



FORM ADV PART 2A: FIRM BROCHURE

Item 1: Cover Page

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March 3, 2020

This brochure provides information about the qualifications and business practices of Runway Growth Capital LLC. If you have any questions about the contents of this brochure, please contact us at (312) 281-6270. 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 Runway Growth Capital LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Runway Growth Capital is an SEC-registered investment adviser, but SEC registration does not imply a certain level of skill or training.

Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 3: Table of Contents.....	2
Item 4: Advisory Business	3
Item 5: Fees and Compensation	5
Item 6: Performance-Based Fees and Side-By-Side Management	6
Item 7: Types of Clients	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9: Disciplinary Information	16
Item 10: Other Financial Industry Activities and Affiliations.....	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions and	17
Personal Trading.....	17
Item 12: Brokerage and Allocation Practices	25
Item 13: Review of Accounts	29
Item 14: Client Referrals and Other Compensation	29
Item 15: Custody	29
Item 16: Investment Discretion	30
Item 17: Voting Client Securities	30
Item 18: Financial Information	31

Item 4: Advisory Business

Runway Growth Capital LLC (“**Runway**”, the “**Registrant**”, “**we**”, “**our**” and “**us**”) is a Delaware limited liability company that was formed in 2015. Runway is an SEC-registered investment adviser that is controlled, principally owned and led by David R. Spreng.

Runway provides investment management services to its advisory clients, which may include privately offered investment funds (“**Private Funds**”), joint ventures, separately managed accounts (“**SMA**s”), investment companies registered under the U.S. Investment Company Act of 1940 (the “**1940 Act**”), closed-end management investment companies electing to be treated as “business development companies” under the 1940 Act (“**BDC**s” and, together with investment companies registered under the 1940 Act, “**1940 Act Funds**”), other institutional clients and other types of funds and accounts (collectively, the “**Clients**”). Our two current Clients are a Private Fund (the “**Fund**”) and a BDC (the “**Runway BDC**”). Any third-party investors that directly invest in any of our Clients are referred to as “**Investors**” in this brochure.

Our current advisory services are tailored to the needs of our Clients, based on the investment policies and restrictions contained in applicable Client private placement memoranda, articles of incorporation, limited partnership agreements, investment management agreements, and other governing documents (the “**Governing Documents**”). Clients may impose restrictions or limitations on investing in certain securities or types of securities.

We typically invest in what we believe to be high growth-potential, private companies. We primarily originate our own investments in senior secured first-lien term loans and other debt investments. We also invest in equity securities acquired in connection with debt financing transactions. We focus on lending to companies in the technology, life sciences, healthcare information and services, business services and other industries we believe have high-growth potential. The technology sectors we focus on include, but may not be limited to, communications, networking, data storage, software, cloud computing, semiconductor, power management, internet and media and consumer-related technologies. The life science sectors we focus on include biotechnology, drug discovery, drug delivery, bioinformatics and medical devices. The healthcare information and services sectors we focus on include diagnostics, medical-record services and software and other healthcare-related services and technologies that seek to improve efficiency and quality of administered healthcare.

We generally categorize our investments into two strategies: **Sponsored Growth Lending** and **Non-Sponsored Growth Lending**.

Sponsored Growth Lending. Our Sponsored Growth Lending strategy generally includes loans to private companies that are already backed by established venture capital and private equity firms. Our Sponsored Growth Lending investments will also typically include the receipt of warrants

and/or other equity from these borrowers in connection with our Clients making a loan. We refer to these target borrowers as “**venture-backed companies.**” We target venture-backed companies at all stages of development, excluding seed stage. Certain companies we invest in may be in the early stages of the revenue growth cycle, and we may invest in certain companies, particularly in the life sciences sector, that are in the pre-revenue stage. To a limited extent, we also selectively lend to publicly traded companies with venture capital ownership.

Non-Sponsored Growth Lending. Our Non-Sponsored Growth Lending strategy generally includes loans to fast-growing private companies that are not backed by a professional equity investor sponsor, a venture capital firm or a private equity firm. These companies are funded instead by entrepreneurs themselves and/or no longer require institutional equity investment. We refer to these target borrowers as “**non-sponsored growth companies.**” As opposed to Sponsored Growth Lending, in the case of Non-Sponsored Growth Lending, we generally target companies with annual revenues of at least \$20 million per year. To a limited extent, we also selectively provide non-sponsored growth loans to publicly traded companies.

In addition to our core strategies of originating investments in venture-backed companies and non-sponsored growth companies, we may also opportunistically participate in the secondary markets for debt and equity interests in venture-backed companies and non-sponsored growth companies.

We do not participate in any wrap fee program.

As of December 31, 2019, our regulatory assets under management (“**AUM**”) were approximately \$487.2 million, all of which was subject to our investment discretion.

Firm Overview

We are controlled and led by David R. Spreng, our founder and Chief Executive Officer. We are supported by a team of dedicated investment, finance, marketing and operations professionals with venture and growth company experience. Our investment team has experience in leveraged lending, including venture lending, as well as private equity investing, and have ongoing working relationships with financial sponsors. Our senior investment professionals have been active participants in the primary and secondary leveraged credit markets throughout their careers. They have managed portfolios of senior loans, subordinated securities, distressed debt, and equity investments as well as other investment types and have managed assets during various stages of economic cycles as well as several market disruptions.

Through December 31, 2019, Runway has invested approximately \$516 million in 31 different portfolio companies, involving an aggregate of approximately 41 different financial sponsors.

Item 5: Fees and Compensation

The compensation paid to Runway by each of its Clients which are BDCs is set forth in the registration statements (“**Registration Statements**”) and investment advisory agreements (“**Advisory Agreements**”) filed with the Securities and Exchange Commission (“**SEC**”) with respect to each such Client. As publicly disclosed, such fees are based on assets as well as income and/or capital gains, provided certain investment performance “hurdles” (*i.e.*, minimum investment return thresholds) are met.

Investors in SMAs and Private Funds managed by Runway should review the Governing Documents for complete information on fees and compensation. Information regarding the fees and compensation payable by investors in any Private Fund Client of Runway in which all investors are “qualified purchasers” (as defined by Section 2(a)(51) of the 1940 Act) is not required to be provided herein.

We may negotiate separate fees for certain Clients rather than adhering to a rigid fee schedule. Negotiated fees may be based on a percentage of the assets which the Client has under management, fixed fees, administrative fees and such other fees which may be negotiated with the Client. Such fees may be affected by the amount of assets under management, the Client’s investment objective and the manner in which funds are invested.

Our advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. See Item 12 below for more information regarding brokerage fees. Expenses borne by Clients include: (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of investments (including interest on money borrowed, expenses incurred in connection with the incurrence or repayment of credit facilities, expenses of portfolio tracking facilities, debt service fees, origination fees, registration fees and expenses and related expenses and brokerage, finders’, custodial and other fees and expenses), (ii) legal, accounting, auditing (excluding any fees, taxes or penalties resulting from a final formal deficiency issued by the Internal Revenue Service following an audit), administration, loan agency, valuation, custodian, depositary, insurance (including directors and officers, errors and omissions and representation and warranty liability insurance, and all premiums and charges in connection with the maintenance thereof), travel, litigation and indemnification costs and expenses, judgments and settlements, consulting (including consulting and retainer fees paid to consultants performing investment initiatives and other similar consultants), costs and expenses of computer software specific to the affairs of the relevant Client and research related and market data expenses including, without limitation, trade order management systems and news and quotation equipment, software and

services; broker, finders', financing, appraisal, filing and other fees and expenses (including fees, costs and expenses associated with the preparation or distribution of the Client's financial statements), tax returns and Schedule K-1s or any other administrative, regulatory or other reporting or filing (including any filings, notifications, reports or other regulatory requirements contemplated by or arising under any applicable law, rule or regulation (including any implementing law, rule or regulation relating thereto)), (iii) fees, costs and expenses of any Investor committees, (iv) all fees, costs, expenses, liabilities and obligations relating to investment and disposition opportunities not consummated (including legal, accounting, auditing, insurance, travel, consulting, finders', financing, appraisal (including, without limitation, the costs of any third-party valuation agents or pricing services), filing, printing, real estate title, survey, litigation, indemnification, judgments and settlements, if any, and other fees and expenses), (v) all out-of-pocket fees, costs and expenses in connection with the annual and other periodic (if any) meetings of the Investors and any other conference or meeting with any Investor(s), (vi) any taxes, fees and other governmental charges, (vii) placement fees, (viii) fees, costs and expenses that are classified as extraordinary expenses under GAAP (such as litigation, indemnification, judgments and settlements, if any), (ix) all fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles, (x) any regulatory-related fees, costs or expenses, (xi) all costs and expenses associated with operating any feeder vehicles, (xii) any start-up or organizational expenses, (xiii) unreimbursed costs and expenses incurred in connection with any transfer of an Investor's interest in a Client, (xiv) expenses associated with portfolio and risk management, (xvi) expenses associated with organizing and managing any subsidiary of a Client, (xvii) all expenses and costs attributable to amendments to, and waivers, consents or approvals pursuant to, the Governing Documents of the Client and related entities, and (xviii) an "administrative fee" calculated based on the amount capital such Client has invested and related to services provided to the Client by the employees comprising Runway's in-house valuation, portfolio analytics, finance and accounting teams. The terms of any such "administrative fee" described in the preceding clause (xviii) will be set out in the Governing Documents of the relevant Client.

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

Runway is controlled and led by Mr. Spreng, the Chief Executive Officer and Chairman of the Board of Directors of our current BDC Client, and President of the Fund GP. Since we and our Clients are under common management, there is a conflict of interest because we could direct Clients to follow our investment advice in a way which would generate fees, or higher fees, for us but which might not be in the best interests of one or more of our Clients, or their respective Investors.

Potential conflicts of interest may arise in the allocation of new investment opportunities, and potentially also in connection with the management and disposition of investments because these allocations and other determinations could be affected by the likelihood that we will earn or not earn performance-

based fees or the amount of such fees. See Items 8 and 12 below for a discussion of investment allocations and related conflicts of interest. Runway seeks to address these conflicts of interest by maintaining an investment allocation policy (described further below) that sets out factors used to guide allocation decisions that are unrelated to performance-based compensation.

Another potential conflict of interest that can arise from our charging performance-based fees is that it may create an incentive for us to cause our Clients to engage in riskier investment behavior due to the higher return potential, deploy capital more rapidly or dispose of investments more quickly than we otherwise would in the absence of such performance-based fees.

Item 7: Types of Clients

Runway generally provides investment management services to pooled investment vehicles, including public investment funds, private funds, joint ventures, separately managed accounts, and other institutional clients. Interests in Clients that are pooled investment vehicles are offered to Investors pursuant to applicable exemptions from registration under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and the 1940 Act. Investors in such Clients are generally “accredited investors” as defined in the Securities Act and “qualified purchasers” as defined in the 1940 Act, and include, among others, institutions, governmental and corporate pension and profit sharing plans, sovereign wealth funds, funds of funds, university endowments, charitable organizations, banks, trusts, other entities or high net worth individuals. Runway currently serves as the investment adviser on a discretionary basis to the Runway BDC, a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act, and to the Fund, a privately offered pooled investment vehicle which is generally excluded from regulation as an “investment company” under the 1940 Act, all of the investors in which are “qualified purchasers.”

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

Our Investment Objective and Strategies

Our investment objective is to seek to generate primarily current income with some potential for capital appreciation for our Clients and Investors through a portfolio of investments which will primarily consist of senior secured first-lien term loans and other debt investments. We also may acquire equity securities in connection with our debt financing transactions, but will not require warrant participation on all loans. The investment strategies we have adopted to achieve our investment objective are based on the following key principles we believe in:

- Sponsored growth lending is value-add to venture investors and company

management.

- Cash burn is purposeful and a normal part of the life cycle of venture-backed companies.
- Each stage in a company's venture progression has different implications and risks for the sponsored growth lender.
- Non-sponsored growth companies often do not want professional equity investors.
- Non-sponsored growth companies often do not have access to sufficient capital.
- Equity evaluation is key to superior performance.

Based on these key principles, the specific strategies and analyses we intend to follow to achieve our investment objective are:

- Invest across industries.
- Directly originate opportunities with experienced investment professionals.
- Invest in partnership with leading venture firms.
- Conduct fundamental industry and sector analysis to identify and evaluate opportunities that are consistent with our investment strategy and risk and return parameters.
- Utilize proprietary risk analysis and return optimization tools that examine risk inherent to a prospective portfolio company and proposed investment structure.
- Emphasize flexible, opportunity-specific pricing and structure.
- Use leverage to enhance Investor returns.

Investment structure

Typical attributes of our Sponsored Growth Lending and Non-Sponsored Growth Lending portfolios are as follows:

- loan-size ranges from \$25 million to \$75 million, which may vary based on aggregate available capital and available leverage;
- short total repayment periods: typically 36 to 60 months or less;
- typically will not fully amortize over the life of the loan;
- investment returns which may include current interest payments, revenue participation, upfront and facility fees, an end-of-term payment and/or a payment-in-kind ("PIK") interest payment;
- certain of our loans may include warrants to acquire preferred or common stock in the prospective borrower that allow us to participate in any equity appreciation and enhance our overall returns;
- senior secured lien on the borrower's assets, including a pledge on or a promise by the borrower to not pledge the borrower's intellectual property to another individual or lender; and

- limited or flexible covenant structures, including certain affirmative and negative covenants, default penalties, lien protection, investor abandonment provisions, material adverse change provisions, change-of-control provisions, restrictions on additional use of leverage, minimum liquidity, and reimbursement for upfront and regular internal and third-party expenses and prepayment penalties.

Risk Considerations

An investment in our Clients by an Investor involves a risk of the loss of that entire investment, which Investors must be prepared to bear.

The SEC registration statements regarding our BDC Clients, the operating or subscription agreements regarding our advised SMA(s), and the private placement memoranda for our Private Fund Clients include detailed descriptions of risks to be aware of when investing in each of our respective Clients. Please see those documents for a more detailed description of the risks relating to such an investment. We are providing a summary of those risks below, but these will not be a complete or detailed list of the risks involved in investing in Runway's Clients.

Risks Related to Client Business and Structure

Long-term commitment. An investment in a Client is generally illiquid and requires a long-term commitment with no certainty of return. The market value of investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the obligors of the investments. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized.

Runway has limited prior experience. Runway has limited experience managing investments. Therefore, Runway may not be able to successfully achieve its investment objectives for its Clients. As a result, an investment in a Client may entail more risk than investing in a comparable product managed by an adviser with a substantial operating history.

Highly competitive market for investment opportunities. Clients will compete for investments with existing and newly formed equity and debt focused public and private funds, business development companies, investment banks, venture-oriented commercial banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of these competitors are substantially larger, have operated for longer and have considerably greater financial, technical and marketing resources. These characteristics could allow these competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring.

Dependence on strong referral relationships. Clients will depend upon Runway to maintain its relationships with venture capital and private equity firms, placement agents, investment banks, management groups and other financial institutions, and will

rely to a significant extent upon these relationships to provide potential investment opportunities. If Runway fails to maintain such relationships, or to develop new relationships with other sources of investment opportunities, Clients may not be able to grow their investment portfolio. In addition, individuals with whom Runway has relationships are not obligated to provide any investment opportunities, and Runway can offer no assurance that these relationships will generate investment opportunities in the future.

Dependence upon Runway's key personnel for future success. Clients will depend on the diligence, skill and investment acumen of David Spreng, the President, Chief Executive Officer and Chief Investment Officer of Runway Growth Capital, and the Chairman of its Investment Committee, along with the other investment professionals at Runway Growth Capital, including the Chief Financial Officer, Thomas Raterman, and the Head of Credit, Greg Greifeld. Mr. Spreng, Mr. Raterman, Mr. Greifeld and the other members of Runway Growth Capital's senior management evaluate, negotiate, structure, close and monitor investments. Future success depends on the continued service of these members of Runway's senior management. Unforeseen business, medical, personal or other circumstances could lead any such individual to terminate his or her relationship with us. The loss of Mr. Spreng, in particular, Mr. Raterman, Mr. Greifeld and/or any of the other members of Runway's senior management could have a material adverse effect on Runway's ability to achieve its investment objectives.

Fees and compensation not at arm's length. The fees and compensation Clients will pay to Runway and certain third-party service providers will not be determined on an arm's-length basis with an unaffiliated third party. As a result, the form and amount of such compensation may be less favorable than they might have been had the respective agreements been entered into through arm's-length transactions with an unaffiliated third party.

Insurance may be inadequate. While Runway may seek to make investments where insurance and other risk management products are, to the extent available on commercially reasonable terms, utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, such coverage may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and any insurance proceeds from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or any necessary replacement or rehabilitation, as applicable. Certain losses of a catastrophic nature (i.e., those caused by force majeure events) may be either uninsurable or insurable at such high rates as to adversely impact profitability, if such insurance were obtained.

Leverage may increase risk. The use of leverage magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated. Runway may cause Clients to borrow from and issue senior debt securities to banks, insurance companies and other lenders in the future. Holders of these senior securities will have

fixed dollar claims on Client assets that are superior to the claims of the Investors. If the value of the investments decreases, leveraging would cause Client losses to be greater than they otherwise would have been had the Client not leveraged. Leverage is generally considered a speculative investment technique. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines, among other factors), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage.

Fluctuations in quarterly and annual results. Clients may experience fluctuations in quarterly and annual operating results due to a number of factors, including, but not limited to, the ability or inability to make investments in companies that meet Runway's investment criteria, the interest rate payable on the debt securities acquired, the level of portfolio dividend and fee income, the level of expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which there is competition in the credit markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Phantom income. For U.S. federal income tax purposes, certain Clients will include in their taxable income certain amounts that they have not yet received in cash, such as original issue discount, which may arise if a Client receives warrants in connection with the origination of a loan or possibly in other circumstances, or contractual PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discount or increases in loan balances as a result of contractual PIK arrangements will be included in the Client's taxable income before it receives any corresponding cash payments and, accordingly, before such amounts are distributed to Investors. Therefore, Investors may have tax liability without receiving any distribution from the Client.

Disruption and instability. From time to time, capital markets may experience periods of disruption and instability. During such periods of market disruption and instability, entities in the financial services sector may have limited access, if available, to alternative markets for debt and equity capital. The debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on the Runway's business, financial condition and results of operations.

Economic Instability. Many of the portfolio companies in which Clients make investments may be susceptible to economic slowdowns or recessions and may be unable to repay the loans the Clients made to them during these periods. Therefore, non-performing assets may increase and the value of the Clients' portfolios may decrease during these periods. Economic slowdowns or recessions could lead to financial losses and a decrease in revenues, net income and assets. No assurance can be given that favorable conditions, trends or opportunities will arise or continue, as applicable, or that investments can be acquired or disposed of at favorable prices or that the market for investments will either remain stable or, as applicable, grow or improve, since this will depend upon events and factors outside the control of Runway.

Terrorism, war and natural disasters. Terrorist acts, acts of war or natural disasters may disrupt Runway’s operations, as well as the operations of the businesses in which Clients invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which Clients invest directly or indirectly and, in turn, could have a material adverse impact on operating results and financial condition. Losses from terrorist attacks and natural disasters are generally uninsurable.

Changes in laws or regulations may have adverse effects. Runway, its Clients and their portfolio companies are subject to laws and regulations at the U.S. federal, state and local levels and, in some cases, the laws and regulations of non-U.S. jurisdictions. These laws and regulations, as well as their interpretation, may change from time to time, and new laws, regulations and interpretations may also come into effect, potentially with retroactive effect. Any such new or changed laws or regulations could have a material adverse effect on our business or the business of any Client or its portfolio companies.

Risks Related to the Investments

Debt Investments, Generally. Clients will invest primarily in senior secured first-lien term loans, second lien debt, subordinated debt and other debt and debt-related instruments senior to common equity and equity securities, which are subject to credit and interest rate risks. “Credit risk” refers to the likelihood that an obligor will default on the payment of principal and/or interest on a debt investment. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt investment may affect its credit risk. Credit risk may change over the life of an investment.

Risks Related to First and Second Lien Secured Loans. The factors affecting an issuer’s first and second lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company) or involve first liens only on specified assets of an issuer. Issuers of first lien loans may have two tranches of first lien debt outstanding, each with first liens on separate collateral. Second lien loans are subordinate in right of payment to one or more senior secured loans of the related issuer and therefore are subject to additional risk that the cash flow of the related issuer and the collateral securing the loan may be insufficient to repay the scheduled payments to the lender after giving effect to any senior secured obligations of the related issuer. Second lien senior loans are also expected to be more illiquid than first lien senior secured loans for this reason. Moreover, there is less likelihood that a Client will be able to sell participations in second lien loans that it originates or acquires, which would expose the Client to higher risk with respect to the issuer.

Senior secured credit facilities may be syndicated to a number of different financial market participants. The documentation governing these facilities typically requires either a majority consent or, in certain cases, unanimous approval for certain actions with respect to the outstanding loans, such as waivers, amendments or the exercise of remedies. In addition, voting to accept or reject the terms of a credit restructuring pursuant to a Chapter 11 plan of reorganization is usually done on a class basis. As a result of these voting regimes, a Client may not have the ability to control any decision as it relates to an amendment, waiver, exercise of remedies, restructuring or reorganization of an Investment.

Further, senior secured loans are subject to other risks and can cause unsecured creditors to seek remedies to limit the Client's potential recovery from such Investments, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance"; (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) "lender liability" claims by the issuer of the obligations; (v) environmental liabilities that may arise with respect to collateral securing the obligations; (vi) recharacterization claims in which certain creditors may seek to have debt investments recharacterized as equity and therefore subordinate the lender's claims to such creditors' claims; and (vii) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 plan of reorganization in which lenders are entitled to vote as a class.

Other Subordinated Investments. Certain investments may comprise loans, securities and/or other instruments, or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated debt is senior to common stock and other equity securities in the capital structure of the borrowing company, it may be subordinated to large amounts of senior debt and is often unsecured.

Covenant-Lite Loans. There will likely be instances in which the investments do not have maintenance financial covenants ("**Covenant-Lite Loans**") in the related loan documentation. An investment in a Covenant-Lite Loan may potentially hinder the ability to re-price credit risk associated with a portfolio company's performance and reduce the creditors' ability to restructure a non-performing loan and mitigate potential loss. As a result, a Client's exposure to losses may be increased, which could result in an adverse impact on the returns to the Investors.

Warrants. A Client may receive warrants, and in certain circumstances prior to exit, may be required to exercise such warrants in order to hold the underlying securities. Runway would seek to negotiate "cashless" exercise for all warrants that a Client receives, whereby no investment will be required to convert; however, on occasion it may not be possible to negotiate such "cashless" exercise, and the Client may be required to invest cash to convert warrants and hold underlying securities, which may subsequently lose some or all of their value.

Equity Investments. When a Client invests in secured loans, it may acquire equity securities as well. In addition, Clients may invest directly in the equity securities of portfolio companies. These equity interests may not appreciate in value and may in fact decline in value. Accordingly, the Clients may not be able to realize gains from these equity interests, and any gains realized on the disposition of any equity interests may not be sufficient to offset any other losses.

Small, Early-State Private Companies. Investing in small, fast-growing, private companies involves a number of significant risks, including the following:

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold. This failure to meet obligations may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with the investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions, market conditions, and general economic downturns;
- they often face intense competition, often from established companies with much greater financial, manufacturing and technical resources, more marketing and service capabilities, and a greater number of qualified personnel;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company;
- to the extent there is ever a public market for the securities of these companies (which is rare), they may be subject to abrupt and erratic market price movements;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion, or maintain their competitive position. In addition, our executive officers, directors and Runway may, in the ordinary course of business, be named as defendants in litigation arising from investments in the portfolio companies; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding debt upon maturity.

Bankruptcies. Portfolio companies may enter into bankruptcy or insolvency proceedings in the United States or in other jurisdictions. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of, the Runway and its Clients. Furthermore, there are instances where creditors lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor. As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to creditors, and is subject to unpredictable and lengthy delays. In addition, during the process, a company's competitive position may erode, key management may depart, and the company may not be able to invest adequately in the operations of its business. In some cases, a company may not be able to reorganize and may be required to liquidate assets. If the bankruptcy proceeding is converted to a liquidation, the liquidation value of the company may not be equal to the liquidation value that was believed to exist at the time of the investment. Decisions to invest primarily in the debt of such companies may not be protective of the investor's economic interests, as the debt of companies in the process of financial reorganization generally will not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the borrower's fundamental value. Such investments can result in a total loss of principal.

Non-payment risk. The investments are subject to the risk of non-payment of scheduled interest or principal payments by the borrower with respect to such investments. Although Runway may make investments that it believes are secured by specific collateral, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. Many of the portfolio companies will be early stage companies. Such companies may have few, if any, hard assets. As a result, there can be no assurance that the collateral for the loans to such companies has any durable value.

Lack of diversification. A Client's portfolio may be concentrated in a limited number of industries and/or companies. Accordingly, hardships of a particular company or industry will have a disproportionate negative effect on such Client's returns.

Runway invests in sectors including technology, life sciences, healthcare information and services and other high-growth industries, which are subject to specific risks related to each.

Technology-related sector risks. The revenue, income (or losses) and valuations of technology-related companies can and often do fluctuate suddenly and dramatically. In addition, because of rapid technological change, the average selling prices of products and some services provided by technology-related sectors have historically decreased over their productive lives. As a result, the average selling prices of products and services offered by portfolio companies that operate in technology-related sectors may decrease over time, which could adversely affect their operating results and,

correspondingly, the value of their securities.

Healthcare information and services industry risks. Such portfolio companies provide technology to companies that are subject to extensive regulation, including Medicare and Medicaid payment rules and regulation, the False Claims Act and federal and state laws regarding the collection, use and disclosure of patient health information and the storage handling and administration of pharmaceuticals. If any of the portfolio companies or the companies to which they provide such technology fail to comply with applicable regulations, they could be subject to significant penalties and claims that could materially and adversely affect their operations. Portfolio companies in the healthcare information or services industry are also subject to the risk that changes in applicable regulations will render their technology obsolete or less desirable in the marketplace. Portfolio companies in the healthcare information and services industry may also have a limited number of suppliers of necessary components or a limited number of manufacturers for their products, and therefore face a risk of disruption to their manufacturing process if they are unable to find alternative suppliers when needed. Any of these factors could materially and adversely affect the operations of a portfolio company in this industry.

Limited control of portfolio companies. Clients typically will not hold controlling equity positions in portfolio companies. As a result, Clients must depend on the managerial skill and competence of such companies' management teams.

Cybersecurity risks. The information technology systems of Runway may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes).

Item 9: Disciplinary Information

Runway is and has not been subject to any material legal or disciplinary events that are required to be disclosed herein.

Item 10: Other Financial Industry Activities and Affiliations

Runway is affiliated with Runway Growth Finance GP LLC, a Delaware limited liability company (the "**Fund GP**"). The Fund GP serves as the general partner of the Fund and is registered with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), pursuant to Runway's registration in accordance with SEC guidance. The Fund GP is listed in Runway's Form ADV Part 1A. Runway and the Fund GP operate as a single advisory business together and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Our Clients are the Runway BDC and the Fund. Mr. Spreng is the Chief Executive

Officer and Chairman of the Board of Directors of the Runway BDC and the Chief Executive Officer of Runway Growth Finance GP LLC, the General Partner of the Fund. Thomas B. Raterman, Runway's chief financial officer, is Secretary, Treasurer, and Chief Financial Officer of the Runway BDC and Chief Financial Officer of the General Partner of the Fund.

Since we and several of our Clients are under common management, there is a conflict of interest because we could direct our discretionary Clients to follow our investment advice in a way which would generate fees, or higher fees, for us but which might not be in the Client's best interests. We address this conflict by implementing a number of controls. Item 11 below provides more detail regarding our policies and procedures for allocation of investment opportunities, and Item 12 below further describes the factors we consider in trade allocation.

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

Participation or Interest in Client Transactions: We have adopted a Code of Ethics (the "**Joint Code**") that applies to all directors, officers or employees ("**Covered Persons**") of Runway, its wholly-owned subsidiary, Runway Administrator Services LLC (the "**Administrator**") and/or the Clients (collectively, the "**Runway Entities**"). The principal purpose of the Joint Code is to establish standards and procedures for the detection and prevention of activities by which persons having knowledge of the investments and investment intentions of the Clients may not abuse their fiduciary duty to our Clients, and otherwise to deal with the types of conflict of interest situations addressed by Rule 17j-1 under the 1940 Act and Rule 204A-1 of the Advisers Act.

The Joint Code is based on the principle that persons subject to Runway's supervision who provide services to a Client owe a fiduciary duty to the Client to conduct their personal securities transactions, as well as their assigned responsibilities as Runway associates, in a manner that does not interfere or otherwise conflict with the Client's transactions or otherwise take unfair advantage of their relationship with Runway. Accordingly, all directors, managers, partners, officers and employees ("**Covered Persons**") of the Registrant must refrain from engaging in any personal investment transaction which will interfere or otherwise conflict with the purchase or sale of investments by the Clients or benefiting the Covered Persons to the detriment of the Clients. Furthermore, Covered Persons may not use information concerning the investments or investment intentions of a Client, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of the Clients. Covered Persons may not engage in conduct that is deceitful, fraudulent or manipulative, or that involves false or misleading statements, in connection with the purchase or sale of investments by the Clients.

Prohibited Transactions: The Joint Code specifically prohibits the following

personal securities investment and/or trading activity by “Access Persons”¹ or “Investment Persons”²:

(A) An Access Person may not purchase or otherwise acquire direct or indirect beneficial ownership, and, without pre-clearance approval by the Runway Chief Compliance Officer (the “CCO”), may not sell or otherwise dispose of direct or indirect beneficial ownership, of any security on the restricted list maintained by the CCO, or in any covered security concerning which he or she has material non-public information, whether or not that security is on such restricted list.

(B) An Access Person may not purchase or otherwise acquire or sell or otherwise dispose of any direct or indirect beneficial ownership of the securities of the Runway Entities without pre-clearance approval by the CCO.

(C) Investment Persons of the Runway Entities must obtain pre-approval from the applicable Runway Entity before directly or indirectly acquiring beneficial ownership in any covered securities in an initial public offering or in a private offering. Such approval must be obtained from the CCO, unless he or she is the person seeking such approval, in which case it must be obtained from the Chief Executive Officer.

(D) No Access Person shall recommend any transaction in any covered securities by a Client without having disclosed to the CCO his or her interest, if any, in such covered securities or the issuer thereof, including: the Access Person’s beneficial ownership of any covered securities of such issuer; any contemplated transaction by the Access Person in such covered securities; any position the Access Person (or any person to whom the Access Person is related, by blood or marriage, and is known) has with such issuer; and any present or proposed business relationship between such issuer and the Access Person (or a party in which the Access Person has a significant interest).

¹ “Access Person” is defined in the Joint Code as any director, employee, officer or “Advisory Person” (as defined below) of the Runway Entities.

“Advisory Person” of the Runway Entities is defined in the Joint Code as (i) any director, officer or employee of the Runway Entities, or any company in a control relationship to the Runway Entities who in connection with his or her regular functions or duties makes, participates in, or obtains information regarding the purchase or sale of any covered security by the Runway Entities, or whose functions relate to the making of any recommendation with respect to such purchases or sales; and (ii) any natural person in a control relationship to the Runway Entities who obtains information concerning recommendations made to the Runway Entities with regard to the purchase or sale of any covered security by the Runway Entities.

² “Investment Person” of the Runway Entities is defined in the Joint Code as (i) any employee of the Runway Entities (or of any company in a control relationship to the Runway Entities) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by the Runway Entities; and (ii) any natural person who controls the Runway Entities and who obtains information concerning recommendations made to the Runway Entities regarding the purchase or sale of securities by the Runway Entities.

Additional Prohibitions: All information concerning securities being considered for purchase or sale by a Client shall be kept confidential by all Covered Persons and disclosed by them only on a “need to know” basis.

Reports by Access Persons: Access Persons are required to identify, on a quarterly basis, personal transactions in covered securities in which they have or share a beneficial ownership interest and, annually, all such covered securities and the accounts in which they are held.

Annual Certifications: Access Persons of the registrant must certify annually that they have recently been provided and read the Joint Code; that they understand and recognize that they are subject to its provisions; and that they have complied with its requirements since their hiring date or most recent such certification.

At least annually, the Runway Entities must furnish to their pooled investment vehicle Clients’ boards of directors/managers or general partners (A) a written report that describes any issues arising under the Joint Code or procedures since the last such, including but not limited to, information about material violations of the Joint Code or procedures and sanctions imposed in response to such violations; and (B) a certification that such Runway Entities have adopted procedures reasonably necessary to prevent Access Persons from violating the Joint Code.

A copy of our Joint Code will be provided upon request to any Client, prospective client, or Investor or prospective Investor in any pooled investment vehicle that we manage or advise.

Conflicts of Interest

Runway and its related entities engage in a broad range of activities, and there may be occasions when the Runway and its related entities encounter potential conflicts of interest in connection with their and their Clients’ activities. There can be no assurance that Runway will resolve all conflicts of interest in a manner that is favorable to any particular Client. Descriptions of certain types of these conflicts of interest, as well as how Runway intends to address such conflicts of interest, can be found below.

Conflicts Inherent to Advisory Business

Ownership by Runway personnel. Mr. Spreng, the President, Chief Executive Officer and Chief Investment Officer of Runway and the Chairman of its Investment Committee, has a direct pecuniary interest in Runway and an indirect pecuniary interest in Runway Growth Capital through his ownership interest in Runway Growth Holdings LLC (“**Runway Growth Holdings**”), which has an ownership interest in Runway. Mr. Raterman, our Chief Financial Officer and a member of the Investment Committee, has a direct pecuniary interest in Runway and an indirect pecuniary interest in Runway through his ownership interest in GSV Financial Group, which has an ownership interest in Runway, and through his ownership interest in Runway Growth Holdings. Greg Greifeld, a Managing Director and Head of Credit of Runway Growth Capital, and a

member its Investment Committee, has a direct pecuniary interest in Runway Growth Capital and an indirect pecuniary interest in Runway Growth Capital through his ownership interest in Runway Growth Holdings. These ownership interests may present potential conflicts of interest that may impact Clients.

Fee and compensation arrangements. The advisory fees and performance-based compensation to which Clients are subject may give rise to conflicts of interest. Performance compensation creates an incentive for Runway to make more risky investments or incur more leverage than it would otherwise in the absence of such performance-based compensation. In addition, as Runway advises multiple Clients, for which it receives differing levels of performance-based compensation, Runway may have an incentive to favor the Clients for which it receives larger performance-based compensation. Additionally, the entitlement to performance-based compensation may create an incentive for Runway to cause Clients to dispose of investments earlier than it otherwise would in the absence of such compensation.

Advisory fees charged based on invested capital (including amounts borrowed and invested) may create an incentive for Runway to seek to deploy capital at an accelerated pace when it may not have otherwise done so; incur more leverage than it otherwise would have; and hold investments longer than it otherwise would have. Any of these results could cause Clients to make unattractive investments, and could have an adverse effect on Clients and Investors.

Oaktree Strategic Relationship. In December 2016, Runway entered into a strategic relationship with Oaktree Capital Management (“OCM”). OCM was granted the right to appoint a member to Runway’s board of managers and its Investment Committee. OCM’s initial appointee to Runway’s board of managers and the Investment Committee is Brian Laibow.

OCM has agreed to make substantial capital commitments to certain Runway Clients. OCM’s interest in Runway will entitle it to (a) a share in the advisory fees and performance-based compensation generated by certain Clients, and (b) certain additional rights not afforded to other Investors. In addition, in connection with the relationship between OCM and Runway, Brian Laibow, a Managing Director of OCM, serves on the Investment Committee of Runway. Mr. Laibow is an employee of OCM and it is expected he will continue to engage in investment advisory activities for OCM, which could result in conflicts of interest and distract him from his responsibilities to Runway. Messrs. Spreng and Raterman will monitor the relationship with Mr. Laibow for any conflicts of interest and will seek to resolve them on Runway’s behalf, subject to the oversight of Runway’s Board of Directors. Mr. Laibow will recuse himself from consideration of any potential conflicts related to OCM, should any such conflicts arise.

OCM will generally be entitled to appoint a representative to the limited partner advisory committees of the Private Funds in which it invests. Although it will be a limited partner of such Private Funds, OCM may be motivated by interests that are different from the other limited partners (including its interests as an equity owner of Runway), which interests may influence its votes and actions, including votes or actions of the limited partner advisory committees. OCM, in its capacity as a member

of such limited partner advisory committees, does not owe any duties (fiduciary or otherwise) to the applicable Private Funds or any of the limited partners thereof and, in taking or omitting to take any action or to exercise any rights, OCM will act solely in its own interests.

Expenses. In addition to the fees, Clients will pay and bear all other costs and expenses relating to their activities, investments and business. Investors will indirectly bear these expenses. The amount of these expenses will be substantial and will reduce the actual returns realized by Investors (and may, in certain circumstances, reduce the amount of capital available to be deployed in investments). Expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of expenses ultimately required may exceed expectations. Although organizational expenses are generally separately categorized and subject to a cap under the Governing Documents of the relevant Client, there are ongoing expenses to be borne by the Client that are not classified as organizational expenses. Expenses to be borne by Runway are only limited to those items specifically enumerated in the applicable Governing Documents (including salaries, rent and equipment expenses), and all other costs and expenses in operating any Client will be indirectly borne by the Investors. From time to time, the Runway will be required to decide how certain costs and expenses are to be allocated among various Clients. Runway will allocate such fees and expenses in a manner it believes in good faith to be fair and equitable, but in its sole discretion. The allocation may not be proportional as certain Clients have different expense reimbursement terms, including with respect to fee offsets, and Runway may have a financial incentive to favor allocations that may benefit itself.

Conflicts Pertaining to Advising Multiple Clients and Engaging in Other Investment Activities

Time and attention. Although Runway's investment professionals intend to devote such time as shall be necessary to conduct the business and affairs of each Client, they are also responsible for advising all the other Clients. Accordingly, no one Client will have receive the full time and attention of Runway's investment professionals.

Runway and its affiliates are not precluded from conducting activities unrelated to the existing Clients. Additionally, Runway and its affiliates may, and expect to, receive fees or other compensation from third parties in connection with these investment activities and such fees and compensation shall be for the benefit of their own account and not for the Clients. Runway believes that these other activities will not materially interfere with their responsibilities to the Clients.

Mr. Spreng currently serves as Managing Partner of Crescendo Ventures IV, LLC which he co-founded in 1998 as a venture capital firm focused on early-stage investments in the technology, digital media and technology-enabled service markets. In addition, our executive officers and directors, as well as the current and future members of Runway, may serve as officers, directors or principals of other entities that operate in the same or a related line of business as we do. Accordingly, they may have obligations to investors in those entities, the fulfillment of which obligations may not

be in the best interests of the Clients or the Investors.

Allocation of investment opportunities. Multiple existing Clients target, and additional clients may target, many of the same types of investments. Runway currently expects that certain of its officers, managers and other personnel will be shared between multiple Clients targeting the same types of investments, and would be responsible for, among other things, managing day-to-day activities, implementing investment strategy, identifying investment opportunities and making investment recommendations. These persons could also face conflicts of interest making decisions related to the allocation, holding and disposition of investments that are within the mandate of multiple Clients. There can be no assurance that Runway and its officers, managers and other personnel will always take actions that are in any particular Client's best interests.

Generally, when a particular investment would be appropriate for multiple Clients, such investment will be apportioned by Runway's senior investment team in accordance with (1) Runway's internal conflict of interest and written allocation policies (as described further in Item 12 below), (2) the requirements of the Advisers Act, and (3) certain restrictions under the 1940 Act regarding co-investments with affiliates. Such apportionment may not be strictly pro rata, depending on the good-faith determination of all relevant factors, including differing investment objectives, diversification considerations and the terms of the Governing Documents of the relevant Clients. Runway believes this allocation system is fair and equitable, and consistent with its fiduciary duties to its Clients. In particular, we have disclosed to investors how allocation determinations are made among any investment vehicles managed by Runway. The outcome of any allocation determination by Runway and its affiliates may result in the allocation of all or none of an investment opportunity to any particular Client. Runway's allocation of investment opportunities among its Clients in the manner discussed above may not result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such Clients relative to other such Clients. While Runway will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its Clients under the circumstances and considering relevant factors discussed above, there can be no assurance that any Client's actual allocation of an investment opportunity, if any, or the terms on which such allocation is made, will be as favorable as they would be if the conflicts of interest to which Runway may be subject, discussed in this paragraph, did not exist. There can be no assurance that a Client will have an opportunity to participate in all investments that fall within such Client's investment objectives.

When multiple Clients participate in the same investment, they may not acquire the investment at the same time. Furthermore, such Clients may dispose of such investment at different times due to legal, tax, regulatory, business or other considerations or because of the requirements of such Clients' Governing Documents.

Competing investments. Runway may make investments on behalf of itself and/or its Clients that are competitive to the companies in which other Clients invest. Runway may give advice and make investment recommendations to certain Clients that is different from advice given to, or investment recommendations made to, other Clients, even though the investment objectives of such Clients may be the same or similar.

Investing in different layers of capital structure. Runway and its affiliates, including

its Clients, may over time invest in a broad range of asset classes throughout the corporate capital structure, including investments in corporate loans and debt securities, preferred equity securities, and common equity securities. Accordingly, Clients may invest in different layers of the same company's capital structure. For example, one Client may invest in a controlling or other equity interest issued by a portfolio company in which another Client holds debt securities. The interests of such Clients may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. Actions taken for once Client may be adverse to other Clients in such situations. Where Clients invest in different parts of the capital structure of a portfolio company, their respective interests may diverge significantly in the case of financial distress of the company. In a bankruptcy proceeding, one Client's interest may be subordinated or otherwise adversely affected by virtue of another Client's involvement and actions relating to their debt investment. Where Clients invest in different parts of a company's capital structure, Runway may cause one such Client to take actions in such Client's own interests with respect to its rights as a creditor that may be adverse to the interests of another Client as an equity holder or as a subordinated debt holder.

Conflicted Transactions

Principal transactions. To the extent permitted in the Governing Documents of the relevant Client and by applicable law, Runway and its affiliates may engage in transactions with a Client and its portfolio companies for its own account, including, for example, where an investment in a portfolio company has been bridged or otherwise warehoused by Runway prior to purchase by the Client. Runway may retain income and may otherwise profit from such transactions. Runway will, to the extent required by applicable law, obtain the prior consent of the relevant Client for such transactions (which consent may be provided by a committee of Investors in such Client).

Cross-Transactions. From time to time, Runway may seek to effect a purchase or sale of an investment (a "**cross-transaction**") between one or more Clients (for example, where such investment is bridged by one Client). Such transactions generally will not require the consent of the relevant Clients under applicable law and, accordingly, Runway may cause such transactions to be effected without such prior consent.

Restricted transactions. The ability of Runway to effect or recommend certain transactions on behalf of its Clients could be restricted by applicable laws or regulatory requirements in or of the United States (including without limitation under the 1940 Act) or elsewhere that are applicable to Runway. In addition, Runway may adopt policies designed to comply with such laws or requirements. Accordingly, Clients may be subject to restrictions applicable to any potential co-investments alongside, or investments in portfolio companies or prospective portfolio companies of other Runway Clients. A Client may also be prohibited from making certain investments as a result of the possession of material non-public information by Runway. As a result, there may be periods when Runway may not make or otherwise initiate or recommend certain investments on behalf of a Client and Investors in such Client will not be advised of that fact.

Investor-Related Conflicts

Side Letters. In accordance with common industry practice, to meet the requirements of certain Investors, Runway will enter into side letters with certain Investors that invest in certain Clients, which will have the effect of establishing rights under or altering or supplementing the terms of the Governing Documents of such Clients, including, without limitation, more favorable economic arrangements; the circumstances under which exclusion from investments in portfolio companies or involuntary withdrawals from the relevant Client may be required; “most favored nation” rights (i.e., the right to receive favorable rights or economic arrangements, including co-investment arrangements, that may be afforded to other Investors); and the right to receive reports on a more frequent basis or to receive reports that include information not provided to other Investors. Other Investors may request to see such side letters and to obtain certain of the rights under such letters to the extent provided in the Governing Documents of the relevant Client.

Co-Investments. Runway may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Investors and/or other persons, in each case on terms to be determined by Runway in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by Runway in its sole discretion, may not be in the best interests of a Client or any individual Investor. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and to determine the terms thereof, Runway may consider a wide range of factors (some or all of which may benefit Runway), including: (i) the ability of a potential co-investor to react promptly to a co-investment opportunity; (ii) any strategic advantages that may result from a potential co-investor’s participation in a co-investment opportunity; (iii) a potential co-investor’s commitment to the relevant Client; (iv) the likelihood that a potential co-investor may invest in a future investment vehicle sponsored by Runway; (v) the potential co-investor’s investable assets relative to the size of the co-investment opportunity; (vi) tax, regulatory and/or securities law considerations (e.g., qualified purchaser or qualified institutional buyer status); (vii) confidentiality concerns that may arise in connection with providing the potential co-investor with specific information relating to the co-investment opportunity; (viii) whether the potential co-investor’s participation in an investment opportunity may subject Runway or any Client to legal, regulatory, reporting or other burdens or could impair the ability of Runway to execute the relevant transaction in the desired time or on desired terms; (ix) the size of the investment allocation and practicality of dividing it among multiple potential co-investors; (x) lender requirements; and/or (xi) whether Runway believes that allocating investment opportunities to the potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to Runway or its Clients. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Runway in consultation with other participants in the relevant transactions, such as a co-sponsor. Additionally, from time to time, certain service providers (e.g., lenders) may seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to in connection with the services provided. Co-investment opportunities may, and typically will, be offered to

some and not to other Investors. Runway's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors to the applicable Client or any other co-investment vehicle, and such allocations may be more or less advantageous to some persons or entities than to others.

Co-investments with third parties may involve risks and conflicts of interests not present in investments where a third-party is not involved, including the possibility that a third-party co-investor may at any time have economic or business interests or goals that are inconsistent with those of the Clients, may have financial difficulties, or may be in a position to take or block action in a manner that is contrary to the Clients' investment objectives. In addition, Clients may in certain circumstances be liable for the actions of a third-party co-investor. In those cases in which co-investments with third parties involve a management group, third-party co-investors may receive compensation arrangements relating to such co-investments, including incentive compensation arrangements. There can be no assurance that Clients' returns from a transaction involving a co-investment will be equal to and not less than the return of any co-investor in such transaction. Runway may, in its sole discretion, charge advisory or performance-based fees in connection with a co-investment.

In the event that a Client and one or more co-investors invest together through a holding company, the expenses related to the structuring, formation and operation of such holding company will generally be allocated pro rata amongst the Client and such co-investors. In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees (including any break-up fees), costs and expenses relating to such unconsummated transaction may be borne by the Client, and not by any potential or expected co-investors, subject to any restrictions set forth in the Governing Documents of such Client.

Item 12: Brokerage and Allocation Practices

Since we will generally acquire and dispose of our investments in privately negotiated transactions, we generally do not use brokers in the normal course of our business. Subject to policies established by the relevant companies' boards of directors, we will be primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions, if any. We do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for Clients, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we generally will seek reasonably competitive trade execution costs, Runway will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to the investment adviser and any other clients. In return for such services, we may pay a higher commission than other brokers would charge if the investment adviser determines in good faith that such commission is reasonable in relation to the services provided.

Such practice is known as a “**soft dollar arrangement.**” While we have authority to enter into soft dollar arrangements, we have not done so to date.

We do not receive Client referrals from broker-dealers or third parties.

We do not recommend, request or require Client direction regarding broker-dealers.

Runway currently serves as investment adviser to two Clients: a BDC and a Private Fund. As our business grows, we anticipate that we will manage additional 1940 Act Funds, Private Funds, SMAs³, and/or other types of accounts. Should this occur, we and our principals and affiliates may come to act in a variety of discretionary capacities, including as investment adviser, general partner, or investment manager, for such other Clients.

As an investment adviser, Runway has fiduciary duties to each Client, owing a duty of loyalty to each Client, and must treat each Client fairly and equitably over time. The following paragraphs set forth the core principles in these regards governing our securities portfolio trading activities and the allocation of potential investment opportunities among Clients.

As a general matter, we provide individual advice and treatment to each Client based on the Client’s investment objectives, restrictions, risk profile and other relevant characteristics. We may from time to time become aware of investment opportunities which are appropriate for multiple Clients or groups of Clients. Moreover, because Clients may have similar or overlapping investment objectives, restrictions, risk profiles and other characteristics, an investment may be held in or considered for multiple Clients contemporaneously. For this reason, we will frequently be in the position of seeking to acquire or sell the same securities for more than one Client (or group of Clients) at the same time while, at other times, we may determine that a particular opportunity is appropriate for only a sub-set of the Clients initially considered (or that the opportunity is more appropriate for certain Clients than it is for others), based on the factors described below.

The purpose of our Investment Allocation Policy (the “**Policy**”) is to ensure that investment opportunities are allocated fairly and equitably among our Clients over time. The Policy also seeks to achieve reasonable efficiency and provides the flexibility to allocate investments among Clients in a manner that is consistent with each Client’s particular investment strategy and Investor base. Runway’s employees

³ SMAs can take several different forms. They may

- i. operate “on the balance sheet” of the client, with the only relationship to the investment manager being the investment management contract (a “**True SMA**”), or
- ii. be structured as distinct, legally cognizable entities, sometimes referred to as “funds-of-one,” which operate like traditional collective investment vehicles established and operated by the investment manager, or reflect another similar but less typical structure (“**Traditional SMAs**”).

Given the different portfolio “control” treatment, as to co-investment activity, accorded by the SEC and its staff to Traditional as opposed to True SMAs, Runway treats the former in the same manner as Private Funds under its Policy.

who are responsible for allocating investment opportunities among Client accounts must ensure that allocations comply with the requirements of the Policy, applicable law, regulations and any exemptive relief, and the terms of the relevant Governing Documents.

The following principles and procedures have been established to ensure that each Client is, at all times, treated fairly in respect of the allocation of investment opportunities.

A. General Principles

Runway seeks to allocate investment opportunities among Clients fairly and equitably over time. When making investment allocation decisions, we may consider a variety of factors, among others, and may, as discussed below, establish ratios, formulas or similar metrics to assist in making allocation decisions when the opportunity being considered may be appropriate for two or more Clients utilizing a similar investment strategy. The factors we consider when determining investment allocations include, but are not limited to:

- investment objectives or strategies for particular Clients;
- tax considerations of a Client;
- risk, diversification or investment concentration parameters for a Client (including fixed or floating rate requirements, industry categories and credit rating requirements);
- supply or demand for a security at a given price level;
- size of available investment;
- available liquidity (including through borrowings or sales of liquid assets) and liquidity requirements for Clients;
- regulatory or Client-imposed restrictions;
- minimum investment size for a Client;
- relative total assets; and
- such other factors as may be relevant to a particular transaction.

However, we will not make investment allocation decisions based on any of the following considerations:

- to unduly favor one Client at the expense of another, including any proprietary or personal accounts of Runway or its employees, over time;
- to generate higher fees paid by one Client over another or to produce greater performance compensation for Runway;
- to develop or enhance a relationship with a Client or prospective Client;
- to compensate a Client for past services or benefits rendered to us or to induce future services or benefits to be rendered to us; and/or
- to manage or equalize investment performance among different Clients.

B. Allocation Procedures

Where Runway has investment discretion, all allocations will be subject, where relevant, to compliance constraints or other factors identified under “Section A. General Principles” above and by the conditions of any exemptive relief which Runway may be granted, by the SEC, permitting certain co-investment or other joint transactions otherwise prohibited by Sections 17(d), 57(a)(4) and 57(i) of, and SEC Rule 17d-1 under, the 1940 Act. As of the date hereof, Runway has neither sought nor been issued such exemptive relief.

Each time Runway considers a potential allocation for multiple clients within their current objectives and strategies, Runway will make an independent determination of the appropriateness of the investment for the Client in light of the Client’s current circumstances.

If Runway deems a Client’s participation in any transaction to be appropriate for the Client, Runway will then determine an appropriate level of investment for Client.

- **Purchase Opportunities.** If the aggregate amount of securities available in an investment opportunity is less than the amount proposed to be invested by all of our Clients participating in such investment, each Client will be allocated a pro rata share of the investment opportunity based on the factors set forth in “Section A. General Principles” above. All Clients participating in the same investment opportunity generally will participate on the same terms, conditions, price and settlement date, and with the same registration rights, if any, except as necessary to address legal, tax, regulatory, accounting or other considerations. Notwithstanding the foregoing, in certain cases Clients may invest in different layers of the capital structure of the same company, as described further in Item 11.
- **“Follow-on” Investment Opportunities.** If we, on behalf of a Client, desire to make a “follow-on investment” (i.e., an additional investment in or related to an issuer) in the securities, or to exercise warrants or other rights, of an issuer whose securities were previously acquired and allocated in accordance with the Policy, we will allocate all follow-on investments in the same manner as we would allocate a new investment opportunity.
- **Disposition Opportunities.** If we, on behalf of a Client, desire to sell, exchange, or otherwise dispose of an interest in a security of an issuer that was previously acquired and allocated in accordance with the Policy, we will determine whether the interest in the security should be disposed of by all Clients that hold such interest. If we determine that more than one Client should dispose of the interest, each Client will generally participate in the disposition on a proportionate basis, based on the amount of the interest available for sale by each Client and the total amount to be sold by all Clients, at the same price and on the same terms and conditions, except as necessary to address legal, tax, regulatory, accounting or other considerations.

C. Subject to Client Approval

The above requirements are subject to any restrictions, limitations or guidelines included in the Governing Documents of each Client. Accordingly, a Client may ultimately not participate in an investment opportunity identified by us for which the Client would otherwise be eligible. In the event an eligible Client does not participate in an investment opportunity, other Clients shall not be restricted from participating in such opportunity. If a Client does not participate in an initial investment opportunity, we are not required to include such Client in future follow-on investments in such issuer, as specified in the Policy.

D. Compliance with Exemptive Relief

To maximize the ability of the Clients to co-invest with each other, Runway may in the future seek issuance, by the SEC, of exemptive relief from prohibitions by the 1940 Act of certain co-investment activity between 1940 Act Fund Clients and other Clients. Should such relief be issued, Runway will adjust its Policy so as to establish controls designed to ensure that it and its affiliates fully comply with all conditions upon such relief is issued. As of the date hereof, Runway has neither sought nor been issued such exemptive relief.

Item 13: Review of Accounts

We manage our Clients' accounts on a daily basis. In addition, each Client's account is reviewed on an ongoing basis (at least quarterly) by our investment team, subject to oversight by our Chief Executive Officer and Managing Director – Head of Credit, to assess performance. The purpose of the review is to ensure that our investment policies are reflected in the management of the account. We discuss performance with the members of the Runway BDC Board of Directors and the Fund's limited partner advisory committee at least quarterly.

Item 14: Client Referrals and Other Compensation

We do not accept economic benefits of any kind from any parties other than our Clients.

We do not receive Client referrals from broker-dealers or third parties. If a prospective client requests a unique portfolio, we may create an SMA or similar account and compensate an involved third party for a referral. Distinct from such arrangements, we have entered into agreements with broker-dealers or other third parties to compensate such parties for facilitating the placement of passive interests with Investors in the pooled investment vehicle Clients which we manage.

Item 15: Custody

We are deemed not to have custody of the funds or securities of our 1940 Act Fund Clients. Such funds and securities are held pursuant to a national bank in accordance with the 1940 Act. We utilize US Bank National Association as the independent

qualified custodian for the Runway BDC.

The entities which serve as general partners or managing members of our Private Fund Clients are related persons of Runway. Accordingly, Runway is deemed to have “custody” of such Client funds or securities within the meaning of Rule 206(4)-2 under the Advisers Act (the “**custody rule**”). To ensure compliance with the custody rule, Runway has all funds and securities of its Private Fund Clients held by a “qualified custodian” as defined by the rule. In lieu of having Investors sent, by the custodian, quarterly fund-level holding and trading activity statements, Runway instead ensures that U.S. GAAP compliance financial statements of each Private Fund are duly audited by a PCAOB member and inspected firm, and that an unqualified opinion of the auditor is timely sent to each Investor. Private Fund Clients should carefully read each quarterly statement provided by the qualified custodian.

Item 16: Investment Discretion

We have discretion to make investment decisions with respect to the Client assets in our BDC and Private Fund Clients. This discretionary authority is subject to the investment objectives, policies and restrictions as set forth in the Governing Documents of each Client.

Decisions regarding the purchase and sale of securities on behalf of our Clients are deliberated by our Investment Committee. We have the authority to purchase or sell securities subject to the investment policies and restrictions described in the Runway BDC’s SEC registration statement and the Fund’s private placement memorandum.

As of December 31, 2019, our regulatory assets under management (“**AUM**”) were approximately \$487.2 million, all of which was subject to our investment discretion.

From time to time, we may cause our Clients to pay a broker-dealer who furnishes brokerage and/or research services a commission that is in excess of the commission another broker- dealer would have received for executing the transaction if it is determined that such commission is reasonable in relation to the value of the brokerage and/or research services which have been provided to Runway as a whole. We believe that all such services qualify as bona fide research and trading services in compliance with Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

Item 17: Voting Client Securities

We have adopted written proxy voting policies and procedures, as required by Rule 206(4)-6, governing conflict of interest resolution, disclosure, reporting and recordkeeping relating to voting proxies. We vote proxies relating to portfolio securities in what we perceive to be the best interest of our Clients’ Investors. We review on a case-by-case basis each proposal submitted to a shareholder vote to determine its impact on the portfolio securities held by our Client. Although we will generally vote against proposals that may have a negative impact on our Clients’ portfolio securities, we may vote for such a proposal if we believe there exist compelling long-term reasons to do so.

Our proxy voting decisions are made by the senior officers who are responsible for monitoring each of the Client's investments. To ensure that our vote is not the product of a conflict of interest, we require that: (1) anyone involved in the decision making process disclose to the Chief Compliance Officer any potential conflict of which he or she is aware, and any contact that he or she has had with any interested party regarding a proxy vote; and (2) in order to reduce any attempted influence from interested parties, employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal.

You may obtain information about how we voted proxies, if any, by making a written request for proxy voting information to: Runway Growth Capital LLC, 205 N. Michigan Avenue, Suite 4200, Chicago, IL 60601.

Item 18: Financial Information

There are no financial conditions reasonably likely to impair our ability to meet our contractual commitments to our Clients.