Lien, Unitranche, First Lien/Last Out and Mezzanine Loans.** For certain clients, to the extent permitted by their Relevant Documents, FE Private Credit may recommend the acquisition of, or acquire on behalf of such client, as applicable, Term B, second lien, unitranche, first lien/last out and/or mezzanine loans, which can increase such client's risk of loss because the client would be limited in pursuing its rights and remedies under such loans. Term B loans are fully secured senior loans that are equal as to collateral and junior as to right of payment to obligations to such loan obligor's senior lenders. Similarly, First Lien/Last Out loans are fully secured senior loans that are equal as to collateral and junior as to right of payment to lenders with respect to such loans who are entitled to be paid out first, prior to payment of the last out lenders. Second lien loans are junior as to both collateral and right of payment to obligations to loan obligors' senior lenders. Unitranche loans are fully secured senior loans that are underwritten to include elements of both first lien loans and second lien loans in a single credit facility and may include intercreditor arrangements whereby certain lenders agree to be paid junior as to right of payment to other lenders in connection with such credit facility. Mezzanine loans often will not have the benefit of any lien against the loan obligor's collateral and are junior to any lien holder both as to collateral and payment. As a result of their junior nature, FE Private Credit (on behalf of the related client) is often limited in its ability to enforce such client's rights to collect principal and interest on these loans or to recover any of the loan balance through a foreclosure of collateral. In many instances, clients would also be prohibited from foreclosing on a Term B, last out tranche of a first lien/last out or of a unitranche

credit facility, second lien or mezzanine loan until the senior loan or first out tranche of a first lien/last out or of a unitranche credit facility is paid in full. Moreover, any amounts that a client might realize as a result of its collection efforts or in connection with a bankruptcy or insolvency proceeding involving a loan obligor under a Term B, first lien last out, unitranche, second lien or mezzanine loan must generally be turned over to the senior lender until such senior lenders have realized the full value of their own claims. These restrictions could materially and adversely affect such clients' ability to recover the principal of any non-performing Term B, first lien/last out, unitranche, second lien or mezzanine loans.

***Balloon Loans and Bullet Loans.*** Most of the loans acquired by clients are expected to be balloon loans or bullet loans which tend to be more risky than other types of loans. Balloon and bullet loans are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the loan, requiring the loan obligor to make a large final payment upon the maturity of the loan. The ability of a loan obligor to make this final payment upon the maturity of the loan typically depends upon its ability either to refinance the loan prior to maturity or to generate sufficient cash flow to repay the loan at maturity. The ability of a loan obligor to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to the loan obligor, the financial condition of the loan obligor, the marketability of the related collateral, the operating history of the related business, tax laws, laws and regulations affecting the ability of lenders to extend credit to such loan obligors on terms mutually acceptable to the lenders and the obligors, and the prevailing general economic conditions. Consequently, the loan obligor may not have the ability to repay the loan at maturity and clients could lose all or most of the principal invested in such loans and suffer losses.

***Inadequacy of Collateral.*** The collateral securing a loan will not always be sufficient to protect clients from a partial or complete loss if the loan becomes non-performing and remedies are exercised with respect thereto. While some loans owned by clients will be secured by liens on specified collateral of the related loan obligors, there is no assurance that the collateral securing any particular loan will protect a client from suffering a partial or complete loss if the loan becomes non-performing and remedies are exercised under the related loan documents. The collateral will be subject to inherent risks that could limit the client's ability to recover the principal of a non-performing loan and could result in a loss for the client.

***Bankruptcy and Restructuring Risk.*** There is a significant risk that one or more of the loan obligors of loans held by clients will enter bankruptcy proceedings. Such proceedings can result in, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of the related loan. There are a number of significant risks inherent in the bankruptcy process. First, rulings in a bankruptcy case are the product of adversarial proceedings determined by a court with equitable powers and are beyond the control of specific creditors. Second, a bankruptcy filing could adversely and permanently affect the loan obligor making such filing. The loan obligor could lose its market position, key employees, relationships with important suppliers, access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If, for this or any other reason, a Chapter 11 reorganization is converted to or becomes a liquidation, the liquidation value of the loan obligor often will not equal the liquidation value that was believed to exist at the time of acquisition of the loan. Third, the duration of a bankruptcy case is difficult to predict. A creditor's return on investment can be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in interest and confirmed by the bankruptcy court until it ultimately becomes effective. For example, in general, unsecured creditors' claims for interest accrued between the bankruptcy filing and a reorganization plan's consummation are not allowed. Fourth, the administrative costs of the debtor and official committees in connection with the bankruptcy case are frequently high and will be paid out of the debtor's estate prior to any return to general unsecured creditors. If the bankruptcy case involves protracted or difficult litigation, or turns into a liquidation, substantial assets are



often devoted to such administrative costs; a creditor's costs in monitoring and enforcing its investment also is likely to increase substantially. As noted in Item 5 "Fees and Compensation", these costs are typically borne by clients and will serve to diminish potential return. Certain claims that have priority by law (for example, claims for taxes) also may be significant. Finally, under certain circumstances, creditors' claims against bankrupt or insolvent entities are subject to equitable subordination or re-characterization as equity (particularly where the creditor is an insider or otherwise controls the debtor), and transfers made to creditors may be subject to avoidance and disgorgement as preferences or fraudulent conveyances.

***Risks Relating to Syndicated Loans.*** In many cases, clients will acquire loans in a syndicated loan facility to which more than one lender is a party. These loan facilities are administered by a designated lender or other agent acting as the loan administrator on behalf of the lenders and it or another service provider may receive payments from the loan obligor and distribute them to the lenders. FE Private Credit sometimes acts as loan administrator or loan agent for certain loans and may, as noted in Item 5 "Fees and Compensation", earn a fee for doing so. If FE Private Credit does not act as loan administrator, it sometimes will not have direct access to the loan obligor and, as a result, typically will not receive the same financial or operational information that it is in a position to receive when it does act as loan administrator. The terms and conditions of these loan facilities may be amended, modified or waived only by the agreement of the lenders or some percentage thereof or by the loan administrator, as required under the underlying loan documents, and certain rights and remedies under such a loan facility may be initiated, exercised or directed by a specified percentage of the lenders. Generally, any such agreement or direction must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote, consent or direction of the lenders. FE Private Credit's clients typically will have a minority interest in such loan facilities. Consequently, the terms and conditions of such a loan facility could be modified, amended or waived in a manner contrary to the preferences of FE Private Credit or its clients, as applicable, if a sufficient number of the other lenders concurred with such modification, amendment or waiver. Similarly, FE Private Credit or its clients would not be able to initiate, exercise or direct a right or remedy otherwise available to the lenders if a sufficient number of the other lenders want to take a different approach. There can be no assurance that the terms and conditions of any loan acquired by a client under such a loan facility will be maintained without any changes adverse to the client or that FE Private Credit, on behalf of its clients, will be able to initiate, exercise or direct rights or remedies relating to any such loan facility.

***CLO Collateral.*** A CLO invests in a diversified pool of corporate credit instruments that provide collateral for the investors of the CLO. The collateral is predominantly non-investment grade senior loans as well as other corporate credit instruments such as high yield bonds. FE Private Credit acts as the collateral manager for CLOs on behalf of the various investors of the respective CLOs. FE Private Credit's CLO Clients rely on it as Collateral Manager to maintain adequate collateral values during the life of the respective CLOs such that the asset values will be sufficient to repay, in full, the debt obligations of each CLO as those obligations become due. There is risk that a decline in or misjudgment of the value of the collateral will leave it insufficient to fully repay the credit obligations upon maturity. There is also risk that significant fluctuations in the value of collateral may require certain actions be taken by FE Private Credit, as Collateral Manager, such as the sale of collateral or the imposition of limits on FE Private Credit's ability to purchase new collateral. FE Private Credit's CLO Clients have the ability to monitor such risks from the trustee reports that calculate, on a monthly basis, the value of a CLO's collateral in relation to its liabilities. Additional risks associated with CLO collateral are referenced in the respective CLO Indentures.

***CLO Structure.*** A CLO is similar to a closed-end investment fund in that it is an investment vehicle that has a specific investment strategy, a designated investment manager and all investment/trading activity is

governed by an indenture and reported upon by an independent trustee. The CLO structure, however, utilizes financial leverage to purchase assets (corporate loans and other credit instruments) and, by doing so, allocates risk of loss among various classes of investors. The individual investor classes (or tranches of debt) each have a unique claim on the assets of the CLO in terms of their priority of payment for both interest and principal proceeds of the collateral. The senior debt tranches have a priority claim on the cash flows generated by the assets of the CLO over the junior debt tranches. To the extent that losses are suffered on the collateral, or the cash flow generated by the assets is not sufficient to pay interest and principal on the debt tranches, the holder(s) of the most subordinated notes bear the initial risk of loss before any such losses are incurred by more senior debt tranches. Additional risks associated with CLO Structure are referenced in the respective CLO Indentures.

**Non-U.S. Securities.** Although FE Private Credit's clients focus primarily on U.S. leveraged loan and high yield fixed income securities, they may also invest in non-U.S. securities. Investing in securities of non-U.S. governments and companies, which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain risks not typically associated with investing in securities of United States issuers. These risks include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

**Currency Risks.** Investments that are not denominated in U.S. dollars are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment, capital appreciation and political developments. FE Private Credit may try to hedge these risks, but there can be no assurance that it will implement a hedging strategy, or if it implements one, that it will be effective.

**Risks Associated with "Brexit."** On December 31, 2020, the United Kingdom's post-Brexit transition period from the European Union is scheduled to expire, which may lead to significant market volatility around the world, as well as political, economic, and legal uncertainty. On June 23, 2016, the United Kingdom voted via referendum to leave the European Union, which may lead to significant market volatility around the world, as well as political, economic, and legal uncertainty.

**Operational and Cybersecurity Risks.** FE Private Credit relies on internal and third-party technology systems and networks to view, process, transmit and store information, including sensitive client and proprietary information, and to conduct many of its business and investment activities. Those systems and networks are subject to a comprehensive information and cyber security infrastructure, including the implementation of policies and procedures, designed to mitigate the risk of technology failures and intentional or inadvertent breaches. It cannot be assured that such measures will be successful in preventing all technology failures and breaches.

**Natural Disaster and Epidemic Risk.** Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and other severe weather-related phenomena, generally, as well as widespread disease, including pandemics and epidemics, have been, and can be, highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of clients' investments. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the United States. These disruptions could prevent FEPC from executing advantageous investment decisions in a timely manner and negatively

impact FEPC's ability to achieve clients' investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of investments with FEPC.

**Combination or "Layering" of Multiple Risks.** Although the various risks to which clients are subject are discussed in this Item 8 and in the offering documents of the relevant Fund or CLO, as applicable, separately, the risks that clients bear are increased based on the effects of the interplay of risk factors; where more than one significant risk factor is present, the risk of loss can be significantly increased.

## **Item 9. Disciplinary Information**

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Not Applicable.

## **Item 10. Other Financial Industry Activities and Affiliations**

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As discussed in Item 4 "Advisory Business", FE Private Credit's principal strategy in its capacity as the alternative credit group of FEIM is providing below investment grade, middle market loans to mid-size non-public companies. Loans are originated by the lending groups of FE Private Credit and the lending group of its affiliate, FE Alternative Credit. FE Private Credit believes that its position in the market as a loan originator is generally beneficial to clients insofar as gives its clients the opportunity to acquire loans originated by FE Private Credit consistent with FE Private Credit's allocation policy. FE Private Credit transfers loans that it originates to its client accounts in accordance with the Relevant Documents (including any investment guidelines or restrictions), FE Private Credit's allocation policies and procedures and the applicable provisions of the Advisers Act.

As discussed in Item 5 "Fees and Compensation", FE Private Credit receives, depending upon the nature of the loan and services provided by it with respect thereto, structuring, commitment, origination, placement, syndication, monitoring agent and/or other fees for services provided in connection with such services. FE Private Credit generally will retain these fees in their entirety. As of the date of this Brochure, neither FE Private Credit nor any of its management persons or affiliates is registered, or has an application pending to register, as a broker-dealer (or a registered representative of a broker-dealer), futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing entities. FEF Distributors, LLC ("FEF Distributors"), a wholly owned subsidiary of FEIM, serves as distributor and principal underwriter to certain of FEIM's clients, as well as certain of FE Private Credit's clients, and is registered as a limited purpose broker-dealer.

First Eagle Private Credit, LLC acquired First Eagle Private Credit Advisors, LLC, a registered investment adviser, in October 2015. First Eagle Private Credit Advisors, LLC provides discretionary advisory services primarily with respect to broadly syndicated loans serves as collateral manager for collateralized loan obligation vehicles. In certain circumstances, First Eagle Private Credit Advisors, LLC's clients might acquire loans underwritten by FE Private Credit or purchase loans from FE Private Credit's clients in the secondary market. Such transactions create a potential conflict of interest. In addition, FE Private Credit may purchase interests in the collateralized loan obligation vehicles managed by First Eagle Private Credit Advisors, LLC for credit risk retention or other reasons. It is expected that such purchases would be held by FE Private Credit or by a proprietary subsidiary and not by FE Private Credit's clients.

In addition, several private investment funds managed by Blackstone (including BCP VI) and Corsair, private equity firms and certain co-investors, indirectly own or have the power to direct a controlling

interest in FE Holdings. (Blackstone Management Partners, L.L.C., a registered investment adviser, is the investment adviser to BCP VI. Corsair Investments, L.P., a registered investment adviser, is the investment adviser to private investment funds that hold Corsair Mentor. Blackstone and Corsair own and/or control other investment advisers, broker-dealers and sponsors of investment funds.) FE Private Credit is a wholly-owned subsidiary of FE Holdings and is marketed as the alternative credit group of FEIM. From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of Blackstone and Corsair, their affiliates and personnel. In addition to policies and procedures that have been adopted by FEIM to mitigate potential conflicts and comply with applicable law, Blackstone and Corsair have adopted certain policies and procedures (e.g., information barriers) to mitigate potential conflicts of interest that each has with its portfolio companies and to address certain regulatory requirements and contractual restrictions. This could result in fewer investment opportunities for FEIM and FE Private Credit's clients.

Certain of FE Private Credit's supervised persons serve in multiple capacities as employees of affiliated registered investment advisers, including First Eagle Investment Management, LLC, First Eagle Private Credit, LLC, First Eagle Private Credit Advisors, LLC and First Eagle Commercial Loan Originator II LLC. The compensation of employees who provide services to multiple entities is based on a number of factors which, without limitation, may include the profitability of the affiliated entities, the performance of client accounts at the affiliated entities and the amount of assets under management at the affiliated entities. As a result, these employees may have an incentive to allocate more of their time and attention to more profitable entities, creating conflicts of interest. These conflicts are mitigated by each such supervised person's responsibility to (i) be subject to the supervisory oversight of each affiliated entity when acting on its behalf, and (ii) render services in each client's best interest pursuant to FE Private Credit's Code of Ethics. See Item 11 "Code of Ethics and Personal Trading, Participation or Interest in Client Transactions."

In addition, certain other employees have interests in or are affiliated with other investment advisers, broker-dealers or financial services firms. Certain directors of FE Holdings have industry affiliations with other financial firms, including firms affiliated with Blackstone and/or Corsair; a non-employee director founded another registered investment adviser and serves on the board of the Funds; two employee-directors are principals of an investment advisor invested in FE Holdings; and certain FE Holdings non-employee directors may serve as directors of broker-dealer firms which may do business with FEIM and its clients.

As discussed above, FE Alternative Credit is another credit-focused subsidiary of FEIM and serves as an investment manager for both direct lending and broadly syndicated investments, through public and private vehicles, collateralized loan obligations, separately managed accounts and co-mingled funds. FE Alternative Credit is a Delaware limited liability company that was formed in 2009 under the name THL Credit Advisors LLC ("THL Credit"). FE Alternative Credit is a wholly owned subsidiary of FEIM. As part of the alternative credit group of FEIM, FE Alternative Credit provides services to FEPC in respect of our advisory clients.

FE Alternative Credit's Direct Lending platform provides debt and equity capital to middle-market companies. In particular, direct lending clients provide financing primarily in the form of directly originated first lien and second lien secured loans, including through unitranche investments. In certain instances, direct lending clients make subordinated debt investments, which may include an associated equity component such as warrants, preferred stock or similar securities, and direct equity co-investments. One of FE Alternative Credit's Direct Lending clients is THL Credit, Inc. (NASDAQ: TCRD), a publicly traded business development company ("**BDC**") that in turn manages certain private funds and separately managed accounts. FE Alternative Credit also advises and manages private funds, including

through a wholly owned subsidiary adviser, THL Credit Direct Lending Manager III LLC, or in its capacity as investment adviser as part of its Direct Lending platform.

THL Credit, Inc. is a non-diversified closed-end management investment company incorporated in Delaware on May 26, 2009, that has elected to be regulated as a BDC under the 1940 Act. Its investment activities are managed by FE Alternative Credit and supervised by its board of directors, a majority of whom are independent of FE Alternative Credit and its affiliates. THL Credit, Inc. is also a registered investment adviser that provides advisory services to certain private funds and separate accounts that have invested alongside THL Credit, Inc.

FE Alternative Credit also offers a Tradable Credit platform. Its Tradable Credit strategy offers discretionary and non-discretionary investment management services to clients in below investment grade investment opportunities in bank loans, high yield debt, collateralized loan obligations (“CLOs”), including CLO debt or equity mandates, and other securities. FE Alternative Credit provides such services to clients directly and through its wholly owned subsidiary, First Eagle Alternative Credit SLS, LLC (“FEAC SLS”), a registered investment adviser. Personnel of FEAC SLS provide investment advisory, portfolio management and other services to FE Alternative Credit through a staffing agreement. FE Alternative Credit’s Tradable Credit clients include: registered funds, separate accounts, private funds and structured products, including CLOs. FE Alternative Credit’s registered funds clients include the THL Credit Senior Loan Fund (NYSE: TSLF) (“TSLF”), a publicly traded closed-end fund and sub-advisory relationships with respect to funds advised by Russell Investment.

**Information Barriers and FEIM** – FE Private Credit and FE Alternative Credit (such entities collectively “First Eagle Alternative Credit” or “FEAC”) and FEIM have determined that certain positions in syndicated loans (which may be deemed “securities” under the federal securities laws) and other similar financial instruments are expected to be held in the portfolio holdings of both FEIM and FEAC’s respective advisory clients from time to time. Accordingly, FEAC and FEIM have determined that the implementation of an information barrier is appropriate in order to maintain separate compliance programs at FEIM and FEAC and to seek to mitigate potential risks. The information barrier is reasonably designed to restrict communications as between FEAC and FEIM so that FEAC may continue to receive confidential information in the course of its business activities, without restricting FEIM’s trading and investment activities. Each of FEIM and the companies comprising FEAC maintain separate restricted lists, and investment professionals of each are instructed as to their responsibilities not to discuss investment activities with employees on the other side of the information barrier. Legal and compliance personnel monitor the information barrier and manage any communications between FEIM and FEAC related to potential conflicts and receipt of material non-public information. The establishment and maintenance of this information barrier means that FEAC will generally not be able to use, act on or otherwise be aware of confidential information known by or in the possession of FEIM (and vice-versa), and collaboration between personnel associated with FEAC, on the one hand, and personnel of FEIM, on the other hand, will be limited, reducing potential synergies that would otherwise exist.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that, despite the internal controls relating to the information barriers established between FEIM and FEAC, a breach of the information barrier policies and procedures could occur which breach could result in the potential misuse of material non-public information. This potential misuse of material non-public information could have adverse effects on the reputations of FEIM and FEAC, potentially resulting in the imposition of regulatory or financial sanctions and, as a consequence, negatively impacting each of FEIM and FEAC’s ability to perform investment management services on behalf of its respective clients.

**Relationship with Blackstone/Corsair** – In addition to the policies and procedures that have been adopted by FEAC and FEIM to mitigate potential conflicts and comply with applicable law, Blackstone and Corsair

have adopted certain policies and procedures, including information barrier, to mitigate potential conflicts of interest that each has with its portfolio companies and to address certain regulatory requirements and contractual restrictions. Such policies and procedures could result in reduced investment opportunities for FE Private Credit's clients.

Blackstone and Corsair, as applicable, may represent creditors or debtors in proceedings under the Bankruptcy Code or prior to such filings. From time to time, Blackstone or Corsair, as applicable, may serve as advisor to credit or equity committees. While FEAC has adopted policies and procedures, including information barriers, to mitigate potential conflicts and reduce the risk that FE Private Credit would face restrictions under these circumstances, the participation of Blackstone or Corsair, as applicable, in any such activities could potentially limit or preclude the flexibility that FE Private Credit's clients may otherwise have to participate in restructurings. Alternatively, FE Private Credit may be required to liquidate any existing client positions of the applicable portfolio entity.

In addition, Blackstone or Corsair, as applicable, may take actions with respect to an issuer of an investment held by FE Private Credit's clients that have material adverse effect on the value of such investment.

## **Item 11. Code of Ethics & Personal Trading, Participation or Interest in Client Transactions**

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As an investment adviser, FE Private Credit has a duty to maintain the trust and confidence of its clients. Moreover, FE Private Credit and its personnel have a fiduciary duty to place the interests of their clients before their own interests and to act honestly and fairly in dealings with clients. FE Private Credit's personnel must also comply with all applicable laws including, without limitation, federal and applicable foreign securities laws and the rules governing capital markets. Toward this end, FE Private Credit has developed a compliance program consisting of a code of ethics and a compliance manual reasonably designed to promote compliance by FE Private Credit and its personnel with these duties and applicable law.

FE Private Credit has also adopted a code of ethics pursuant to Rule 204A-1 under the Advisers Act that includes a personal trading policy requiring access persons to disclose their personal investing and trading activities in a timely manner (subject to certain exceptions consistent with Rule 204A-1). FE Private Credit also maintains a "restricted list" of companies in which it and/or its personnel may be restricted as to their trading activities. As a general matter, an employee may not trade in the securities of a company included on the restricted list; however, exceptions may be granted by FE Private Credit's Chief Compliance Officer. FE Private Credit may also require employees to pre-clear transactions in the securities of certain issuers that are not on the restricted list, as determined by FE Private Credit from time to time or as required by Rule 204A-1. FE Private Credit will provide a copy of its code of ethics to any client, any prospective client or investor upon request, by calling the telephone number on the front of this brochure.

In the course of conducting its lending and investment advisory businesses, FE Private Credit or its personnel may come into possession of information that it believes to be confidential or material non-public information that, if disclosed, might be material to a decision to buy, sell or hold a security. When in possession of such information, FE Private Credit may be prohibited from communicating such information to, or acting upon such information for, itself or a client. FE Private Credit's policies with respect to the control of non-public information prohibit FE Private Credit or its personnel from communicating such information outside of FE Private Credit or within FE Private Credit to persons other than the CCO, its Legal and Compliance Department and certain executive officers of the firm and that

seek otherwise to assure that FE Private Credit is meeting its obligations to clients and under applicable law (including by placing issuers as to which FE Private Credit has such information on a restricted list). FE Private Credit will have no responsibility or liability to any client for not disclosing such information to, or using such information on behalf of, the client. Clients understand that FE Private Credit's receipt of such information could result in FE Private Credit being unable to make a recommendation or enter into a transaction that might otherwise be to the client's benefit.

FE Private Credit has also adopted policies regarding gifts and entertainment, and political contributions.

### Principal and Cross Transactions

FE Private Credit (either directly or through a proprietary subsidiary) will, from time to time, sell assets to (or purchase assets from) a client. Such transactions are considered to be "principal transactions" within the meaning of Rule 206(3) of the Advisers Act and present a conflict of interest. As such, FE Private Credit will disclose the material terms (including information about the price, the capacity in which FE Private Credit is acting and any compensation or other remuneration that FE Private Credit or any of its affiliates may receive) to, and obtain the consent of, the client or of its Independent Review Party prior to completing the transaction.

FE Private Credit may also cause clients to enter into cross-transactions whereby one client sells securities to another client. Whenever FE Private Credit intends to have two clients enter into cross trades with each other, FE Private Credit will first make a determination that the cross trade is fair and equitable to each client. Cross trades are executed at fair market value, as determined by FE Private Credit either (a) by reference to quotes from dealers or other buyers in the middle market loan market or the price paid by an unrelated buyer in a contemporaneous sale of such loans on the same terms, or (b) to the extent that there are no such quotes or independent sales or the price paid in such sale is not reasonably ascertainable by FE Private Credit, the price that an unrelated independent secondary market buyer would pay for such loan in an arm's length transaction based on FE Private Credit's commercially reasonable judgment. Generally, with respect to any loan that FE Private Credit is carrying on its books when it is making a determination pursuant to clause (b), above, FE Private Credit expects to determine that its fair market value is equal to the value at which FE Private Credit is carrying such loan on its books (net of any fees for services retained by FE Private Credit as described in Item 5 "Fees and Compensation"), provided there has been no material change known to FE Private Credit in the financial condition of the underlying obligor.

Because most of the assets in which clients invest are not publicly traded, the value of such assets may be difficult to determine. FE Private Credit seeks to value such assets in good faith, as described above. Such good faith valuations require the application of a significant amount of judgment, are inherently uncertain, will fluctuate and are often based on estimates and assumptions. FE Private Credit's determination of the fair value of an asset may differ materially from the values that would have been applied if an active market for the asset existed and from the price at which such asset may ultimately be sold. Differences in fair value and actual sale value may adversely impact clients.

### Other Conflicts of Interest

FE Private Credit, its affiliates (including FEAC and Proprietary Subsidiaries), their respective directors, officers, shareholders, partners, members, managers and personnel and their respective clients ("Related Entities") have invested and may continue to invest in loans or securities that would also be appropriate for a client. Such investments may be similar to, or different from, those made by or on behalf of a client. Neither FE Private Credit nor any Related Entity has any duty, in making or maintaining such investments,

to act in a way that is favorable to a client or, except as required by its allocation policy or by contract, to offer any such opportunity to any client.

FE Private Credit expects that clients will acquire loans made under loan facilities in which FE Private Credit and/or one or more of its Proprietary Subsidiaries own loans. FE Private Credit may originate and/or underwrite loans that clients hold and FE Private Credit or its Proprietary Subsidiaries may acquire or retain interests in these same loans for their portfolios. As discussed above under “Principal Transactions”, before FE Private Credit recommends, or causes a client to purchase, a loan from FE Private Credit or one of its Proprietary Subsidiaries, FE Private Credit will provide disclosures to, and seek the consent of, the client or the client’s Independent Review Party.

To address conflicts of interest associated with these transactions, FE Private Credit maintains an allocation policy that requires it to offer an equal amount of loans originated or underwritten by FE Private Credit (i) FE Private Credit and its subsidiaries, (ii) clients whose investment strategy includes such loans, including clients of FE Alternative Credit and (iii) entities with whom FE Private Credit has entered into an agreement to provide co-investment rights in such type of loan, so long as such agreement remains in effect (each, an “Allocatee”), provided that any Allocatee may decline to take all or any portion of its allocation, in which case such allocation will be made available on an equal basis (except as otherwise provided below) to those Allocatees who don’t decline to take their allocation, on an iterative basis, until such time as all amounts available have either been declined or allocated. FE Private Credit will seek to allocate investment opportunities fairly and equitably over time in accordance with applicable law. In such circumstances FE Private Credit may allocate such opportunities among itself, its Proprietary Subsidiaries, its clients and clients of FE Alternative Credit, persons with whom it has entered into an agreement to provide co-investment rights in the relevant investment type, and others, as applicable, on a basis that FE Private Credit determines in good faith is appropriate, taking into consideration such factors as any allocation and/or co-investment policy agreed to in writing with any such person(s), as applicable, contractual and legal duties owed to any such person(s), as applicable, the primary investment mandates of each potential participant in the opportunity, the capital available to each, any restrictions on investment applicable thereto, the sourcing of the transaction, the size of the transaction, the amount of potential follow-on investing that may be required for such investment and the other investments held by each, the relation of such opportunity to the investment strategy thereof, reasons of portfolio balance, the remaining investment or reinvestment period thereof and any other consideration deemed relevant by FE Private Credit acting in good faith. With respect to any such persons who directly or indirectly finance all or a portion of their assets, such factors may include, but are not limited to, seeking compliance with or optimization of collateral quality tests, portfolio concentration limits, overcollateralization triggers, interest coverage tests or any other test that diverts cash flow from payment to the equity owners of the related entity, covenant compliance and the curing of any default or event of default under the applicable financing documents.

FE Private Credit may revise its allocation policy from time to time in its sole discretion and in accordance with applicable law. To the extent FE Private Credit enters into agreements providing for the allocation of certain types of investment opportunities to one or more particular clients or the ability of certain persons to co-invest therein, such agreements may have the effect of reducing the amount of any particular investment opportunity that is available to other clients.

If FE Private Credit acquires or sells a loan at the same time on behalf of both clients and itself or its Proprietary Subsidiaries, FE Private Credit will endeavor to acquire and sell the loans for all accounts side-by-side, participating on materially the same terms and conditions, to the maximum extent practicable. Moreover, FE Private Credit may sell a loan from one client while retaining the loan in another client or on its own balance sheet.



FE Private Credit and its Related Entities expect to have economic interests in, and other relationships with, some of the loan obligors of loans in which clients will invest. Such economic interests may be *pari passu*, senior or junior in ranking to a loan acquired and/or held by a client. In addition, partners, security holders, members, managers, officers, directors, agents or employees of FE Private Credit or its Related Entities may serve on boards of directors, boards of managers or boards of members of, or otherwise have ongoing relationships with loan obligors. These relationships could result in a client being restricted as to transactions in such loans or other securities issued by a loan obligor and otherwise create conflicts of interest between FE Private Credit and its client. In such instances, FE Private Credit and its Related Entities may in their discretion make investment recommendations and decisions that may be the same as or different from the investment recommendations and decisions, as applicable, made by FE Private Credit with respect to the loans of a client.

FE Private Credit and/or its Related Entities' relationships with loan obligors create conflicts of interest when FE Private Credit services or administers a client account or a loan to the extent that such relationships may create an incentive for FE Private Credit to take an action that benefits FE Private Credit or its Related Entities, or the loan obligor or its affiliates, in order to foster such relationships, which could also adversely affect the interests of a client in its loans. Furthermore, in accordance with its fiduciary duties to a client under the Advisers Act, FE Private Credit may take, or be required to take, actions which could adversely affect the interests of its other clients.

FE Private Credit and its Related Entities also have ongoing relationships with, render services to and engage in transactions with their respective affiliates and clients, as well as other loan participants, including but not limited to other funds, separate accounts or issuers of collateralized loan obligations who may invest in assets of a similar nature to those held by clients, potentially with loan obligors whose loans are acquired by clients and who may own equity or debt securities issued by clients' loan obligors or their affiliates or have other financial relationships therewith.

In connection with the foregoing activities FE Private Credit and its Related Entities may from time to time come into possession of material nonpublic information. As noted above, FE Private Credit's possession of such information will limit its (and its affiliates) ability to offer or effect transactions for clients in the loans or securities of a given issuer. As a result, a client's freedom of action with respect to investments may be constrained, which can have an adverse impact on performance. In addition, personnel or affiliates of FE Private Credit and its Related Entities may possess information relating to loan obligors that is not known to the individuals at FE Private Credit who are responsible for monitoring such loans and performing the other obligations FE Private Credit may owe to a client.

Although, as noted previously, FE Private Credit's personnel will devote as much time to a client as FE Private Credit deems appropriate to perform its duties with respect thereto, such personnel may have conflicts in allocating their time and services among FE Private Credit, its Proprietary Subsidiaries and FE Private Credit's clients.

The directors, officers, personnel and agents of FE Private Credit and its Related Entities may serve as directors (whether supervisory or managing), officers, employees, partners, managers, agents, nominees or signatories for a client or any other Related Entity, or for any loan obligor in respect of any loan, or any affiliate thereof, to the extent permitted by such person's governing instruments or by any resolutions duly adopted thereby. Additionally, FE Private Credit or its Related Entities, or personnel acting on their behalf, may participate in creditors' committees with respect to the bankruptcy, restructuring or workout of loan obligors.

In such cases, these persons will have divided loyalties and responsibilities to FE Private Credit, its Related Entities and such loan obligors or affiliates, as applicable. Such persons' duties as a director, officer, etc.

for such entities could compel certain actions when acting on behalf of them in such capacity that would be different from actions which might be taken if only required to consider the interests of a particular client and, in certain cases, could result in taking a position that would be adverse to the interests of a client in the related loan. Additionally, these engagements may result in FE Private Credit obtaining material, nonpublic information that it may be prohibited by applicable law from providing to a client.

## **Item 12. Brokerage Practices**

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While FE Private Credit does not engage in brokered transactions in the ordinary course of business, it has a duty to execute transactions for client accounts in the best interests of the client and, in that connection, seeks to obtain best execution of client portfolio transactions. However, unlike trading in public equities, FE Private Credit's execution of middle market loan trades on behalf of clients does not typically involve market participants who are registered as broker dealers under the Securities Exchange Act. For loans, FE Private Credit seeks to negotiate the most favorable terms readily available under the circumstances and seeks to minimize transaction costs to the extent possible, consistent with maintaining high quality service.

## **Item 13. Review of Accounts**

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FE Private Credit's portfolio managers and asset management group review client holdings on an ongoing basis. This includes review of client holdings against the requirements disclosed in the applicable Relevant Documents, including, among other requirements, those governing asset classes and risk parameters (such as diversification of investments and general creditworthiness of client assets). As part of the alternative credit group of FEIM, FE Alternative Credit provides services to FEPC in respect of the review of advisory clients' accounts.

Clients receive written reports as provided in the Relevant Documents. Certain Relevant Documents may require that quarterly and annual financial statements be distributed to a client's investors. The trustee for each CLO Client provides investors with monthly and quarterly reports as required by the Relevant Documents for the related CLO. FE Private Credit furnishes certain reports and other information to the trustee for its CLO Clients. Further, FE Private Credit provides audited financial statements, if required, to investors in its clients annually within 120 days of fiscal year-end. FE Private Credit also provides quarterly unaudited financial statements, if required, to investors.

## **Item 14. Client Referrals and Other Compensation**

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FE Private Credit occasionally enters into solicitation or placement agent agreements pursuant to which third parties are entitled to receive fees based on providing client or investor referrals, which fees may be based on the amount of assets such clients or investors invest with FE Private Credit. In certain cases, such fees are payable for a period of time which may include a trailing period following termination of the arrangement.

Additionally, FE Private Credit may purchase data, research, and other products or services and attend conferences sponsored by, or receive other advice from placement agents, banks or other third parties, some of whom may refer clients or investors to FE Private Credit.

## **Item 15. Custody**

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FE Private Credit does not intend to have custody of client assets. If FE Private Credit is deemed to have custody over client assets within the meaning of Rule 206(4)-2 under the Advisers Act, it intends to comply with such Rule by either providing investors in such client with audited financial statements within 120 days following the client's fiscal year end or by having FE Private Credit's custody of client assets verified annually by an independent public accounting firm at a time chosen by the accounting firm without prior notice to FE Private Credit and each related client and its investors, or an independent representative thereof, receiving copies of account statements relating thereto as required by such Rule. To the extent that FE Private Credit also provides account statements to such clients or investors, FE Private Credit encourages that its statements be compared with those received from the custodian.

With respect to the CLO Clients, the related trustee has custody of client assets and distributes (or makes available on its website) periodic (at least quarterly) reports with respect thereto to investors in such CLO Client.

FE Private Credit is deemed to have custody of certain of its Funds' assets because of the authority it has over those assets. It will also be deemed to have custody over other clients' assets to the extent it can automatically deduct its fees from their accounts.

To satisfy the SEC's custody rule requirements, FE Private Credit's Funds generally provide each investor in a Fund with audited financial statements within 120 days of the end of each year.

## **Item 16. Investment Discretion**

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FE Private Credit provides non-discretionary and discretionary investment advisory services. Discretionary authority, if granted, is conferred through the client's Relevant Documents. FE Private Credit's clients, whether discretionary or non-discretionary, may have investment guidelines and contractual restrictions that place certain limitations on the investments that can be recommended or made, as applicable, by FE Private Credit. These investment guidelines and contractual restrictions generally restrict the types of loans and other assets that may be acquired by the client subject thereto and may include but not be limited to concentration limitations and trading restrictions. Certain of such guidelines and restrictions are imposed by rating agencies or institutions providing leverage with respect to the related client's portfolio, in which case FE Private Credit's ability to negotiate such guidelines or restrictions may be very limited.

## **Item 17. Voting Client Securities**

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Although for certain clients FE Private Credit has or will have authority to vote client securities, acquisition of securities for which voting is anticipated is not generally permitted under the investment guidelines of FE Private Credit's clients (although such securities may be held in certain circumstances, such as when acquired as a result of a bankruptcy or workout). In these cases, and where FE Private Credit has voting authority and receives a proxy, FE Private Credit will vote such securities in accordance with its proxy voting policies and procedures. This will generally depend on a number of factors, including the type of assets held by the client, the situation of the company subject to the proxy proposal and the content of the proxy proposal. FE Private Credit will retain a record of all votes, including how FE Private Credit voted,

and provide this record to investors upon request. FE Private Credit will also provide a copy of its proxy voting policies and procedures upon request.

## **Item 18. Financial Information**

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Not Applicable.