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Form ADV Part 2A
Firm Brochure

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This brochure provides information about the qualifications and business practices of ExWorks Capital, LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (312) 443-8500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Item 2 – Material Changes

This Brochure contains updated information about the business of ExWorks Capital, LLC (the “Adviser”) since the Brochure dated November 1, 2019. Although various other updates were made to our Brochure, we do not believe these other updates represent material changes.

A copy of our Brochure may be requested by contacting us at (312) 443-8500.

Important Note About this Brochure

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 pooled investment vehicle
- a complete discussion of the features, risks or conflicts associated with any pooled investment vehicle

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Adviser provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a private pooled investment vehicle, together with other relevant governing documents, such as the private pooled investment vehicle’s private placement memoranda, prior to, or in connection with, such persons’ investment in the private pooled investment vehicle.

More complete information about each private pooled investment vehicle is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall control.

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Item 4 – Advisory Business

General Information

ExWorks Capital, LLC (the “Adviser”) is a Delaware limited liability company formed in 2013. The Adviser’s primary business is to provide investment advisory services to certain pooled investment vehicles (each a “Fund” and collectively, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). As the investment manager to the Funds, the Adviser identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of the Funds.

The purpose of the Funds is to make loans and hold loan assets and make and refinance private corporate loans to exporters/importers and other businesses in the United States and abroad, including providing the following types of export/import and collateralized business related loans that may be credit enhanced at the Adviser’s discretion: (a) trade financing transactions which includes lending on a secured basis and/or purchasing assets that may be sold in the U.S. or abroad; and (b) working capital loans and term loans. A portion of the Funds’ loan transactions may be guaranteed, to some extent, by the Small Business Administration (the “SBA”), the Export-Import Bank of the United States (“EXIM”) or another government agency or instrumentality.

The Adviser’s senior management team has been working together for over 15 years and has over 100 years combined industry experience. The Adviser manages all aspects of the lending process, from diligence, to underwriting, to fund operations and management. The Adviser utilizes its senior management team’s depth of contacts in the United States and London to access financing opportunities, and to interface with the SBA and EXIM.

The Adviser currently has approximately 43 full-time employees that support all aspects of the business, including originating deals, underwriting credits, monitoring credits/operations and management oversight. The Adviser is headquartered in Chicago, Illinois, and has origination offices in Atlanta, Georgia, Los Angeles, California, West Palm Beach, Florida, New York, New York and Washington, D.C. Additionally, ExWorks Capital UK Ltd. (“ExWorks UK”) is a wholly-owned subsidiary of the Adviser headquartered in London that is responsible for sourcing potential investment opportunities for the Funds in the United Kingdom and European markets and providing servicing on loans originated from such regions.

The Adviser’s original Fund, ExWorks Capital Fund I, L.P. (the “Original Fund”), was created in August of 2014 and as of December 31, 2019 had committed limited partner capital of \$156.9 million, all of which was deployed. The Original Fund participates in loans and loan transactions on a pro rata basis based on capital committed with three parallel vehicles, ExWorks Capital Fund I-Parallel Vehicle, L.P. (“PVI”), ExWorks Capital Fund II-Parallel Vehicle, L.P. (“PVII”) and

ExWorks Capital Fund QP I, L.P. (“QP Fund” and collectively with the Original Fund, PVI and PVII, the “Funds”). The combined committed limited partner capital of the Funds is \$323.9 million, all of which was deployed as of December 31, 2019, and the gross asset value of the Funds was approximately \$504.9 million. The Adviser provides investment advisory services to the Funds on a discretionary basis.

The Funds execute their strategy by: (i) utilizing the Adviser’s in-house origination staff and strong relationships with outside referral sources to originate financing opportunities; and (ii) selecting opportunities with acceptable risk and promising return potential in order to build a diversified portfolio. When possible and available, the Funds may seek to leverage their assets through the SBA and EXIM. As of December 31, 2019, less than ten percent (10%) of the Funds’ deployed capital was committed to transactions with SBA or EXIM guarantees, and the rest constituted other transactions with collateral and/or credit enhancements deemed appropriate by the Adviser.

The Funds may from time to time seek new capital commitments from existing or new limited partners to fund existing and new transactions. The timing of those commitments will be at the sole discretion of the General Partner and there is no requirement that all limited partners be offered an opportunity to participate, pro rata or otherwise. Timing and amounts of capital calls with respect to new commitments will depend on the timing of new transactions and the level of transaction repayments. All new capital will participate pro rata based on contributions in the Fund’s existing portfolio and in all new Fund transactions going forward. In addition, the General Partner and the Adviser will continue, when appropriate, to raise capital through the Original Fund, PVI, PVII and QP Fund and new parallel vehicles from time to time. As a result, each Fund’s share of the aggregate portfolio of transactions is expected to decline over time even if its deployed capital stays constant.

The Adviser does not act as a general partner of any of the Funds. Instead, a wholly-owned subsidiary of the Adviser serves as general partner (the “General Partner”) to the Funds and has delegated exclusive investment advisory and other authority with respect to the Funds to the Adviser.

The Adviser does not tailor its advisory services to the individual needs of Fund investors; rather, investors invest in the Funds and the Adviser manages the Funds in accordance with their stated objectives and strategies as described in each respective Fund’s governing documents. Since the Adviser does not provide individualized advice to investors (and an investment in a Fund does not, in it and of itself, create an advisory relationship between the investor and the Adviser), investors must consider whether a Fund meets their investment objectives, liquidity requirements, tax situation and risk tolerance prior to investing.

ALL DISCUSSION OF THE FUNDS IN THIS BROCHURE, INCLUDING BUT NOT LIMITED TO ITS INVESTMENTS, THE STRATEGIES USED IN MANAGING THE FUNDS, AND RISKS, ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE RESPECTIVE FUND'S GOVERNING DOCUMENTS.

The Adviser and the Funds utilize the services of various of the Adviser's affiliates and related parties, as described below.

RedRidge Finance Group

RedRidge Finance Group, LLC ("RedRidge") was founded in early 2009 by Randy Abrahams, the Adviser's founder and Executive Chairman. RedRidge, through its subsidiary RedRidge Diligence Services, provides comprehensive due diligence services for more than 100 banks, private equity firms, public companies, and other institutions. RedRidge's scope of work includes Quality of Earnings, Collateral Performance Testing, Valuation Services, and other miscellaneous engagements. RedRidge has offices in Chicago, Denver, Los Angeles, Philadelphia, Asheville, Dallas, New York and London. The Adviser contracts with RedRidge, to provide all diligence work required by its underwriting process for the Funds. The Adviser also contracts with RedRidge to provide ongoing diligence, collateral monitoring and other support with respect to the Fund's portfolio. While the majority of RedRidge's fees and expenses are paid or reimbursed by the Funds' borrowers and counterparties, the Funds will be responsible for any shortfall. For example, the Funds will be responsible for shortfalls caused by "dead" or "broken" deals. Additionally, with respect to certain SBA loans, although additional collateral monitoring services may be required to effectively manage such loans, the SBA does not currently allow lenders to directly pass through such monitoring costs directly to borrowers. In the case of any such shortfall, the Funds will reimburse the Adviser for such expenses incurred for the benefit of the Funds. The relationship with RedRidge allows the Funds and the Adviser to move quickly on investment opportunities, while controlling most aspects of the diligence and underwriting process. As an affiliated company of the Adviser, RedRidge shares office space with the Adviser and the Funds are significant clients of RedRidge. For the year ended December 31, 2019, RedRidge generated approximately twenty-eight percent (28%) of its revenue from work for the Funds. The Adviser's arrangement with RedRidge results in a conflict of interest as RedRidge is compensated for its due diligence and other services regardless of whether or not a transaction is consummated.

World Trade Finance

World Trade Finance, LLC ("WTF") is a wholly-owned subsidiary of the Adviser that holds the SBA license pursuant to which the Adviser originates loans guaranteed by the SBA. The Adviser acquired WTF in 2015 and, in connection with the acquisition, the Original Fund, the Adviser and WTF entered into an agreement (the "WTF Agreement") through which the Original Fund financed the acquisition of WTF. Pursuant to the terms of the WTF Agreement, the Funds provide funding, in addition to WTF's senior secured revolving credit facility (the "WTF Facility"),

necessary for all of WTF's SBA loans in exchange for all principal, interest and other fee income generated by such SBA loans. The Original Fund has agreed to guarantee a portion of the WTF Facility in connection with its funding of WTF. Although loans guaranteed by the SBA are originated by WTF, all investment decisions are made by the Adviser and the Adviser's personnel. The Original Fund's investment in WTF has no set repayment terms. However, under the terms of the WTF Agreement, the Adviser and WTF are required to repay the deemed value of the SBA license upon notification from the Original Fund that it will no longer provide the WTF Guaranty. Upon termination of the WTF Agreement, the Adviser will continue to own WTF and will benefit from the existing SBA license and franchise after repayment of such value to the Original Fund.

ExWorks Capital UK Ltd.

ExWorks Capital UK Ltd. ("ExWorks UK") is a wholly-owned subsidiary of the Adviser that is responsible for sourcing potential investment opportunities for the Funds in the United Kingdom and European markets and providing servicing on loans originated from such regions. Although ExWorks UK will source investment opportunities, all investment decisions are made by the Adviser and the Adviser's personnel.

ExWorks Capital Finance I UK Ltd.

ExWorks Capital Finance I UK Ltd ("Finance I UK") is a wholly-owned subsidiary of the Original Fund. It is expected that during 2020, Finance I UK will commence serving as the originating entity for all loans originated by non-U.S. borrowers. Loans made by Finance I UK will be funded by inter-company loans from the Funds and the Funds will continue to assume all risk in relation to such non-U.S. loans.

Controlling Owners

Randolph T. Abrahams, Richard E. Perlman and James K. Price are the controlling owners of the Adviser.

Loan Origination

The Adviser and ExWorks UK employ in-house origination staff to source financing opportunities for the Funds. As set forth in the Funds' respective organizational documents, the Funds are responsible for all expenses associated with the origination, acquisition, holding, servicing and disposition of its investments.

In addition to the compensation that such origination staff receive from the Adviser or ExWorks UK, the Funds will incur commission expense associated with the origination and performance of loans and the disposition of related investments. Generally, such commissions are calculated on each loan as a percentage of net income generated in the two years after the origination of such loan. Such commission expense is paid directly by the Funds to the origination staff. Although

the origination staff do not have any investment or portfolio management discretion with respect to the Funds, this arrangement creates an incentive for the origination staff to make recommendations to the Adviser to originate loans based on the amount of compensation that such originators may receive, rather than basing such recommendations on the quality of the underlying credit. Additionally, unlike salary expenses of the Adviser's personnel, which the Adviser pays directly, such commission expenses are a direct expense of the Funds.

Item 5 – Fees and Compensation

In consideration for the Adviser's advisory and other services, the Adviser or certain of its affiliates generally are entitled to receive management fees and performance-based fees or carried interest with respect to the Funds. While the fees and compensation applicable to each Fund are described in the applicable governing documents, an overview of the fees and compensation applicable to the Funds is summarized below.

Management Fees

The Funds generally pay the Adviser an annualized management fee ranging from 7.25% to 2.0% (the "Management Fees"). The Management Fees are typically paid quarterly in advance and are deducted from the applicable Fund. Initially, each Fund pays its Management Fee on each investor's unreturned capital contributions or aggregate drawdown amount, as applicable. After the investment period of each Fund, as described in detail in the governing documents of each Fund, the percentage fee of the Management Fee is reduced.

The Management Fees payable to the Adviser are used to pay all expenses related to (i) each Fund's organizational and startup expenses; (ii) ordinary and administrative overhead expenses incurred in connection with maintaining and operating the Funds, the General Partner and the Adviser; and (iii) all other expenses incurred in connection with the administration or operation of the Funds. As described below, the Funds are responsible for all investment related expenses.

Carried Interest

In addition, the General Partner of the Funds is entitled to receive distributions of carried interests which vary from Fund to Fund and which are subject to the Funds attaining returns which also vary from Fund to Fund (see below under "Performance-Based Fees").

Investment Related and Other Expenses

The Funds are responsible for all investment-related expenses, including expenses associated with the origination, acquisition, monitoring, maintenance, holding, servicing and disposition of their actual or proposed investments, including any "broken deal" costs, and any taxes, fees or other governmental charges levied against the Funds, all to the extent all those costs are not paid for or reimbursed by borrowers or counterparties and provided that such costs shall be allocated among the Funds pro rata based on the portion of the applicable investment made by each Fund. Investment-related expenses associated with the origination of loans and the disposition of investments include commission expenses. The Funds are also responsible for extraordinary expenses and other expenses set forth in their respective governing documents (such as litigation, if any).

Miscellaneous Information about Fees and Compensation

As described above under the heading “Item 4 – Advisory Business – RedRidge Finance Group”, the Adviser engages an affiliate, RedRidge, to perform due diligence services related to investigating and analyzing potential borrowers and loan opportunities, as well as on the borrowers of the Funds’ current portfolio. While the majority of RedRidge’s fees and expenses are paid or reimbursed by the Funds’ borrowers and counterparties, the Funds will be responsible for any shortfall. For example, the Funds will be responsible for shortfalls caused by “dead” or “broken” deals. Additionally, with respect to certain SBA loans, although additional collateral monitoring services may be required to effectively manage such loans, the SBA does not currently allow lenders to directly pass through such monitoring costs directly to borrowers. In the case of any such shortfall, the Funds will reimburse the Adviser for such expenses incurred for the benefit of the Funds. In certain instances, the Funds may make payments on behalf of borrowers to the Adviser as reimbursement for due diligence service fees paid by the Adviser to RedRidge. The fees and expenses earned by RedRidge do not offset or reduce the Management Fees paid by the Funds.

As described above under the heading “Item 4 – Advisory Business – Loan Origination”, certain employees of the Adviser and its affiliate, ExWorks UK, will be directly compensated by the Funds for commission expense associated with the origination and performance of loans. Although such compensation is not received by the Adviser or its affiliates, the Adviser will benefit from the payment of such compensation as such compensation assists the Adviser in recruiting and retaining origination staff. Such commission compensation will not offset or reduce the Management Fees paid by the Funds.

During 2019, the Adviser engaged its primary transactional counsel as an in-house resource. In connection with the origination, amendment and enforcement of the Funds’ loan portfolio, borrowers will reimburse the Adviser for both internal and outside counsel fees as investment related expenses. Although such internal counsel fees are charged to borrowers, and not the Funds, such arrangement creates a conflict of interest because such fees may be charged to the balance of an outstanding loan rather than paid directly by borrowers. Such internal counsel fees will not offset or reduce the Management Fees paid by the Funds.

In the event of a termination of a Fund, fees will be prorated. Any paid but unearned fees will be promptly refunded to each Fund, and any fees due to the Adviser will be invoiced or deducted from each Fund prior to termination. The Adviser may negotiate or set a Management Fee and carried interest percentages and other terms different from the foregoing with respect to any subsequent Fund it manages.

The above description of the Funds’ expenses is not intended to be exhaustive. For a description of the fees and expenses borne by each Fund, please see the applicable Fund’s offering memorandum and other governing documents.

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

As noted above, while the Adviser does not receive a performance fee, the General Partner is entitled to receive a carried interest with respect to each Fund. The specific payment terms and other conditions of the carried interest vary between each Fund and are described in detail in the governing documents of each Fund. Investors should note that a carried interest arrangement may provide an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement. Additionally, RedRidge owns a minority equity interest in the Adviser and, as a result of such ownership interest, would benefit from such carried interest arrangement. As such, a potential incentive exists for RedRidge to recommend riskier or more speculative investments in order to generate carried interest.

The General Partner has established an Advisory Committee (the “Advisory Committee”) which includes representatives of certain investors (or their designees). The General Partner will seek the approval of the Advisory Committee to resolve certain issues involving certain conflicts of interest. See “Risks Related to Conflicts of Interest” in “Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss” under the heading “Risk of Loss” for a description of certain of the conflicts of interests that the Adviser or its related entities may face.

Item 7 – Types of Clients

The Adviser provides investment advisory services to the Funds, which are available to high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, funds of funds, trusts, estates, charitable organizations and other entities or persons meeting the Funds’ investment criteria.

Minimum Investment Requirement for the Funds

The minimum investment requirement for each Fund may be found in the applicable Fund’s governing documents. In most cases, the General Partner of the Funds, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the applicable Fund’s governing documents.

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

Investment Strategies

The Adviser’s strategy for the Funds consists of investing in three distinct financing products, certain of which may be guaranteed by the SBA or EXIM Bank:

- (1) Trade Finance. For the trade finance business line, the Funds can act as direct exporter/importer, purchasing goods with an existing purchase order and collecting from a buyer, be it in the U.S. or a foreign jurisdiction. All loans are secured by borrower assets,

purchase orders and, when appropriate, the Funds seek to mitigate risk via credit insurance, letters of credit and/or SBA or EXIM bank guarantees. Generally, these sales are recurring, and the Funds will collect a margin on each turn of the trade, increasing returns on deployed capital. In addition, the Funds will consider making loans and purchasing loan assets, and assets that are similar or like-kind to the investments described above.

- (2) Working Capital Loans. For the working capital loan business, typical loans involve securing assets and extending a facility or line of credit that either revolves, based on new invoices created, inventory on hand or purchased, or remains static based on overall assets of the borrower. The Adviser performs ongoing collateral monitoring and analysis of each borrower.
- (3) Term Loans. For term loans, the Funds may lend to companies in similar fashion to that of a working capital loan based on being fully collateralized, having credit insurance or letters of credit on key accounts or customers, property, plant and equipment, intellectual property, brand names/trade styles, other assets and overall enterprise value. Loan positions may also be further secured by additional collateral in excess of primary collateral.

Mechanics of Loan and Trade Pricing

The Funds utilize several mechanisms to arrive at targeted yields on each transaction. A loan or trade will typically have an interest component calculated and charged monthly, margin sharing whereby the Fund shares in the gross margin of the trade or particular sales revenue of the borrower it finances (paid upon collection), Payment in Kind or “PIK” interest capitalized to the loan or trade, closing fees on the outstanding committed facility that are generally capitalized to the loan, success fees due upon payoff of the facility or at certain maturities, unused line fees based on total average unfunded portion of the facility and warrants for equity in some borrowers.

All fee and interest components flow into the Funds to produce yields. The Funds are not a bank or traditional lender and may utilize or convert pricing components during the term of the loans or trades for amended terms, additional advances, longer term or maturity. Pricing mechanics are customized for each transaction and are situational in order to maximize yield for the Funds and create the highest possible values over time. The Funds’ shorter-term debt instruments and trades contemplate necessary extensions of loans and trades and the pricing opportunities that go with them as an important component of the business model.

Origination

The Adviser utilizes origination platforms spread across the U.S. in major metropolitan areas as well as through its affiliate, ExWorks UK, in London, England. In addition, the Adviser’s connections with trade organizations, relationships generated at industry conferences, strategic corporate relationships, export/import trade departments at financial institutions, as well as

relationships with bankers, CPAs and lawyers, provide the Funds with a stream of potential transaction opportunities.

The Adviser applies a disciplined approach to transaction selection. After a transaction is recommended by the Adviser's senior credit staff, transactions are then reviewed by the Adviser's Executive Chairman and/or Chief Credit Officer before term sheets are issued.

Leverage

The Funds are borrowers under two credit facilities. One facility is used by the Fund primarily to minimize idle cash and fund transactions pending capital contributions from new or existing limited partners or parallel vehicles. The ability to minimize idle cash, combined with the difference between the cost of funding under the facility and the Funds' investment income on transactions, allows the Funds to maintain and enhance returns. As authorized by the Advisory Committee of the Funds, the Funds currently limit leverage to fifty percent (50%) of the aggregate commitments of all limited partners not counting leverage related to the SBA/EXIM Bank guaranteed portion of the Funds' portfolio. The second facility is used by the Funds to fund SBA/EXIM guaranteed loans.

Risk of Loss

While the Adviser seeks to diversify the Funds' investments by investing in multiple companies, all investments are subject to risks. Accordingly, there can be no assurance that a Fund will be able to fully meet its investment objectives and goals, or that investments will not lose money. Below is a description of several of the principal risks that the Funds face.

- *Nature of Investment.* An investment in the Funds is speculative and involves a high degree of risk. The Funds' performance may be volatile, and an investor could incur a total or substantial loss of their investment. There can be no assurance that projected or targeted returns for the Funds will be achieved. There is no assurance that the investments held by the Funds will be profitable, or that there will be proceeds from such investments available for distribution to the limited partners.
- *COVID-19.* Recently, the outbreak of the novel coronavirus, or COVID-19, has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving and the resulting quarantines and restrictions on travel have adversely impacted most industries directly and all industries indirectly; in other words, the entire economy. The crisis is still on-going and it is therefore too early to quantify its impact on the Funds. However, we do expect the crisis to have a material adverse effect on many of our borrowers and the Funds, as well as credit markets in general. In short, the crisis has led to a global economic slowdown that is expected to get worse the longer it takes to bring the COVID-19 under control. The Funds are therefore focused at this time

on capital preservation and liquidity and trying to minimize losses to the extent possible under a challenging environment.

- *Credit Facility.* The Funds are party to a revolving loan facility used primarily to minimize idle cash and fund transactions. The facility matures in May 18, 2020. There can be no assurance that the Funds will be able to renew, extend or replace the facility upon its maturity on terms that are favorable to the Funds, if at all. Additionally, the ability of the Funds to maintain compliance with their obligations under the facility will be adversely affected by the economic impact of the novel coronavirus. The ability to renew, extend or replace the revolving loan facility will be constrained by current economic conditions affecting the credit markets, including the effects of the novel coronavirus pandemic. In the event that the Fund is not able to renew, extend or replace the revolving credit facility at the time of its maturity, this would have a material adverse effect on the Funds. See also “Leverage Risk” below.
- *Future and Past Performance.* The past performance of the Funds is provided with the Funds’ offering materials for illustrative purposes only and is not necessarily indicative of the Funds’ future results. It is possible that return rates targeted by the Funds for their future investments will be less than the historical results set forth herein or in any quarterly update letter. While the General Partner intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the Funds’ future investments will perform as well as their past investments, or assurances that any targeted internal rate of return will be achieved. On any given investment or on all investments, loss of principal is possible.
- *Reliance on Borrower and Financial Reporting.* In many cases, the Adviser will rely on the financial information made available by the borrowers or issuers in which the Funds invest, and generally will not have the ability to independently verify such financial information. Therefore, the Funds are subject to risks of fraud and accounting irregularities.
- *Bridge Financing.* The Funds lend or provide financial guarantees or similar instruments to borrowers on a short-term basis in anticipation of a future issuance of long-term debt securities or other refinancing, but such future events may not occur. As a result, the short-term loans may remain outstanding and the interest rate may not adequately reflect the risk associated with the Funds’ unsecured position.
- *Investments in Less Established Companies.* The Funds invest a significant portion of their assets in smaller, less established companies, which typically involves greater risks than are generally associated with investments in more established companies. Less established companies have lower capitalization and fewer resources and, therefore, are often more

vulnerable to financial failure. Such companies may also have shorter operating histories on which to judge future performance.

- *Risks of Realization and Lack of Liquidity of Investments.* The Funds generally will provide senior secured debt to private companies, which are not publicly-traded and do not have the liquidity of conventional public bond and equity securities. Due to their illiquid nature, the Funds may not be able to dispose of their interest in a debt security before maturity in a timely manner and/or at a fair price (or at the value that would be expected to be realized were the securities to be more liquid), which could result in losses to the Funds, including the loss of their entire investment.

The Funds are also subject to risks arising from changes in the financial condition or prospects of the companies whose borrowings underlie the Funds' investments, changes in national or international economic or political conditions (including acts of war, terrorism or other calamity or crisis), adverse conditions in national or global financial or capital markets, or changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made.

- *Uncertain Exit Strategies.* Due to the illiquid nature of some of the positions that the Funds may acquire, the Adviser is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political or other factors.
- *Risks Associated with Making Loans.* Direct loans are subject to risks, including: (i) the possible invalidation of a particular investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws; (ii) "lender liability" claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Funds to directly enforce rights with respect to participations. Successful claims by third parties arising from these and other risks, absent actual fraud, willful misconduct or gross negligence by the General Partner or the Adviser, may be borne by the Funds.
- *Credit Risks.* Debt investments generally are subject to the borrower's ability to make interest and principal payments as they become due. The Funds' income and value might be reduced if a borrower fails to repay interest or principal.
- *Nature of Investments in Senior Loans.* The Funds cannot guarantee that the value of any underlying collateral, the creditworthiness of the borrower, or the priority of the liens will be adequate for the protection of the Funds' interests in senior loans. While the Funds' investment interests in senior loans typically will be secured by collateral and may be

credit-enhanced, the Funds may have difficulty liquidating the collateral or enforcing their rights under the terms of the senior loans in the event of the borrower's default or other factors, and the value of such collateral may be insufficient to protect the Funds against losses or a decline in income in the event of a borrower's non-payment of interest or principal. In addition, some loans may not have priority over other unsecured debt of an issuer, the Funds may invest in debt instruments that are not secured by collateral, and loans may become non-performing.

Furthermore, the liens referred to herein generally only cover domestic assets; non-U.S. assets are not included (other than, for example, where a borrower pledges a portion of the stock of first-tier non-U.S. subsidiaries).

Finally, upon a bankruptcy filing by an issuer of debt, United States Code (11 U.S.C. §§ 101-1330) (the "Bankruptcy Code") imposes an automatic stay on payments of its prepetition debt. Nonperforming debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. If an issuer were to file for chapter 11 reorganization, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met.

The Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the borrower repaying the principal on an obligation held by the Funds earlier than expected.

- *Foreign Exposure.* With the recent opening by an affiliate of the Adviser of a London office, the Funds expect to enter into loans and finance transactions to an increasing number of foreign borrowers and in foreign jurisdictions. Foreign loans and transactions involve additional risks relating to political, economic, or regulatory conditions in foreign countries, including, but not limited to, fluctuations in foreign exchange rates, withholding or other taxes, restrictions on the repatriation of income, burdens of complying with a wide variety of foreign laws and legal standards, increased financial accounting complexities, difficulties in managing and staffing international operations, difficulties securing collateral, the less stringent legal protections and systems of many foreign markets and other operational risks. The Adviser may, but is under no obligation to, employ hedging techniques to minimize currency exchange related risks to non-U.S. dollar denominated investments in loans and loan related assets, although there can be no assurance that such strategies will be effective. These factors generally make foreign loans and transactions riskier than similar transactions in the United States.

- *Lender Liability Considerations and Equitable Subordination.* In recent years, several judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions (i.e., the Funds) on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. In addition, the court may utilize “equitable subordination,” where a court subordinates the claim of a lending institution that violated common law principles to claims of the disadvantaged creditors. While believed to be unlikely, the holder of certain underlying securities could be subject to allegations of lender liability or equitable subordination, which could potentially reduce the cash flows and/or market value of such security.
- *Interest Rate Risk.* In general, the value of a debt security changes as prevailing interest rates change. For fixed-rate debt securities, when prevailing interest rates fall, the values of outstanding debt securities generally rise. When interest rates rise, the values of outstanding debt securities earning lower rates generally fall, and they may sell at a discount from their face amount. The debt instruments in which the Funds will invest generally will have adjustable interest rates. For that reason, the General Partner and the Adviser expect that when interest rates change, the amount of interest received by the Funds in respect of such debt investments will change in a corresponding manner.
- *Creditor Rights.* In some cases, the General Partner or the Adviser may seek appropriate creditor rights to help protect the Funds’ interests, like the right to appoint one or more representatives to the board of directors. Such creditor rights may expose the Funds’ representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.
- *Recourse to the Funds’ Assets.* The Funds’ assets are available to satisfy all liabilities and other obligations of the Funds. Satisfaction of liabilities may not be limited to the particular investment giving rise to the liability.
- *Leverage Risk.* As described above under “Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss – Investment Strategies – Leverage”, the Funds have two credit facilities pursuant to which it borrows money. The Funds may increase leverage beyond current levels upon approval of the Advisory Committee. The Funds borrow money to finance loan investments and transactions, which will exaggerate the effect of any default or losses in the Funds’ portfolio. Money borrowed is also subject to interest and other costs (including unused line fees). Unless the income of the Funds’ investments with borrowed

funds exceed the cost of borrowing, the use of leverage will diminish the Funds' returns. In the event of a default under such credit facilities, providers of such credit facilities may require the sale or liquidation of assets held by the Funds. Events of default include, among other things, failure to pay amounts due under such credit facility, failure to provide required reporting, and breaches by the Funds of other representations and covenants contained in such facilities. If any such lender were to require the Funds to sell or liquidate assets or otherwise act to realize on such collateral, such actions would materially and adversely impair the Funds.

- *Potential Liabilities.* The Funds will indemnify the General Partner, the Adviser, and their investment professionals, among others, for liabilities incurred in connection with operations of the Funds, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.
- *Diverse Membership of the Limited Partners.* The limited partners include taxable and tax-exempt persons and entities and include investors organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the General Partner or the Adviser that may be more beneficial for one type of limited partner than for another type of limited partner. In addition, the General Partner may make investments for the Funds that may have a negative impact on other investments made by any limited partner in separate transactions. In selecting investments appropriate for the Funds, the General Partner and the Adviser will consider the investment objectives of the Funds as a whole, not the investment objectives of any limited partner individually.
- *Failure to Make Capital Contributions.* If a limited partner defaults on the limited partner's obligation to make required capital contributions, it may be difficult for the Funds to make up the shortfall from other sources, which could have a material adverse effect on the Funds, their assets and the interests of the other limited partners.
- *Dilution from Subsequent Closings.* Each limited partner subscribing for an interest in a Fund at any subsequent closing will participate in existing investments of the Funds based on contributed capital, and hence, will dilute the interests of the existing limited partners. Distributions are generally based on contributed capital and, as a result, there can be no assurance that a new contribution will reflect the fair value of the Funds' existing investments at the time such additional capital contribution is made.
- *Advisory Committee.* The General Partner will appoint one or more limited partner representatives to the Advisory Committee, all but one of which may be limited partners affiliated with the General Partner or the Adviser. None of the Advisory Committee members shall owe any fiduciary duties to the Funds or any other Partner. In addition, representatives of the Advisory Committee may have various business and other relationships with the Adviser and its partners, employees and affiliates, and all, but one,

are affiliates of the General Partner and the Adviser. These relationships may influence their decisions as members of the Advisory Committee.

- *Risks Related to Conflicts of Interest*

The Adviser (and its members, managers, directors, employees, or Affiliates) (“Adviser Personnel”) may serve as investment manager, advisor, or in another capacity to other funds or client accounts and conduct investment activities for its own accounts (“Other Accounts”). Such other entities or accounts may have investment objectives or may implement investment strategies similar to those of the Funds.

Adviser Personnel may give advice or take action with respect to such Other Accounts that differs from the advice given or action taken with respect to the Funds. The Adviser or any of its Affiliates or any person connected with them, including the members, managers, directors and employees of the Adviser may invest in, directly or indirectly, or manage or advise other investment funds or accounts that invest in assets that may also be purchased or sold by the Funds. Neither the Adviser nor any of its Affiliates nor any person connected with them, including the members, managers, directors and employees of the Adviser, is under any obligation to offer investment opportunities of which any of them becomes aware to the Funds or to account to the Funds in respect of (or share with the Funds or inform the Funds of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Funds and Other Accounts.

In the event that the Adviser Personnel serve as investment manager, advisor, or in another capacity to Other Accounts, the Adviser Personnel will have conflicts of interest in allocating investments and their time by and among the Funds and Other Accounts.

To resolve any such conflict, Adviser Personnel will, at all times, have regard for their obligation to the Funds, use their best efforts in connection with the purposes and objectives of the Funds, will devote so much of their time and effort to the affairs of the Funds as may, in their judgment, be necessary to accomplish the purposes of the Funds. Without limiting the generality of the foregoing, the Adviser and its directors may act as investment manager or adviser for others, may manage funds or capital for others, may have, make, and maintain investments in its own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. It may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Funds for the same investment positions to be taken or liquidated at the same time or at the same price. The Adviser may from time to time act as investment manager in relation to, or be otherwise involved in, other funds established by parties other than the Funds which have similar objectives to those of, or invest in similar securities to those held by, the

Funds. It is, therefore, possible that any of them or their respective directors, shareholders, members, officers, agents or employees may, in the course of business, have potential conflicts of interest with the Funds. In such event, any of the foregoing persons will, at all times, have regard to its obligations to the Funds and will endeavor to ensure that such conflicts are resolved fairly. In addition, subject to applicable law and the requirements of the Funds' governing documents, any of the foregoing persons may deal, as principal or agent, with the Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

Item 9 – Disciplinary Information

Item 9 is not applicable to the Adviser as it has no reportable material legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

The General Partner of each Fund is an advisory affiliate of the Adviser.

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

Code of Ethics

Under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), the Adviser and its principals and certain employees ("Supervised Persons") owe fiduciary duties to their clients. Consistent with these duties, the Adviser has adopted the Code of Ethics that, among other things, requires that its Supervised Persons reflect the professional standards expected of investment advisers and comply with federal and state securities laws and regulations pertaining to the Adviser. Under the Code of Ethics, Supervised Persons should place the interests of clients first, ahead of their own personal interests, and generally seek to treat clients fairly. In addition, Supervised Persons are prohibited from engaging in any practice that defrauds or misleads any client or investor, or engaging in any manipulative or deceitful practice with respect to clients, investors or securities.

The Code of Ethics also includes provisions addressing personal trading by Access Persons and Supervised Persons, as summarized below:

Personal Trading. Under the Code of Ethics, Access Persons are generally required to submit information about their personal trading activities to the Adviser's CCO or the CCO's designee for review. In addition, all Supervised Persons are prohibited from trading any securities in the Adviser's Restricted List and are required to notify the CCO or the CCO's designee and obtain advance approval of investment in private placement and initial public offerings. Violations of the Code of Ethics may result in disciplinary action up to and including dismissal.

Participation or Interest in Client Transactions. Under the Code of Ethics, Supervised Persons are prohibited from trading in securities on the basis of material, non-public information or communicating material, non-public information about the issuer of any security to any other person.

A Supervised Person is generally any partner, officer, director or employee of the Adviser. An Access Person is a Supervised Person who has access to non-public information regarding any borrower or who is involved in making securities recommendations or underwriting decisions on loans and financing transactions.

The Adviser will provide a copy of the Code of Ethics to clients or prospective clients upon request.

Item 12 – Brokerage Practices

Since the Funds' portfolios consist primarily of privately negotiated loans and loan assets, the Adviser infrequently uses brokers in the normal course. Generally, the Adviser only utilizes the services of broker-dealers for transaction-related services when disposing of publicly traded equity securities received in connection with loan transactions. With respect to those limited instances in which the Funds sell publicly traded equity securities through a broker-dealer, the Adviser will seek to obtain best execution for any such transactions.

Soft Dollar Transactions

The Adviser does not generate or use soft dollars, which are credits generated by transactions placed with certain securities broker-dealers that may be used to "purchase" certain research and brokerage products from such securities broker-dealers.

Aggregation of Trades

The Adviser does not currently aggregate securities trades. In the event that the Adviser determines to aggregate securities trades, the Adviser will ensure that such practice is consistent with best execution.

Co-Investment Allocations

In certain circumstances, the Adviser will determine that a co-investment opportunity should be offered to one or more un-affiliated third parties, including investors in the Funds, and may maintain discretion with respect to which co-investors are offered such opportunity. The allocation of any co-investment opportunity will be dependent on the facts and circumstances specific to that unique situation. The General Partner will seek the advice and consultation of the Fund's Advisory Committee on any co-investment transactions.

From time to time, the Adviser may determine to cause the Fund to enter into participation agreements with respect to a loan in the Fund's portfolio. In connection with such a participation

agreement, the Fund will receive an upfront payment from the loan participant in return for an economic participating interest in the loan. The Fund will generally maintain all rights as lender, including servicing of the loan. Such participations allow the Fund to diversify risk while retaining administration control, as well as potentially leverage income by reducing capital deployed.

Item 13 – Review of Accounts

Oversight and Monitoring

The Funds' portfolios consist primarily of privately negotiated loans and loan assets. Accordingly, the Adviser's review of the Funds' portfolios is focused on risk management through review of operating and financial information of the Funds' portfolio companies on an ongoing basis. The Adviser also monitors each Fund's adherence to its investment and leverage guidelines as set forth in its governing documents on an ongoing basis. Additionally, the portfolio managers of the Funds will review, among other things, the appropriateness of the Funds' investments for the Funds' portfolio and the overall performance of the Funds at least quarterly.

Reporting

Investors in the Funds generally receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of the Fund and annual tax information necessary for each investor's tax return. In addition, investors in each Fund will typically receive unaudited summary financial information regarding the Fund following the end of each financial quarter.

Item 14 – Client Referrals and Other Compensation

The Adviser does not engage solicitors who refer clients or investors to the Adviser for compensation.

Item 15 – Custody

The Adviser and the General Partner act, respectively, as investment adviser and general partner, to the Funds and, as such, the Adviser is deemed to have custody of client assets. The majority of the Funds' investments are in the form of privately negotiated loans and loan assets. Such instruments are generally held by the Adviser in a secure location within its principal office. To the extent that a Fund holds marketable or certificated securities, they are generally held in custody in the relevant Fund's brokerage account at JP Morgan Chase & Co. In some cases, securities may be held in book-entry form by the issuer of such securities on behalf of the Funds. Substantially all of the Funds' cash is held in bank accounts at CIBC Bank USA and The Northern Trust Company.

The Adviser does not use qualified custodians to send quarterly account statements directly to the Funds or investors in the Funds. Each Fund is audited annually and investors in a Fund will receive audited financial statements.

Item 16 – Investment Discretion

The Adviser has discretionary authority to determine the investments to be bought or sold and the amounts to invest for the Funds under, and subject to, the governing documents of the Funds and other agreements.

Item 17 – Voting Client Securities

The Adviser generally does not vote proxies on behalf of the Funds as proxy voting is generally not applicable to the type of investments held by the Funds. From time to time, the Funds may receive equity securities or warrants from borrowers in connection with loan transactions. Additionally, the Adviser (or the General Partner) may take a controlling position in or participate in a loan workout or creditor committee with respect to an investment held by the Funds. Accordingly, the Adviser has adopted proxy voting policies and procedures. As a general policy, the Adviser votes proxies related to securities held in Fund accounts in a manner that serves the best interests of the Fund. In voting securities held by the Funds, the Adviser will attempt to resolve any conflict of interest between the Fund and the Adviser's business interests in the way that will most benefit the Funds. The Adviser's proxy voting policies and procedures and a record of how the Adviser has voted proxies, each of which is available to clients upon request.

Item 18 – Financial Information

The Adviser does not require or solicit prepayment of fees six (6) months or more in advance, and the Adviser currently does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.