

## **PART 2A OF FORM ADV: FIRM BROCHURE**

### **NEW YORK LIFE INVESTMENTS ALTERNATIVES LLC**

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**This Brochure provides information about the qualifications and business practices of New York Life Investments Alternatives LLC (“New York Life Investments Alternatives”). If you have any questions about the contents of this Brochure, please contact Kevin M. Bopp at (201) 685-6187 or by email at [Kevin\\_Bopp@nylim.com](mailto:Kevin_Bopp@nylim.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority and references in this Brochure to New York Life Investments Alternatives as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about New York Life Investments Alternatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2: MATERIAL CHANGES

This brochure is the initial filing of New York Life Investments Alternatives. In the future, Item 2 will discuss a summary of any material changes to our brochure since our last annual update.

Each of the relying advisers made an annual amendment in March of 2020 and the following is a summary of material changes to the brochure of our relying advisers since their previous annual updating amendment in March of 2019:

### GoldPoint Partners LLC

Effective March 31, 2020, Scott Higbee, a member of our investment committees, and Head of Business Development, resigned from GoldPoint to pursue other opportunities.

Effective June 30, 2020, John Schumacher, Chairman, is scheduled to retire from GoldPoint. Effective July 1, 2020, Mr. Schumacher will transition to a part-time consultant role pursuant to which he will, among other things, participate in Investment Committee meetings in a non-voting capacity.

GoldPoint Partners manages two insurance dedicated funds that seek to identify and commit to a portfolio of third-party managed funds and GoldPoint Partners managed funds supplemented by private debt and equity co-investments which may be made available from the third party sponsors of such funds.

Updates have been added to the Risk of Loss and Other Risks section within Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.

### Madison Capital Funding LLC

Madison Capital Funding has made updates to the Risk of Loss and Other Risks section within Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.

### Private Advisors, L.L.C.

Effective on April 1, 2020, Private Advisors is no longer registered as a commodity pool operator with the Commodity Futures Trading Commission (“CFTC”) as it now only operates funds which are exempt from registration as commodity pools under CFTC Regulation 4.13(a)(3) or claiming no-action relief per CFTC Staff Letter 12-38.

On March 13, 2020, Private Advisors, together with an unaffiliated advisor, launched a new private fund with an investment strategy that seeks to achieve income and capital appreciation through minority equity interests in established asset management companies.

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## ITEM 4 – ADVISORY BUSINESS

### **General Description of the Advisory Firm**

New York Life Investments Alternatives LLC, a Delaware limited liability company, is a recently formed investment advisory firm founded in April 2020. New York Life Investments Alternatives is a wholly-owned subsidiary of New York Life Insurance Company (“New York Life”) through New York Life Investment Management Holdings, LLC (“NYLIM”), an intermediate subsidiary of New York Life. New York Life is a mutual life-insurance company and does not have shareholders. New York Life Investments Alternatives, headquartered at 51 Madison Avenue, New York, New York 10010, supervises and controls three relying advisers: (i) GoldPoint Partners LLC, (ii) Madison Capital Funding LLC and (iii) Private Advisors, L.L.C. (collectively, the “Relying Advisers”).

- GoldPoint Partners LLC (“GoldPoint Partners”), a Delaware limited liability company, commenced operations in December 1999 and became an SEC-registered investment adviser in April 2002. GoldPoint Partners is managed by six managing principals and our chief operating officer. New York Life Investments Alternatives wholly owns GoldPoint Partners. GoldPoint Partners is headquartered at 299 Park Avenue, 37th Floor New York, New York 10171.
- Madison Capital Funding LLC (“Madison Capital”), a Delaware limited liability company, commenced operations in March 2001 and became an SEC-registered investment adviser in February 2012. New York Life Investments Alternatives is the non-member manager of Madison Capital, and Madison Capital is a wholly-owned subsidiary of New York Life and its subsidiary, New York Life Insurance and Annuity Corporation (“NYLIAC”). Madison Capital is headquartered at 227 West Monroe Street, Suite 5400 Chicago, Illinois 60606.
- Private Advisors, L.L.C. (“Private Advisors”), a Delaware limited liability company, commenced operations in January 1997 and became an SEC-registered investment adviser in July 1998. The principal owner of Private Advisors is New York Life Investments Alternatives. Private Advisors is headquartered at 901 East Byrd Street, Suite 1400 Richmond, Virginia 23219.

New York Life Investments Alternatives conducts its investment advisory services through our Relying Advisers, which manage the investments of private funds and separately managed accounts. The Relying Advisers have their own unique offerings, as described below, and may also collaborate to provide comprehensive services that utilize the collective capabilities of one or more of the Relying Advisers. Unless specifically noted otherwise, the responses to this Form ADV Part 2A combine information about New York Life Investments Alternatives and its Relying Advisers.

### **Description of Advisory Services**

#### **GoldPoint Partners LLC**

GoldPoint Partners provides investment advisory services to private funds, including equity co-investment funds, mezzanine funds, funds-of-funds, insurance dedicated funds and a credit fund, and single-investor managed accounts. GoldPoint Partners serves as general partner to several funds which are organized as Delaware limited partnerships and serves as investment manager to certain funds which are organized in the Cayman Islands. GoldPoint Partners also provides investment advisory services to direct equity investments, direct mezzanine investments and limited partnership investments in private

leveraged buyout, distressed, mezzanine and secondary funds for single-investor separately managed accounts.

For private fund clients, GoldPoint Partners either enters into separate investment management agreements with the fund, or sets out the advisory service terms, limitations and conditions in the fund's limited partnership agreement. Each type of fund has its own investment strategy, including express restrictions on the types of investments that GoldPoint Partners is permitted to make on its behalf. For single-investor separately managed accounts, GoldPoint Partners enters into written investment management agreements with clients. These agreements include the investment strategy, terms and limitations.

#### Madison Capital Funding LLC

Madison Capital focuses primarily on the corporate financing needs of private equity sponsors in the middle market by providing enterprise-value, leveraged financing for acquisitions, recapitalizations, management buyouts and leveraged buyouts. Madison Capital provides investment advisory services to private funds, including collateralized loan obligation vehicles and other multi-investor funds, and single-investor vehicles for institutional investors. Madison Capital focuses its investment advisory services on the management of portfolios of middle market loans, as well as related mezzanine debt and equity investments.

For multi-investor private funds, Madison Capital manages each such private fund in accordance with its investment objectives, strategies, restrictions and guidelines, and does not tailor its management to the individualized needs of any particular investor. For single-investor private funds, Madison Capital manages each such private fund in accordance with its investment objectives, strategies, restrictions and guidelines, which are incorporated into the governing documents of such private fund.

Information about each such private fund advised or managed by Madison Capital is contained in its governing documents and offering memoranda.

#### Private Advisors, L.L.C.

Private Advisors' principal activity is providing institutional investors and high net worth clients with professional management of numerous U.S.-domiciled limited partnerships and Cayman-domiciled entities and in some instances using a traditional master/feeder structure. Private Advisors delivers these strategies through three approaches:

- Hedge and private equity funds-of-funds where Private Advisors recommends investment allocations to private funds ("Portfolio Funds") managed by unaffiliated investment portfolio managers with a range of investment strategies, including buyout, growth equity, secondaries, real assets, and long/short equity. Such Portfolio Funds typically include limited partnerships, limited liability corporations, offshore corporations or other commingled investment vehicles.
- Direct investments where Private Advisors invests directly in certain securities (the "Direct Investment Funds"); and
- A hybrid approach involving investing with underling managers and direct investing.

Further, Private Advisors provides discretionary and non-discretionary investment advisory services to separately managed accounts, which generally employ one of the three approaches discussed above. A managed account may include a "fund of one" where an entity is created to deliver customized investment

management to a single investor. Private Advisors also serves as an adviser, along with an unaffiliated adviser, to a commingled pool. In addition, Private Advisors serves as a subadvisor in providing consulting and non-discretionary investment advisory services to a private fund for which an affiliate is the investment manager (the “Sub-Advised Fund”).

Private Advisors also serves as general partner to several funds which are organized as Delaware limited partnerships and serves as investment manager to certain funds which are organized in the Cayman Islands. Affiliates of Private Advisors also serve as general partner to certain funds. Additional affiliates of Private Advisors serve as special limited partners and special general partners to the funds for various structuring, tax, or legal reasons.

Certain funds, with a minority percentage of their capital or employing a hybrid approach, will invest in underlying Portfolio Funds, co-investments, secondary transactions, or funds of funds, while engaging in their primary strategy.

Private Advisors may become the originator of loans or enter into other bespoke credit arrangements, whereby it would earn origination fees from these lines of business.

Except as otherwise set forth in a fund’s offering documentation, side letter agreement, or investment management agreement, Private Advisors neither tailors its advisory services to the individual needs of fund investors, nor accepts Investor-imposed investment restrictions. When deemed appropriate for a large or strategic client, Private Advisors has established managed accounts, which (i) tailor their investment objectives to specific requests of the managed account client (as documented in an investment advisory agreement) and/or (ii) are subject to different terms and fees than those of the funds. Such managed account investment objectives, fee arrangements and terms are individually negotiated, and it should be noted that any such managed account relationships are generally subject to significant account minimums. Further, Private Advisors has entered into a non-discretionary investment advisory agreement concerning the Sub-Advised Fund.

### **Regulatory Assets Under Management**

As of May 4, 2020, New York Life Investments Alternatives had no assets under management. New York Life Investments Alternatives and its Relying Advisers expect to provide investment management services on a discretionary and non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

The following is a summary of the compensation arrangements for our Relying Advisers. The fee arrangements with clients can vary depending on a variety of factors such as the structure of the fund or vehicle, the size of the account, the investment strategy, and the client strategy.

*It is critical that investors and managed account clients refer to the relevant confidential private placement memorandum, investment management agreement and/or other governing documents for a complete understanding of expenses they may pay. The information contained herein is a summary only and is qualified in its entirety by such documents.*

### GoldPoint Partners, LLC

#### A. Advisory Fees and Compensation

The current fee schedule and investment strategy for the separately managed accounts and private funds we manage is provided below.

Separately Managed Accounts. Advisory fees are negotiated for single-investor separately managed accounts, depending upon a variety of factors including the nature and size of the account and services to be provided.

- Our annual management fees range from 0.16% to 0.70% depending on the fees that have been mutually agreed with our clients. These fees are generally payable in arrears, except in limited circumstances where our clients have agreed to pay us in advance.
- Management fees vary by account, which depending on the account are based on: (i) invested capital; (ii) invested capital plus remaining capital commitments during the investment period of underlying fund commitments, and following the end of such investment period, invested capital; or (iii) the average monthly value.
- We charge performance fees for specific client accounts if specified investment portfolio performance conditions, as detailed in the client investment management agreements, are met. Performance fees are generally subject to achieving a specified rate of return.
- We do not enter into investment advisory agreements having non-negotiable fixed terms. Rather, the contract terms are negotiated separately with each client in an investment management agreement. Fees for the separately managed accounts that we manage for our affiliated clients are set forth in the written investment management agreement between us and the respective client. The client's obligation to pay fees ceases upon the termination of the agreement. Fees paid but not earned by us are returnable to the client.
- We do not currently manage separately managed accounts for unaffiliated clients. If we were to manage such accounts for unaffiliated clients, the fees would be subject to negotiation and might be different from the fees described above.

Private Funds. Advisory fees for our private funds are set forth in the relevant fund's limited partnership agreement and are generally not negotiable. However, some large investors have entered into separate investment vehicles on more favorable economic terms than the investors in certain of our primary funds. These separate investment vehicles generally invest pro rata on a side-by-side basis with these primary funds based upon the available capital balance of the primary fund and the separate investment vehicle.

For certain of our funds, we offer management fee discounts to investors participating in such funds' early closings. Also, with respect to our fourth fund-of-funds, management fees discounts were provided to investors represented by the same consultant provided that the aggregate amount of capital commitments accepted by GoldPoint Partners of such investors meets an agreed upon dollar threshold. The management and/or administrative fee schedule for the private funds we manage is:

- **Equity Co-Investment Funds:** An annual fee equal to 1.0% of an investor's capital commitment payable semi-annually in advance during the fund's commitment period; and then an annual fee of 1.0% of an investor's invested capital thereafter payable semi-annually in advance through the end of such fund's term; provided no management fees may be charged to investors following extension of a fund's term beyond its original term plus the two successive one-year periods in which we are unilaterally permitted to extend its term. Consequently, no management fees are being charged with respect to our first and second co-investment funds because investors approved an extension beyond their original terms plus the two successive one-year periods. The original term of our third and fourth co-investment fund expired, and we exercised our unilateral right to extend the third co-investment fund's term by two successive one-year periods and received investor consent to extend our third and fourth co-investment fund for two years. In accordance with their respective limited partnership agreements, we no longer charge management fees to investors in our third and fourth co-investment funds.
- **Mezzanine Funds:** For our fifth mezzanine fund, an annual fee equal to 0.75% of an investor's capital commitments plus 0.75% of an investor's actively invested capital payable quarterly in advance during the fund's investment period; and then an annual fee of 1.25% of an investor's invested capital thereafter payable quarterly in advance. Investors admitted at the initial closing, including New York Life, receive a management fee discount for the first twelve months at the rate of 0.50% of an investor's capital commitments plus 0.50% of an investor's actively invested capital, payable quarterly in advance. Investors admitted prior to April 30, 2020 also receive a management fee discount for the first twelve months at the rate of 0.625% of an investor's capital commitments plus 0.625% of an investor's actively invested capital, payable quarterly in advance. During the period from April 1, 2020 and continuing through September 30, 2020, investors pay management fees at the same rate they otherwise would pay, but fees will be based only on an investor's actively invested capital. For our prior mezzanine funds, an annual fee equal to 1.5% of an investor's capital commitment payable semi-annually in advance during the fund's investment period; and then an annual fee of 0.9% to 1.25% of an investor's invested capital thereafter payable semi-annually in advance. The limited partnership agreements of some of our prior mezzanine funds require management fees to terminate upon the end of the fund's term; however, we have the unilateral right to extend their terms for up to two successive one-year periods and charge management fees during these extended periods.
- **Funds-of-Funds:** For our fifth fund-of-funds, for the first seven years of the fund's term an annual fee of 0.75% of an investor's capital commitment payable quarterly in advance; for the eighth year through the tenth year of the fund's term an annual fee of 0.5% of an investor's capital commitment payable quarterly in advance; no management fees will be payable after the tenth year of the fund's term. Discounts on the above rates are provided to investors for the first twelve months of management fees ranging between 12.5% and 50.0% depending on the size of their capital commitment to the fund. Early close discounts of 50% of management fees are provided to investors admitted at the initial closing, and 33.3% to investors admitted to the fund in 2020. For our prior fund-of-funds, an annual fee equal to 0.50% to 1.0% of an investor's capital commitment payable semi-annually in advance during



such fund-of-fund's investment period. These fees are reduced after the third anniversary of each such fund-of-fund's initial closing by 10% each year of an investor's original capital commitment until the ninth anniversary following each such fund-of-fund's initial closing. On the tenth anniversary following a fund-of-fund's initial closing, the management fee will be further reduced with respect to each investor by an additional 5% of such investor's original capital commitment. Management fees will continue to be charged until expiration of each fund-of-fund's term, including during any of the two successive one-year periods in which we extend the fund- of-fund's term. With respect to our fourth fund-of-funds, management fee discounts were offered to investors represented by the same consultant provided that the aggregate amount of capital commitments accepted by GoldPoint Partners of such investors meets an agreed upon dollar threshold. Investors in our funds-of-funds will also in effect pay management fees with respect to commitments made by our funds-of-funds to underlying funds.

- **Insurance Dedicated Funds:** An annual fee based on the size of an investor's most recent capital account balance, payable quarterly in arrears is paid to GoldPoint Partners as the funds' investment subadvisor. Investors pay a management fee ranging from 0.50% to 1.0% depending on the size of their capital account balance. The fee is calculated based on the insurance dedicated funds' capital commitments to unaffiliated funds and co-investments; no management fee is paid by investors to us with respect to capital commitments made to funds managed or affiliated with us; however, the underlying funds managed or affiliated with us charge a management fee and carried interest to our insurance dedicated funds. Liquid investments, money market funds, cash, short-term corporate and/or government bonds, in our first insurance dedicated fund are managed by an unaffiliated liquid portfolio manager, which is paid an annual fee ranging from equal 0.04% to 0.08% depending on the amount of total net assets managed by the liquid portfolio manager. Liquid investments in the second insurance dedicated fund are managed by New York Life Investment Management LLC ("New York Life Investments"), an affiliated liquid portfolio manager, which is paid an annual fee equal to 0.10% of the average value of the assets in the liquid portfolio for each month. The liquid portfolio managers fees for both funds are paid quarterly in arrears. Investors also pay a fee to the funds' unaffiliated investment manager equal to \$22,500 per quarter plus 6.0% per annum on the total net asset value of the fund.
- **Credit Fund:** This is a single investor fund with a relatively small investment by GoldPoint Partners through the fund's general partner. GoldPoint Partners does not have discretion to make investments with respect to this fund without the investor's prior written consent, and the investor has the right to terminate the fund at any time upon delivery of notice to GoldPoint Partners. The fund's annual administrative fee is equal to 0.25% of the lesser of invested capital or fair market value with respect to the fund if the investor's total assets under management across all other GoldPoint Partners managed funds are less than or equal to \$500 million. If such total assets under management exceed \$500 million, then the administrative fee will be equal to (i) 0.20% of the lesser of invested capital or fair market value with respect to the fund in excess of (x) \$500 million over such total assets under management over (y) the investor's total assets under management across all other GoldPoint Partners managed funds (excluding this fund), plus (ii) 0.25% on the remaining the lesser of invested capital or fair market value with respect to the fund.
- **Investor Co-Investment Funds:** From time to time, opportunities are offered to our investors to participate in equity and mezzanine investments alongside our equity co-investment and mezzanine funds in accordance with our co-investment policy. These investments are typically structured by having participating investors make their investment in a separate fund

managed by us for investor equity co-investments and a separate fund managed by us for investor mezzanine co-investments. These funds generally invest on the same terms and at the same times as our equity co-investment funds and mezzanine funds. These funds have separate classes to provide flexibility to permit a different mix of investors to participate in co-investment opportunities in various underlying portfolio companies. We do not charge management fees or performance fees with respect to these funds.

Other than with respect to the credit fund and investor co-investment funds, the general partners of these funds, which are our direct or indirect subsidiaries, or the investment subadvisor in the case of our insurance dedicated funds, are entitled to receive performance fees, also known as carried interest, following the return of the relevant fund investor's applicable invested capital plus a preferred rate of return.

- The general partners of our equity co-investment funds are entitled to carried interest of 12.5% for our earlier funds and 10% for our more recent funds.
- The general partner of our initial mezzanine fund is entitled to carried interest of 15% to 20% depending on the size of an investor's capital commitment. The general partners for our subsequent mezzanine funds are entitled to carried interest of 18% to 20%, depending on the size of an investor's capital commitment.
- The general partners of our funds-of-funds are entitled to carried interest of 5% for fund investments and 15% for equity co-investments.
- In our capacity as the investment subadvisor of the insurance dedicated funds, we are entitled to an incentive fee of 5% for fund investments and 15% for equity co-investments.

Some investors in our private funds negotiate side letters with the general partner and the fund in which they are investing, which side letters generally set forth additional limitations on our authority with respect to such investor and to the relevant fund as a whole.

#### B. Payment of Fees

All of the private funds we manage, other than with respect to the credit fund, our current mezzanine fund and current fund-of-funds, and investor co-investment funds, are required to pay management fees to us semi-annually in advance. The private funds periodically call capital from their investors for the amount of our management fees as they become due. The credit fund pays its administrative fee quarterly in arrears. Our current mezzanine fund and current fund-of-funds are required to pay management fees to us quarterly in advance.

For our separately managed accounts, we send monthly, quarterly or semi-annual bills to our clients, depending on the terms of the relevant investment management agreement. These separately managed accounts are generally billed in arrears, except in limited circumstances where the client has agreed to billing in advance.

#### C. Additional Fees and Expenses

In addition to the management fees discussed above, investors, through their interests or shares ("Interests") in the private funds we manage and subadvise, bear their proportional share of all fund expenses incurred including those expenses incurred in the organization of our funds in which they invest, as well as the costs of offering the Interests in such funds (excluding placement agent fees). Our funds,

other than our credit fund and investor co-investment funds, include a maximum amount of organizational expenses that may be borne by the applicable fund; any excess organizational expenses are borne by the general partner and investment subadvisor of the applicable fund. These general partners and investment subadvisors are either directly or indirectly controlled by us. Investors in our private funds also bear their proportional share of the operating expenses particular to the fund in which they invest (including any applicable custodial fees), which may include, without limitation, the following:

- costs, expenses and liabilities related to the fund's operations, including fees, costs and expenses related to the sourcing, identification, evaluation, investigation, structuring, negotiating, purchase, operating, and monitoring and sale of portfolio investments including brokerage commissions, finder's fees, financing fees, reverse termination, break-up and other similar fees, other transaction fees and costs (to the extent not reimbursed) investor portals for both fundraising and investor reporting;
- taxes;
- fees and expenses of third party accountants, consultants, advisors and counsel;
- costs and expenses of a fund's advisory committee and the meetings of such committee;
- costs related to compliance with laws and regulations applicable to us, the fund and its general partner, including the European Union Alternative Investment Fund Managers Directive;
- travel, accommodations, meals and entertainment expenses of the general partner, us and our employees in connection with the fund's business;
- due diligence and other third-party expenses for transactions pursued but not consummated, i.e., "broken deal" expenses (including travel and lodging);
- all principal, interest, fees, expenses and other amounts payable in respect of or in connection with borrowings, financings or derivative transactions;
- translation services; and
- litigation expenses and other extraordinary expenses.

To the extent appropriate, third-party costs are charged to portfolio companies.

GoldPoint Partners makes a concerted effort to allocate charges across funds and separately managed accounts in an appropriate manner, taking into consideration fund and separately managed account involvement and appropriateness of investment.

Generally, GoldPoint Partners will allocate expenses that are shared across multiple funds on a pro-rata basis. However, where our affiliated separately managed accounts and a fund-of-funds invest in the same underlying fund investments, a substantial portion of the legal review overlaps, other than a small number of issues particular to our fund-of-funds. In order to be fair and reasonable in apportioning outside legal fees and expenses between our affiliated separately managed accounts and fund-of-funds, taking into account the fact that commitments made by our affiliated separately managed accounts are typically much larger than commitments made by our fund-of-funds, we allocate a flat amount of outside legal fees and expenses to our fund-of-funds and the remainder of such fees and expenses to our affiliated separately managed accounts. Where more than one of our fund-of-funds invest alongside our affiliated separately managed accounts, the fund-of-funds split the outside legal fees equally by the number of fund-of-funds making such investment.

When allocating expenses to funds based on AUM, the date selected is meant to be the most meaningful date to the fees incurred in order to apportion the charges in the most fair and equitable manner. Should GoldPoint Partners determine expenses should be allocated in a manner other than pro rata, our chief operating officer, business unit chief compliance officer and general counsel are consulted.

Any brokerage fees incurred in connection with our purchase of securities on behalf of our clients are typically paid by the issuer of the securities we are purchasing. The brokerage firms through which we purchase securities generally act solely in an agency capacity and are paid for placement services by such issuers.

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a reporting and 30% withholding tax regime with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends ("withholdable payments"). As a general matter, the rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the Internal Revenue Service ("IRS"), and the 30% withholding tax regime applies if there is a failure to provide any required information. Some of the private funds managed by GoldPoint Partners will be required to provide certain information, including information regarding their investors, to the IRS and to enter into an agreement with the IRS or comply with an applicable intergovernmental agreement with the U.S. FATCA also provides that payments from the private funds to an investor that are attributable to withholdable payments will be subject to the 30% withholding tax unless the investor provides certain information, including, in the case of a non-U.S. investor, information regarding certain U.S. direct and indirect owners of such non-U.S. investor. The failure of an investor to provide such information may also result in other adverse consequences for the investor, including being required to transfer its Interest in the applicable private fund or otherwise withdraw from the private fund. Certain investors will generally be subject to withholding unless they enter into an agreement with the IRS or comply with an applicable intergovernmental agreement.

#### D. Prepayment of Fees

Most of our separately managed account clients are billed in arrears for their management fees, at the end of each month, fiscal quarter or semi-annual period, as required by the applicable investment management agreement. To the extent that these clients are billed in advance and the applicable investment management agreement is terminated before the end of a management fee period, we will adjust the management fee so that the client is charged only for the actual number of days that we provided advisory services, and any unearned fee will be refunded to the client.

The private funds we manage, other than the credit fund and investor co-investment funds, are assessed management fees in advance, as of the first day of each payment period. Because investors in our funds-of-funds, equity co-investment and mezzanine funds are not permitted to withdraw their funds during the applicable fund's term, the only partial payment periods would occur at the end of a fund's term if the fund terminates in the middle of a payment period. At the expiry of a fund, if applicable, we will adjust the management fee so that the fund's investors are charged only for the actual number of days that we provided advisory services, and any unearned fee will be refunded to the investors.

#### E. Additional Compensation and Conflicts of Interest

Some of our employees, including some of our executive officers and members of our investment committees, are registered with the Financial Industry Regulatory Association ("FINRA") as representatives and/or principals of NYLIFE Distributors LLC ("NYLIFE Distributors"). NYLIFE Distributors is our affiliate and is registered as a broker-dealer with the SEC and a member of FINRA. By virtue of their FINRA registrations, these employees may sell Interests to U.S. investors in our private funds. Our registered employees do not receive any transaction-based compensation for selling Interests in the private funds.

We have entered into, and in the future may enter into, strategic relationships pursuant to which we receive consulting fees and a share of a third party sponsor's management fees and/or performance fees in connection with investments made with such sponsors on behalf of our fund-of-funds and affiliated separately managed accounts. In the event that we receive such fees, we will do so in accordance with the applicable agreements and regulations and make the appropriate disclosures in the context of each specific relationship, service or contract. Our private funds invest in equity and mezzanine investments alongside sponsors in which we receive these fees; however, we do not have, nor do we expect to have, any voting rights or control with respect to a sponsor's decision with respect to these investments and such private funds do not pay management fees or performance based fees to third party sponsors in connection with investments they make.

#### Madison Capital Funding LLC

Madison Capital typically receives fees for services based on a percentage of the amount of assets in the client's account, which are referred to as "asset-based fees." Certain clients also have performance-based fees.

Compensation paid to Madison Capital as a result of services that Madison Capital may provide to a borrower as part of the loan origination process, such as an underwriting fee, a structuring fee, an arrangement fee, a documentation fee, a syndication fee, or an administrative fee, will not be passed on to Madison Capital clients' portfolios. Additionally, the transfer prices will not include an allocation of any such compensation paid to Madison Capital. However, client portfolios do receive a ratable portion of fees earned by Madison Capital for consenting to amendments to existing loan documentation. Additionally, the transfer price to clients' portfolios will reflect a full pass through of the original issue discount for all loans originated by Madison Capital.

#### A. Advisory Fees and Compensation

The fee for investment advisory and management services provided by Madison Capital to private funds generally consists of two components – a base management fee and a performance fee. The rate, calculation method, and payment method for Madison Capital's fees are set forth in the investment management agreement between Madison Capital and the private fund, or in the organizational documents for the private fund, and are disclosed in the private placement memorandum or other offering documents for the private fund. There is no standard fee schedule for services provided by Madison Capital to private funds.

Madison Capital charges lower fees or waives fees for investment advisory and management services provided to certain affiliated private funds or with respect to certain affiliated investors in private funds advised or managed by Madison Capital.

#### B. Payment of Fees

Madison Capital's fees are typically paid quarterly in arrears, and are generally deducted from the assets of the private fund in accordance with the terms of the private fund's organizational documents. Upon termination of Madison Capital's investment management or investment advisory role for a private fund, any earned, unpaid fees would be due and payable.

#### C. Additional Fees and Expenses

In addition to Madison Capital's management fees described above, each of the private funds managed or advised by Madison Capital (and, indirectly, the investors therein) bear all costs and expenses incurred by

or on behalf of such private fund, as set forth in the operating agreements of such private funds, which costs and expenses may include, without limitation, (i) organizational expenses of the private fund; (ii) fees and expenses incurred in connection with the transfer, acquisition, assignment, management, amendment, enforcement, pricing, valuation or disposition of investments by the private fund; (iii) any insurance, indemnity or litigation expense, including the cost of liability insurance for the private fund and D&O insurance; (iv) fees, costs and expenses of any accountants, auditors, counsel, custodians, administrators, consultants and other advisors and third-party professionals; (v) any and all expenses incurred in order to comply with any law or regulation related to the activities of the private fund; and (vi) all ordinary out of pocket administrative expenses related to the operation, administration and liquidation of the private fund.

#### Foreign Account Tax Compliance

FATCA generally imposes a reporting and 30% withholding tax regime with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends. As a general matter, the rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the IRS, and the 30% withholding tax regime applies if there is a failure to provide any required information. Some of the private funds managed by Madison Capital will be required to provide certain information, including information regarding their investors, to the IRS and to enter into an agreement with the IRS or comply with an applicable intergovernmental agreement with the U.S. FATCA also provides that payments from the private funds to an investor that are attributable to withholdable payments will be subject to the 30% withholding tax unless the investor provides certain information, including, in the case of a non-U.S. investor, information regarding certain U.S. direct and indirect owners of such non-U.S. investor. The failure of an investor to provide such information may also result in other adverse consequences for the investor, including being required to transfer its Interest in the applicable private fund or otherwise withdraw from the private fund. Certain investors will generally be subject to withholding unless they enter into an agreement with the IRS or comply with an applicable intergovernmental agreement.

#### Private Advisors, L.L.C.

- Advisory Fees and Compensation

As a general matter, the specific organizational documents or investment management agreement for each client detail the fees payable by such client. These fees vary from client to client, but typically include a management fee and incentive fees/allocations, which are at the rates and under the terms described in the relevant documents.

For the funds, a management fee is charged, which ranges from 0% to 2%. In some cases, the management fee decreases in the later years of the fund. Please see the relevant private offering memorandum for more information.

In addition, consistent with the Investment Advisers Act of 1940 (the "Advisers Act") and, as applicable, Rule 205-3 thereunder, Private Advisors or an affiliate may also receive performance allocations or performance fees from certain clients generally based upon net profits allocable to each fund investor, subject to the given fund's loss carryforward provision. Such performance fees or allocations range from 0% to 20%.

Certain other funds may pay a type of performance allocation, known as a profit share or carried interest, to affiliates of Private Advisors, in addition to the management fees described above. Please see the relevant private offering memorandum for more information.

It should be noted that Private Advisors has, upon request, provided certain larger or strategic investors and other clients with lower management fees and/or performance fees as subject to side-letter or other agreements. Private Advisors reserves the right to enter into similar arrangements in the future. In addition, investments in the funds made by Private Advisors, its employees or related persons are not typically subject to the fees described above, in Private Advisors' sole discretion.

#### Managed Accounts

Managed account fees are negotiated and depend on their individual agreement terms. Managed account clients should reference their investment management agreements for more information.

#### Sub-Advised Fund

With respect to the Sub-Advised Fund, Private Advisors is compensated in accordance with the investment advisory agreement.

#### D. Payment of Fees

With respect to the funds, Private Advisors deducts fees from investors' assets. Fund investors do not have the ability to choose to be billed directly for fees incurred.

Deductions for management fees are generally applied quarterly in advance, although certain funds calculate and deduct fees semi-annually in advance.

Performance allocations/fees for hedge funds are typically calculated and payable on an annual basis following the close of the given fund's fiscal year, subject to applicable loss carryforward provisions. Performance allocations for private equity funds are typically calculated at the end of the life-cycle of the given fund and are generally applied after a preferred return is realized. Certain funds, however, realize these performance allocations on a deal-by-deal basis and/or by different methods depending on the type of gain.

Generally, the incentive allocation is computed and charged separately with respect to each Investor in the funds and is not affected by the profit or loss received by any other Investor.

With respect to the Sub-Advised Fund, Private Advisors does not deduct fees from investors' assets and is paid in arrears, as specified in the investment advisory agreement.

FATCA generally imposes a reporting and 30% withholding tax regime with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposition of property that can produce U.S. source interest or dividends ("withholdable payments"). As a general matter, the rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the IRS, and the 30% withholding tax regime applies if there is a failure to provide any required information. Some of the private funds managed by Private Advisors will be required to provide certain information, including information regarding their investors, to the IRS and to enter into an agreement with the IRS or comply with an applicable intergovernmental agreement with the U.S. Such an intergovernmental agreement exists between the United States and the Cayman Islands where our offshore funds are based. The Cayman Islands have also adopted the Common Reporting Standard ("CRS") issued by the Organization for Economic Cooperation and Development ("OECD"). CRS requires the reporting of certain investors to their country of domicile. The funds intend to comply with these requirements in order to avoid fees and/or withholding taxes under FATCA, CRS, or similar legislation, regulations or guidance enacted in any jurisdiction applicable to our advisory clients. FATCA

also provides that payments from the private funds to an investor that are attributable to withholdable payments will be subject to the 30% withholding tax unless the investor provides certain information, including, in the case of a non-U.S. investor, information regarding certain U.S. direct and indirect owners of such non-U.S. investor. The failure of an investor to provide such information may also result in other adverse consequences for the investor, including being required to transfer its Interest in the applicable private fund or otherwise withdraw from the private fund. Certain investors will generally be subject to withholding unless they enter into an agreement with the IRS or comply with an applicable intergovernmental agreement.

#### E. Additional Fees and Expenses

As a general matter, the specific organizational documents or investment management agreement for each advisory client detail the expenses payable by such advisory client. These fees vary from advisory client to advisory client. In general, expenses paid by the hedge and private equity funds may include ongoing expenses related to the operation and administration of the fund, including, without limitation, legal fees, organizational and offering expenses (including, without limitation, expenses incurred and fees paid in connection with organization of the fund, any parallel funds, and the general partner and the offering and distribution of Interests in the fund, including legal fees (including, without limitation, expenses relating to organizational and governing documents, offering memoranda and other materials, diligence responses, disclosure documents, legal opinions and side letters and similar agreements), regulatory expenses in connection with the organization of the fund and the offering and sale of the Interests therein, formation, structuring, travel (not in excess of the cost of business class travel), accounting fees, filing fees and expenses, marketing expenses, printing costs and other out-of-pocket expenses related thereto, good standing, registration and registered office expenses, legal, registration, accounting, filing, capital raising, marketing expenses (including travel expenses, meals, and the cost of marketing material) and other organizational expenses) but excluding third party placement agent fees, if any; premiums for errors and omissions insurance, fidelity insurance and officers and directors liability insurance, fees payable to an affiliated or third party administrator, NAV calculation agent, auditing and accounting expenses and other professional fees, regulatory (including fund filing fees and expenses) and compliance fees and expenses (pertaining to the funds, and including fees paid for compliance consulting services), foreign registration and regulatory filings (including compliance with FATCA and CRS), monthly reporting and bookkeeping expenses (including software license fees for investor reporting, existing and potential investor relationship management, and related services, allocated among each of the funds for which Private Advisors serves as general partner or investment manager based upon Private Advisors' best judgment, taking into account the assets of each fund as a percentage of total assets under management), costs associated with reporting and providing information to existing and prospective limited partners and compliance with side letter agreements with limited partners, costs and fees for software and applications for the purpose of modeling, evaluating and monitoring, aggregating and reporting trades, as well as position reporting and investment guideline compliance monitoring, fees, costs and expenses incurred in connection with any market data, relevant news or third-party research services and related terminals for the delivery of such services, postage costs, the legal and other fees, costs and expenses of a fund in any threatened, pending, anticipated or actual litigation, Internal Revenue Service examination or audit, governmental investigation or any other proceeding (including the cost of any investigation or preparation) and the amount of any judgments or settlements paid in connection with such litigation or fines or penalties levied as a result of any such proceeding or investigation; indemnification expenses as discussed in governing documents; due diligence costs (including travel and meal expenses, background checks and related services) related to portfolio manager selection and ongoing monitoring and operational due diligence with respect to existing portfolio managers, tax payments, fees paid to offshore directors and related offshore governance expenses, interest expense associated with any borrowing by a fund under a line of credit or similar facility and its pro rata share of the expenses of each Portfolio Fund in which it invests, including commissions, interest expenses, bank and custodial fees and other trading



expenses, general overhead and administrative expenses and compensation to the general partner or investment manager, as applicable, of the Portfolio Fund. Expenses incurred while researching, investigating, or performing diligence on prospective investments will be an expense of the respective fund(s) regardless of whether the investment is ultimately consummated or not. Private Advisors, in its discretion, may elect to obtain any of the foregoing services for the benefit of a fund from third party vendors, or may provide such services itself utilizing its own employees, partners and officers. Most of the Portfolio Funds in which the funds invest provide for the payment of both base management fees and incentive fees. Ordinarily, the net gain or net loss allocated to a fund by each Portfolio Fund is net of the given fund's pro rata share of the expenses related to the particular Portfolio Fund investment. Please review the individual fund offering documents for more information.

Managed accounts may pay additional fees such as those listed above depending on their individual agreement terms. Managed account clients should reference their investment management agreement for more information.

Certain funds invest substantially all their assets in a master fund through a "master-feeder" structure. Each feeder fund will indirectly bear the administrative and other expenses of the master fund pro rata based on its Interest in the master fund.

Investors and advisory clients may incur brokerage and other transaction costs.

In addition to the above expenses paid by funds, the expenses for certain of the Direct Investment Funds also include performance compensation and management fees paid to underlying portfolio managers.

Advisory clients will also bear the expenses and fees generated while evaluating and making investments, such as out-of-pocket fees associated with discovery, evaluation, investigation, structuring, acquisition, holding, monitoring, hedging, due diligence, attorney fees and the fees of other professionals, commissions, taxes, finder's fees to unrelated parties incurred in sourcing investments, appraisal fees, brokerage fees, underwriting commissions and discounts, transfer agent fees, clearing, settlement and bank charges, investment sourcing database licenses and fees, insurance premiums or deductibles associated with an investment, fees to consultants and fees and other costs incurred in connection with the purchase or sale of investments. Generally, in the event an investment transaction closes, such expenses and fees are allocated to advisory clients proportionately to their respective investments. Fees, costs and expenses incurred, such as those described above, including third-party expenses, in connection with potential investments that are not consummated (i.e., "broken deal expenses") generally will be allocated pro rata to those investors that would have definitively received an allocation of such a transaction, unless specified otherwise in an advisory client's governing documents. In cases where a single advisory client was the only definitive participant in an unconsummated proposed transaction, such broken deal expenses generally would be allocated to that advisory client. As set forth in an advisory client's governing documents, an advisory client may bear 100% of any broken deal expenses, even in circumstances where a co-investment was planned alongside such advisory client's proposed investment. To the extent an expense is directly attributable to one advisory client's unique underwriting requirements or procedures, such expense would be borne solely by that individual advisory client. Additionally, the appropriate basis for allocating such fees and expenses often may not be clear. In such circumstances, Private Advisors will allocate the fees among the relevant advisory clients on a basis that Private Advisors concludes is fair and reasonable in its sole discretion.

#### F. Prepayment of Fees

Management fees for certain of the funds are paid quarterly in advance based on the value of the relevant assets as of the first day of the quarter. Management fees for certain other funds are calculated and

deducted semi-annually in advance. Upon termination of an investment advisory relationship with any Investor or managed account client who has paid in advance, Private Advisors refunds to such Investor or managed account client the pro-rata portion of any advance payment.

G. Additional Compensation and Conflicts of Interest

Private Advisors accepts compensation for the referral of senior loan borrowers and private equity sponsors to a financial industry affiliate. In addition, as previously noted, Private Advisors provides both consulting services and non-discretionary investment advisory services to the Sub-Advised Fund, for which it is compensated pursuant to the investment advisory agreement. Other than these arrangements, neither Private Advisors nor any of its supervised persons has accepted other forms of compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products or arrangements, although this ability exists. Certain Private Advisors employees directly receive passive compensation from previous employment arrangements with one of Private Advisors' advisory clients or non-advised third parties.

Some of Private Advisors' employees, including some of our executive officers and members of our investment committees, are registered with FINRA as representatives and/or principals of NYLIFE Distributors. NYLIFE Distributors is our affiliate and is registered as a broker-dealer with the SEC and a member of FINRA. By virtue of their FINRA registrations, these employees may sell Interests to U.S. investors in our private funds. Our registered employees do not receive any transaction-based compensation for selling Interests in the private funds.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Each of GoldPoint Partners, Madison Capital and Private Advisors (or an affiliate) receives performance-based fees from our private funds and, if applicable, from certain separately managed account clients. Not all advisory clients are subject to performance-based fees. Because we receive performance based-fees from only certain of our clients, we face a potential conflict of interest when we identify an investment opportunity that is appropriate for both a client that is not charged a performance-based fee and a client that is. This potential conflict of interest may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Performance-based fees may also create an incentive to favor higher paying accounts over other accounts in the allocation of investment opportunities. In addition, certain performance-based fees are dependent, in part, on the unrealized value of certain investments. This could provide an incentive for a general partner to use higher valuations.

Prior to making an investment, private fund investors and separately managed account clients are provided with clear disclosure as to how performance-based fees are charged with respect to a particular fund or managed account and the risks associated with such performance-based compensation.

### GoldPoint Partners LLC

As a registered investment adviser, we are under an obligation to treat each of our clients fairly. We have adopted an allocation policy that sets forth our procedures when allocating an investment opportunity among accounts. Pursuant to this policy, we make allocation determinations based upon the appropriateness of the investment for the client. Except as stated below, our allocation policy prohibits us from favoring one client over another client. Our allocation policy also prohibits our investment professionals from allocating or re-allocating securities to enhance the performance of one account over another account or to favor any affiliated account or any other account in which an employee has any interest. In instances when we have clients with overlapping investment mandates and objectives, we will generally allocate investments proportionally among those clients.

In cases where client accounts or private funds have overlapping mandates, and we make an allocation that favors one or more particular private funds or accounts over others, we disclose that fact to the private fund(s) and its investors or the client(s) receiving the less favorable allocation. We document our reasoning in circumstances where any client could be deemed to receive a less favorable allocation.

### Madison Capital Funding LLC

Regardless of fee arrangements, when Madison Capital manages accounts with the same or similar investment strategy, it anticipates that those accounts will generally have the same investment opportunities. However, there are often differences in the nature or amount of investments purchased for clients because of a variety of factors, including, but not limited to:

- Specific client investment objectives
- Client-imposed investment restrictions
- Size of client account
- Cash available in the account for investment
- Borrower size
- Current industry or obligor exposure in the client account
- Other concentration limits
- Borrowing capacity (for funds or accounts with leverage)
- Security level of debt instruments.

To address the potential conflicts of interest associated with the allocation of investments across Madison Capital's own balance sheet and multiple client accounts, Madison Capital adopted an Investment Practices and Allocation Policy. This policy requires Madison Capital to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits Madison Capital from favoring any particular account because of the ownership or economic interests of Madison Capital, its affiliates, or employees. The policy seeks to ensure that the allocation of investment opportunities across Madison Capital's own balance sheet and each of its client accounts is fair and equitable over time, and is consistent with applicable laws, rules, and regulations that may apply to Madison Capital based on the nature of its clients. Under the policy, a percentage of each investment is offered to accounts determined by Madison Capital to be eligible. Such investment opportunities are generally allocated pro-rata among eligible accounts based on the permitted investment size for each account. The pro-rata allocation of investments may be modified by Madison Capital should factors such as funding availability and liquidity, client yield requirements, portfolio duration, legal or regulatory considerations, risk or concentration parameters, fund-specific governing constraints, or other similar factors necessitate such modification. In the event the total available amount of the allocable investment is less than the aggregate amount of Madison Capital's own desired hold size and the originally recommended amount for each client, Madison Capital and each account will receive a pro-rated distribution based on Madison Capital's desired hold size and each respective client account's originally recommended investment size, subject to adjustments in order to avoid de minimis allocations.

To the extent that certain investment opportunities are permissible and appropriate for two or more accounts but are limited in size such that allocation to all eligible accounts would result in de minimis allocations, Madison Capital will allocate such investment opportunities on a rotational basis which seeks to ensure that all eligible accounts (including Madison Capital's own balance sheet and each private fund), over time, have fair and equitable access to investment opportunities.

#### Private Advisors, L.L.C.

In order to manage such potential conflicts, the advisory client portfolios are under continuous review by Private Advisors' investment committee. In addition, Private Advisors has implemented an allocation policy and regularly reviews its investment allocations. Private Advisors has also established a Conflicts Committee which reviews investment allocations on a periodic basis. Private Advisors, to the extent within its control, will not favor itself in any way to an advisory client's detriment and will act in a manner that it believes over the long-term is fair and equitable to its advisory clients.

Private Advisors will determine the allocation of an investment opportunity in a manner that it believes is fair and equitable to its clients consistent with Private Advisors' obligations. Private Advisors' allocation policies and procedures will, in certain circumstances, give priority to certain funds or managed accounts and may take into consideration factors such as the following: a) Risk profile and investment objectives specific to each advisory client; b) Portfolio size, construction, liquidity attributes, and diversification considerations specific to each advisory client; c) The extent and nature of an advisory client relationship, including whether the advisory client is an existing active fund and is seeking excess capacity in an investment that will be allocated to the same active fund; d) Existing relationships between the advisory client and the underlying manager; e) Underlying fund manager discretionary considerations, such as preference for certain investor profiles; f) Regulatory constraints or other advisory client-specific restrictions; g) Contractual obligations, when applicable; h) Whether the advisory client has adequate cash available for the available investment opportunity, taking into account current cash availability as well as known and potential future cash needs or sources that may impact cash availability; i) The target position size specific to each advisory client and/or strategy while also taking into consideration future additional capacity availability that may impact the attainment of the desired final position size of the investment opportunity; and j) Other factors that Private Advisors may reasonably deem relevant. In situations where

there is insufficient capacity, Private Advisors, in its sole discretion, will make subjective judgments using some or all the above factors. Private Advisors may also take into account other factors such as an investor's ability to quickly evaluate and close on an investment. Private Advisors has contractual relationships with certain advisory clients whose stated investment strategy is to potentially participate in excess investment capacity in highly sought-after investments to which Private Advisors may have access. These "excess capacity" investments by certain advisory clients but not others may make it less likely that other advisory clients are offered access to some investment opportunities. A copy of Private Advisors' allocation policy is available upon request.

Occasionally, Private Advisors is offered co-investment opportunities. Private Advisors has a dedicated co-investment fund and additional discretionary funds whose mandate includes co-investments, as well as contractual arrangements with certain parties. Private Advisors has broad discretion in determining to whom and in what relative amounts to allocate co-investment opportunities. Factors Private Advisors may take into account include, but are not limited to, the magnitude and nature of a potential recipient's relationship with Private Advisors, if any, whether such potential recipient is able to assist or provide a benefit to advisory clients and/or Private Advisors in connection with the potential transaction or otherwise, whether Private Advisors believes the potential recipient is able to execute a transaction quickly or is willing to bear expenses associated with a potential transaction that is not consummated, and whether the potential recipient is expected to provide expertise or other advantages in connection with a particular investment. In allocating co-investment opportunities, Private Advisors may or may not give preference to investors in the advisory clients, or investors that have made commitments over a certain threshold as opposed to other investors. Private Advisors may also provide co-investment opportunities in connection with a commitment to an advisory client. Co-investment opportunities may be provided on a case-by-case basis as they arise or in the form of priority rights with respect to future co-investment opportunities. Private Advisors may or may not receive fees or other compensation in connection with co-investment opportunities. Co-investment opportunities may be acquired at the same time and on the same terms as the funds or other advisory clients making the primary investment, or at different times or on different terms, including in a subsequent sale by one or more other advisory clients to the participants in a co-investment opportunity.

## ITEM 7 – TYPES OF CLIENTS

New York Life Investments Alternatives, through our Relying Advisers, provides investment advisory services to private funds and institutional separately managed accounts. The private funds offer Interests only to certain qualified investors and admission to the funds is not open to the general public. An investment in a fund is generally restricted to investors which qualify as “accredited investors,” as that term is defined under rule 501(a) of Regulation D of the Securities Act of 1933, as amended. These funds are exempt from registration as investment companies with the SEC pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940 (the “1940 Act”). Some funds further require investors to qualify as “qualified eligible persons” as that term is defined under the rules of the CFTC, and/or “qualified purchasers” as that term is defined under the 1940 Act.

The following is a summary of the types of clients for each Relying Adviser.

### GoldPoint Partners LLC

We provide advisory services to two types of clients, private funds and affiliated institutional investors for which we manage separate accounts.

Our private funds have their own distinct investment strategy, including funds-of-funds, mezzanine funds, equity co-investment funds, insurance dedicated funds, and a credit fund. In our mezzanine funds, the minimum capital commitment by an investor is \$10 million, and in our funds-of-funds, this amount is \$5 million. We do not have a minimum capital commitment requirement for our equity co-investment funds, insurance dedicated funds, or credit fund. The respective general partners of our private funds may waive an investor’s minimum capital commitment and in fact have done so.

We serve as investment manager for various lines of business for the general account and for a separate pension plan account of New York Life, our ultimate parent. We also serve as investment manager for a line of business for NYLIAC, which is one of our affiliates. We also invest these affiliates’ capital in certain limited partner and general partner Interests of the private funds we manage. These assets managed on behalf of New York Life and NYLIAC represent a substantial portion of our assets under management.

We do not have a minimum capital commitment for separately managed accounts.

### Madison Capital Funding LLC

The private funds managed by Madison Capital are pooled investment vehicles, each having a distinct investment strategy.

Generally, investors must invest a minimum of \$1 million for each private fund, although certain funds may have lower minimum investment amounts. In each case, the investment minimum is subject to waiver at the discretion of Madison Capital. We do not have an investment minimum for our co-investment fund. The terms and conditions of each client account may vary from client to client depending on the type of services provided or the type of client, and these terms and conditions are negotiated by Madison Capital in each case. Furthermore, private funds generally impose certain terms and conditions on their investors, as described in more detail in the private fund’s offering materials or organizational documents.

Private Advisors, L.L.C.

Private Advisors' principal activity is providing institutional investors and high net worth clients with professional management of private funds, principally via fund-of-funds vehicles, including numerous U.S.-domiciled limited partnerships and Cayman-domiciled corporations, but also through direct private funds, and in some instances using a traditional master/feeder structure. Separately managed accounts have been established for high net-worth individuals and certain entities such as trusts, pension plans, foundations and endowments. Certain of the private funds managed by Private Advisors are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Generally, investors must invest a minimum of \$1 million for each private fund, although certain funds have lower minimum investment amounts. In each case, the investment minimum is subject to waiver at the discretion of Private Advisors. Private Advisors does not have any minimum requirements with respect to the provision of non-discretionary investment advisory services for the Sub-Advised Fund.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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

The following is a summary of the investment strategies and methods of analysis employed by our Relying Advisers:

#### **GoldPoint Partners LLC**

Our managing principals currently use an investment strategy and analysis with respect to our private funds and separately managed accounts, which is comprised of five key elements:

- originate deal flow primarily through core partner relationships;
- minimize principal loss by leveraging a unique due diligence network;
- strictly adhere to established investment criteria;
- follow a disciplined investment process; and
- actively monitor portfolio companies.

In addition to this investment strategy and analysis, we use fundamental investment research to invest in private equity transactions, mezzanine debt securities, other debt securities, and private equity funds.

In addition to the five elements above, each of our private funds and separately managed accounts has the distinct investment strategies described below.

#### **Fund Advisory Program (for Separately Managed Accounts).**

- Our fund advisory program focuses on identifying and investing in private fund offerings by a select group of private equity financial sponsors who we believe have demonstrated expertise within a target area of investing and have a definable value-added approach to their portfolio companies (our core partners). We seek to develop long-term relationships with our core partners through equity co-investment and mezzanine financing, advisory board roles, and investments in successive funds over time.
- We invest for our clients on a discretionary basis, in a broad range of private equity strategies, including international and domestic leveraged buyout funds, private equity co-investments, and mezzanine and other debt investment partnerships.
- The typical aggregate commitment size for these fund investments (taking into account commitments by our advisory program separate accounts and our fund-of-funds) ranges from \$20 to \$130 million.
- We attempt to identify critical industry trends and select investment managers who we believe are well-positioned to generate attractive risk-adjusted returns. We have relationships with many financial intermediaries and sponsors and attempt to identify the most promising partnership opportunities.



- All fund opportunities go through a due diligence process geared toward selecting managers with proven track records and a sustainable value-added approach.

#### Funds-of-Funds.

- The investment strategy for our funds-of-funds is to invest primarily in a portfolio of interests in U.S. based middle market buyout funds. The middle market for our first fund- of-funds is defined to include managers raising private equity funds with targeted fund sizes of up to \$1.75 billion.
- Our investment philosophy is to create a focused portfolio of key relationships with top-performing financial sponsors utilizing a core partner strategy. Our core partner strategy is based on identifying top-performing private equity financial sponsors with a demonstrated expertise within a target area of investing and a definable value-added approach to their portfolio companies.
- We attempt to identify critical industry trends and select investment managers who we believe are well-positioned to generate attractive risk-adjusted returns. We have relationships with many financial intermediaries and sponsors and attempt to identify the most promising partnership opportunities.
- All fund opportunities go through a due diligence process geared toward selecting managers with proven track records and a sustainable value-added approach.

#### Insurance Dedicated Funds.

- The investment strategy for the invested portfolio of our insurance dedicated funds is to identify and commit to a portfolio of our managed funds and to third-party managed funds, supplemented by private debt and equity co-investments which may be made available from the sponsors of such funds.
- All third-party managed fund opportunities go through a due diligence process geared toward selecting managers with proven track records and a sustainable value-added approach.
- The investment strategy for the liquid portfolio of our insurance dedicated funds is, depending on the fund, to achieve a high level of current income consistent with the maintenance of liquidity and the preservation of capital by investing in high quality fixed income securities and/or to purchase, trade and sell publicly listed, low-cost, highly liquid exchange traded funds.

#### Mezzanine Funds.

- The investment strategy for our mezzanine funds is to invest primarily in privately placed, unrated, non-investment grade subordinated debt and other mezzanine securities.
- The majority of our mezzanine funds' deal flow is generated through our core partner relationships and pre-screened by these financial sponsors prior to our involvement. We conduct due diligence to assess the credit profile of the target company and confirm the sponsor's investment thesis prior to investing on behalf of our clients.

### Equity Co-Investment Funds.

- The investment strategy for our equity co-investment funds is to make equity and equity-like co-investments, primarily alongside our core partners, and other buy-out sponsors.
- Our equity co-investment funds deal flow is generated through our core partner relationships and pre-screened by these financial sponsors prior to our involvement. We conduct due diligence to assess the credit profile of the target company and confirm the sponsor's investment thesis prior to investing on behalf of our clients.
- Due to the depth of our core partner relationships, our managing principals can identify and focus on those transactions in which the sponsor has relevant expertise and a history of success. Core partners often bring us opportunities before they are widely marketed, providing us with additional time for due diligence and the ability to work alongside the sponsor early in the transaction.
- We confirm the sponsor's investment thesis and the target company's prospects through due diligence prior to investing. In addition, through the core partners' portfolio companies and our affiliates' private placement portfolios, we have access to the management teams of many private companies that may be customers, suppliers, competitors of the target company or former executives of the target company. Through this due diligence network, we often gain proprietary insights into target companies, industries and management teams.

### Credit Fund.

- The investment strategy for our credit fund is to seek significant levels of current income and long-term capital appreciation by acquiring, holding and disposing of debt securities, primarily second lien loans, and related equity securities domiciled or headquartered in the United States, Canada and Western Europe. Our credit fund deal flow is generated through our core partner relationships and pre-screened by these financial sponsors prior to our involvement. We conduct due diligence to assess the credit profile of the target company and confirm the sponsor's investment thesis prior to investing on behalf of the credit fund.

### Madison Capital Funding LLC

Madison Capital primarily invests for its clients in senior secured loans made to middle market borrowers, as well as mezzanine debt and related equity investments. The senior secured loans held in Madison Capital clients' portfolios are originated or otherwise sourced by Madison Capital, or have been acquired by Madison Capital for its own portfolio. Many of the related debt and equity investments held in Madison Capital clients' portfolios are also associated with loans held in Madison Capital's own portfolio and/or in the portfolio of other New York Life affiliates.

For its clients, Madison Capital invests in senior, second-lien, subordinated and unitranche debt, as well as preferred stock and co-investment equity. Madison Capital's goal is to provide investors with attractive returns that carry less risk than similarly-yielding alternatives. Generally, Madison Capital seeks for its clients carefully selected, appropriately structured, high quality investments at attractive yields.

To evaluate potential investments, Madison Capital uses a combination of analysis methods, including:

- Fundamental analysis of a company's financial statements, management capability and experience, competitive advantages and position, and industry and regulatory trends;

- Sensitivity analysis of each company and the sustainability of its cash flow, adjusting for economic cycles, risk factors specific to the business, seasonal fluctuations, and other potentially influential factors;
- Risk-return characteristics and a comparison of yields of assets of similar risk; and
- Expert networks which facilitate discussion with industry professionals.

Each investment opportunity is evaluated on the basis of its structure, key metrics, expected yield, and relative value, among other factors. The goal of this process is to ensure that the investment's expected yield is appropriate for the risk. Further, Madison Capital seeks to prudently diversify client portfolios in order to limit exposure to any single company or any single industry, as mandated in certain client legal documents.

For each investment, Madison Capital conducts a comprehensive due diligence process consisting of both qualitative and quantitative analyses, which may include (i) on-site visits, (ii) reviews of audits, internal financial statements, and accounting reports, (iii) discussions with and background checks of company management teams and owners, (iv) reviews of industry and competitive position studies, (v) reviews of environment, social and governance issues, (vi) review and negotiation of legal documentation, (vii) environmental risk and product liability risk assessment, (viii) discussions with external industry experts, and (ix) use of numerous additional internal and external information sources. Additionally, Madison Capital assesses the appropriateness of each investment for each client.

#### Private Advisors, L.L.C.

With respect to the hedge and private equity funds, Private Advisors uses a variety of resources or services to form an investment idea or strategy. Private Advisors identifies, evaluates and monitors hedge, private equity, limited liability companies, co-investment opportunities, other alternative investment vehicles and other direct investment opportunities in which the advisory clients may invest. Fund investments, depending on strategy, will typically include buyout, growth equity, long/short equity, real assets, and similar partnerships. Private Advisors attempts to select portfolio managers and Portfolio Funds which offer a variety of different skills in an effort to provide for preservation of capital while maximizing opportunities for growth and to achieve complementary diversification by style and strategy. portfolio managers are identified through research, referrals, word of mouth, co-investment opportunities, review of industry publications, conferences and similar sources. Private Advisors conducts detailed due diligence on each portfolio manager, including review of factors such as the portfolio manager's investment performance during various time periods and market cycles, investment strategy, infrastructure, research capabilities, assets under management and the portfolio manager's reputation, experience, training, and investment philosophy and policies. The portfolio manager's ability to provide timely and accurate reporting also will be considered. Private Advisors also assesses certain investment opportunities by employing a rigorous research process that may include, among others, detailed analysis of historical financial statements and development of financial projections, meetings with company management, industry research (including use of outside experts), consultation with customers, suppliers and competitors, and analysis of legal documents and use of outside legal counsel to determine validity and ranking of various claims where necessary. As part of its research process, Private Advisors may utilize consultants who assist with deal evaluation and with whom confidential fund and portfolio manager information will be shared as part of the consulting services they provide to the firm. With respect to funds employing a co-investment strategy, Private Advisors typically seeks to generate deal flow by utilizing its established proprietary databases, systems and processes, as well as capitalizing on the background and network of each of its investment professionals and their hedge fund and private equity relationships.

With respect to the Undiscovered Value Master Fund (“UVF”), a Direct Investment Fund, Private Advisors selects UVF portfolio managers who (1) generally have short to non-existent performance records, but who are experienced portfolio managers or analysts who have spun out of a hedge fund organization; or (2) generally have a moderate to long track record, but are either located outside of major urban centers or who have engaged in very limited marketing efforts and desire to remain small in terms of the level of assets under management. Private Advisors identifies and evaluates UVF portfolio managers based on, but not limited to, the following criteria: (a) the investment management experience or expertise of the UVF portfolio manager; (b) the historical performance of funds managed by the UVF portfolio manager, if appropriate; (c) the style and strategy of the UVF portfolio manager as well as the UVF portfolio manager’s ability to apply its investment approach consistently and effectively; (d) the diversification benefits of each UVF portfolio manager to the overall fund; (e) the quality of the investment management organization; and (f) the willingness of the UVF portfolio manager to seek compensation through a performance fee- based manager compensation structure. Private Advisors reviews each UVF portfolio manager’s account regularly. While Private Advisors intends to select UVF portfolio managers who employ strategies with a multi-year investment horizon, changes may be made in the underlying UVF portfolio manager if Private Advisors determines that it no longer meets the objectives of the fund.

Private Advisors also directly manages a portion of the UVF Fund. In this portion of the UVF portfolio, Private Advisors seeks out investments which they believe have the potential for sizeable capital appreciation over the next two years. Private Advisors sources these investments through the UVF portfolio managers, Private Advisors’ extensive industry relationships, and through internal research efforts. Private Advisors is opportunistic in its approach to this portion of the UVF Fund, generally investing in listed equities from both a long and short perspective.

In addition, Private Advisors provides consulting and non-discretionary investment advisory functions to the Sub-Advised Fund in seeking to source investments in (i) second lien and subordinated loans and notes, (ii) the last out portion of first lien loans and notes that are divided into first out and last out portions, and (iii) related equity co-investments.

## **RISK OF LOSS**

The following is a summary of the material risks involved with the investment strategies and methods of analysis employed by our Relying Advisers, as described above.

*Investing in the private funds that we manage involves a risk of loss that all fund investors should be prepared to bear. Similarly, investments that we make on behalf of our separately managed account clients involve a risk of loss that all clients should be prepared to bear.*

*It is not possible to identify all of the risks associated with investing, and the particular risks applicable to each client account will depend on the nature of the account, its investment strategy and the types of investments held in the account. A more detailed discussion of the risks of investing is presented in the relevant offering documents. It is critical that advisory clients and investors refer to their respective advisory client’s offering documents for a more complete understanding of the significant risks associated with investments (including the risk of total loss).*

## **Risks Associated with our Private Funds**

- **Reliance on Key Personnel:** The success of our private funds depends in part upon the skill and expertise of our investment professionals. The departure of a key employee could have an adverse impact on the performance of our private funds. The success of our private funds

will also depend upon the ability of the core partners to identify attractive investment opportunities and in turn, to provide high quality deal flow to our private funds.

- Illiquid Investments: Our private funds' investments will generally be highly illiquid. Due to the illiquid nature of some of the portfolio investments which each advisory client is expected to acquire, the Relying Advisers are unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political, restrictions on transfer, or other factors. There can be no assurance that a fund will be able to realize the portfolio investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period and may be required to be made at inopportune times, or prior to realization, resulting in such investments being sold at a discount which would reduce the fund's returns.
- Nature of the Investments of a Private Fund: Interests in our private funds have not been registered under the federal securities laws or any other securities law and investors may not sell, transfer, or pledge their Interests except with the consent of the applicable general partner or managing member, which may be withheld in its sole discretion. The Interests will not be redeemable, and voluntary withdrawals by investors will not be permitted, except when necessary to comply with particular laws, statutes, and regulations. There is no market for the Interests in the funds, and none is expected to develop. Investors thus may not be able to liquidate their investment in the event of any emergency, or for any other reason.
- No Investor Participation: Investors in our private funds will have no opportunity to participate in the funds' day-to-day operations, including investment (other than GoldPoint Partners' credit fund) and disposition decisions. In order to safeguard their limited liability from the liabilities and obligations of our private funds, investors must rely entirely on us to manage the affairs of the funds.
- Limited Investments: Our private funds may participate in a limited number of investments and, as a result, the unfavorable performance of any single investment may have a significant adverse effect on the performance of a particular fund.
- Defaulting Investor Risk: If an investor fails to make all or any portion of its capital contributions to a private fund when due, such default might cause injury to the fund and to the other investors. Non-defaulting investors could be required to make additional capital contributions to the fund to cover any shortfall resulting from other investors' defaults.
- Cash Flow Limitations: Our private funds may not have sufficient cash flow to permit them to make distributions in the amount necessary for their respective investors to pay all tax liabilities resulting from their ownership of Interests in our funds. As a result, investors may be required to use funds from other sources to satisfy tax liabilities resulting from their investments.
- Non-U.S. Investments: A portfolio manager may invest in non-U.S. securities denominated in non-U.S. currencies and/or traded outside of the U.S. Such investments require consideration of certain risks typically not associated with U.S. investments. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, impositions of exchange control regulation by the U.S or foreign governments, U.S and foreign withholding taxes, limitation on the removal of funds

or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation, and economic or political instability in foreign nations. There may be less publicly available information about certain foreign companies than there would be in the case of comparable companies in the U.S. Certain foreign companies may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. The value of such foreign investments could be materially affected by inflation, currency devaluation, interest rate changes, exchange rate fluctuations, risks of using local intermediaries, different accounting standards, limited availability of information, restrictions on investment and repatriation, changes in government policies, different infrastructure and business environments, natural disasters, armed conflicts, social instability and other developments affecting such countries. Securities markets outside the U.S., while growing in volume, typically have less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices are more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is much slower and more liable to failure than in U.S. markets.

- Liability: If a private fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to all of the fund's assets and may not be limited to any particular asset, such as the investment giving rise to the liability.
- Return of Distributions: Under certain circumstances, payments to our funds and distributions by our funds to their investors may be reclaimed if a court or other adjudicatory body determines that a portfolio company within the fund has made an unlawful preferential payment.
- Control of Management/Key Persons: While we actively monitor each investment, the management of each portfolio company is primarily responsible for managing its day-to-day operations, and we will not generally have the right to exert significant influence on a portfolio company, its management or board of directors. As a result, our funds are significantly reliant on the existing management and board of directors of such companies, which may include representation of other unaffiliated investors whose interests may conflict with ours. Further, investment performance is likely substantially dependent on certain key personnel. Should key personnel cease to participate in management activities, investment performance could be adversely affected. There can be no assurance that these key personnel will continue to be associated with or available throughout the term of a fund.
- Valuation: When we value fund investments that do not have active trading markets, we may consider one or more subjective factors and use our own professional judgment. Accordingly, these valuations may not agree with the valuations made by others, including industry and investment professionals. These valuations should not be viewed as accurate predictions of the ultimate values that will be realized if and when such investments are sold or otherwise disposed of.
- Limited Operating History: Our private funds may invest in businesses with little or no operating history.
- Limited Right of Action: Because of the indemnification provisions contained in our private funds' governing documents, investors in our funds may have a more limited right of action against us, our managing principals, and our affiliates than they would have in the absence of such provisions.

- AIFMD: The European Union Alternative Investment Fund Managers Directive (“AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund Interests to investors within the European Economic Area (“EEA”). Certain of our private funds are, and our future private funds may be, actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) certain of our private funds are, and our future private funds may be, subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in our private funds incurring additional costs and expenses; (ii) certain of our private funds are, and our future private funds, their general partners and/or we may become, subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in our private funds incurring additional costs and expenses or otherwise affect their management and operations; and (iii) certain of our private funds are, and our future private funds may be, required to make detailed information relating to our private funds and their investments available to regulators and third parties. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for our private funds to raise their respective targeted amount of capital commitments.
- Strategies of Managers: The private funds utilize portfolio managers that employ various investment strategies. The ability of a portfolio manager to obtain a profit from these investment strategies often depends upon factors that are intrinsic to the particular issuer, rather than the market as a whole. Appreciation in the value of such securities may be contingent upon the occurrence of certain events, such as a successful reorganization or merger. If the expected event does not occur, the private fund may incur a loss on the position.
- Lack of Direct Control by Investment Manager: The Relying Advisers typically entrust all investment decisions to the selected portfolio managers. In so doing, a private fund will be dependent upon the integrity, skill and judgment of its portfolio managers. Although a Relying Adviser may impose certain restrictions on the portfolio managers, there can be no assurances that the portfolio managers will comply with such restrictions.
- Due Diligence Process Limitations: The Relying Advisers conduct due diligence to an extent deemed reasonable and appropriate based on the facts and circumstances applicable to each investment, before committing an investor or managed account to any particular investment. The objective of the due diligence process is to identify attractive investment opportunities based upon the facts and circumstances surrounding an investment. When conducting due diligence, we expect to evaluate a number of important issues in determining whether or not to proceed with an investment. These issues will vary depending on the kind of investment opportunity presented, but may include business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisers, accountants and other advisors may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we will be required to rely on resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence process may at times be subjective with respect to newly organized funds or companies for which only limited information is available. Considering the foregoing, there can be no assurance that the due diligence investigations undertaken will reveal or highlight all relevant facts that may be necessary or helpful in evaluating a

particular investment opportunity. There can also be no assurance that such an investigation will result in an investment being successful.

- Activities of Portfolio Managers: Although the Relying Advisers seek to select only portfolio managers who will invest a fund's assets with the highest level of integrity, we do not have control over the day-to-day operations of any of its selected portfolio managers. We would not necessarily be aware of certain activities at the underlying portfolio manager level, including without limitation the portfolio manager's engaging in unreported risks, investment "style drift" or even fraud. As a result, there can be no assurance that every portfolio manager engaged by the funds will conform its conduct to these standards.
- Diversification Risks: While the Relying Advisers seek to appropriately diversify the investments in its client portfolios, its mandates are focused on a limited segment of the potential investment universe. Investors should not consider a portfolio a complete investment program and are responsible for appropriately diversifying their overall investment portfolio to guard against the risk of loss.
- Clients May Experience Fluctuations in Results: Clients may experience fluctuations in results from period to period due to a number of factors, including changes in the values of the clients' underlying investments, changes in the level of drawdowns on capital commitments, changes in the amount of distributions, dividends or interest paid in respect of investments, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which clients encounter competition in the making of investments or the underlying investments encounter competition in their businesses and general economic and market conditions. As an asset class, private equity has exhibited volatility in returns over different periods and it is likely that this will continue to be the case in the future. Such variability may cause results for a particular period not to be indicative of performance in a future period.
- Investment and Trading Risks in General: Investments made by funds risk the loss of capital. Portfolio managers may utilize such investment techniques as leverage, margin transactions, short sales, option transactions and forward and futures contracts, practices which can, in certain circumstances, maximize the adverse impact to which the fund may be subject. No guarantee or representation is made that the fund's program will be successful, and investment results may vary substantially over time.
- Small and Medium Capitalization Companies: Certain portfolio managers invest in the securities of companies with small-to medium-sized capitalizations. While the securities of such companies often provide significant potential for appreciation, smaller-capitalization stocks involve higher risks in some respects than do investments in the securities of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than that for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in such securities may be relatively illiquid.
- Illiquid Portfolio Securities: To the extent that a portfolio manager invests in private securities or restricted securities, the valuation of such securities will be determined by the portfolio manager, whose determination, despite the conflict to which the portfolio manager is subject when establishing such values, will be final and conclusive as to all parties. The value established may not reflect accurately the amount that could be realized if the securities



were sold. The valuation process and potential conflicts are overseen by the Relying Adviser. In certain situations, such as disposing of a stub position or during the liquidation of a fund, the Relying Adviser may sell such an investment to another party at a substantial discount to the current capital account value or net asset value of the position. In situations where a given fund is in the process of liquidation, The Relying Adviser will take into consideration the substantial costs of continuing to operate the fund over time, compared to the discounted market value received when selling a position in the secondary market. Accepting a discounted bid for a position may result in a significant difference between the value stated by the portfolio manager and the secondary market value.

- Highly Volatile Markets: The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts in which the fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Portfolio Funds also are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.
- Distressed Securities: Certain funds will utilize portfolio managers that invest in distressed securities. The ability of a portfolio manager to obtain a profit from these investments may often depend upon factors that are intrinsic to the particular issuer, rather than the market as a whole. Appreciation in the value of such securities may be contingent upon the occurrence of certain events, such as a successful reorganization or merger. If the expected event does not occur, the portfolio fund may incur a loss on the position. Distressed securities may have a limited trading market, resulting in limited liquidity and presenting difficulties to the portfolio manager in valuing its positions.
- Fixed-Income Securities: The portfolio managers may invest in fixed-income securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to credit risk, or the risk of the issuer's inability to meet principal and interest payments on its obligations. Credit risk may change over the life of a loan, and securities and other debt instruments that are rated by rating agencies may be downgraded. Fixed-income securities are also subject to market risk, or the risk of price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness or financial condition of the issuer, and general market liquidity. Fixed-income securities are subject to interest rate risk, or the risk of market changes in interest rates. Interest rate risk affects the value of debt.

The portfolio managers may invest in both investment grade and non-investment grade debt securities, including high yield bonds and distressed securities. Non-investment grade debt securities are generally considered to be speculative with respect to the issuer's capacity to pay interest and repay principal. Non-investment grade debt securities in the lowest rating categories may involve a substantial risk of default or may be in default. Distressed securities are securities issued by companies that are involved in bankruptcy or insolvency proceedings or experiencing other financial difficulties. The performance of investments in distressed securities may be adversely affected to a greater extent by specific economic developments

affecting an issuer, or by a general economic downturn, than investment in securities of issuers not facing such difficulties.

- Purchasing Initial Public Offerings: Portfolio managers and portfolio funds may purchase securities of companies in initial public offerings of any equity security (“new issues”) or shortly thereafter. Special risk associated with these securities may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge of the company, and limited operating history. These factors may contribute to substantial price volatility for the interests of these companies and, thus, the fund’s Interests. The limited number of interests available for trading in some initial public offerings may make it more difficult for a portfolio manager or portfolio fund to buy or sell significant amounts of interests without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

It is critical that advisory clients and investors refer to their respective advisory client’s offering documents for a complete understanding of the significant risks associated with investments in the advisory clients (including the risk of total loss). The information contained herein is as summary only and is qualified in its entirety by the relevant advisory client’s offering documents.

## **Other Risks**

- Possible Effects of Changes in Regulation: Financial markets are subject to comprehensive regulation by the SEC, CFTC and other U.S. and non-U.S. regulators, self-regulatory organizations and exchanges. The U.S. and Europe have both enacted financial legislation that has had a significant impact on the operation of financial markets, including private funds and banks. Additional legal, tax and regulatory changes could occur during the term of the fund that may adversely affect the fund’s investments.
- Business Interruptions: Our investment advisory activities or operations could be interrupted or adversely affected by extraordinary events, emergency situations or circumstances beyond our control, including, without limitation, outbreaks of infectious diseases, pandemics or any other serious public health concerns (including from the Coronavirus (COVID-19) described below), war, terrorism, failure of technology, accidents, disasters, government macroeconomic policies or social instability. In order to mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plans. These plans may, for example, require our employees to work and access our information technology, communications or other systems from their homes or other remote locations. However, our business continuity and disaster recovery plans may not be successful, or we could be delayed in implementing or recovering our investment advisory activities or operations. For example, we may have issues or delays in accessing our information technology, communications or other systems, which could have a material adverse effect on our business.
- Public Health Crisis and Other Force Majeure Events: Disruptions to commercial activity from the Coronavirus (COVID-19) or any other public health crisis, pandemic, epidemic or outbreak of a contagious disease relating to the imposition of quarantines or travel restrictions (or more generally, a failure of containment efforts) may adversely impact our portfolio investments, including by delaying or causing supply chain disruptions or by causing staffing

shortages. The U.S. government, various state and local governments and many non-U.S. governmental authorities have implemented enhanced screenings, quarantine requirements and business and travel restrictions, both domestically and internationally, in connection with the COVID-19 outbreak. Such actions are creating disruption in global demand and supply chains and contributing to significant volatility in financial markets, including changes in interest rates, and are adversely impacting a wide range of different industries. The imposition of travel restrictions and other government policies may impact our ability to travel in connection with potential or existing investments or to our offices, which could negatively impact our ability to effectively identify, monitor, operate and dispose of investments. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to our performance.

Moreover, portfolio investments may be affected by other force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, governmental policies and social instability), which, could have an adverse impact on global, national and local economies, which in turn could negatively impact our investments and strategies. Some force majeure events may contribute to, and may continue to contribute to, volatility in financial markets, including market liquidity and changes in interest rates. . Furthermore, force majeure events that are incapable of, or are too costly to cure, may have a permanent adverse effect on our portfolio investments. Certain force majeure events could have a broader negative impact on the world economy and international business activity generally, or in a country in which one of our strategies has invested specifically. Any of the foregoing may therefore adversely affect the performance of our strategies and investments, as well as our investment advisory activities or operations.

- Technology and Cybersecurity Risks: As part of their businesses, the Relying Advisers process, store and transmit large amounts of electronic information, including information relating to the transactions of the advisory clients and personally identifiable information of the investors. Similarly, service providers, especially the administrator of an advisory client, may process, store and transmit such information. The Relying Advisers have procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Relying Advisers may be susceptible to compromise, leading to a breach of a Relying Adviser's network. The Relying Advisers' systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Relying Advisers to the investors may also be susceptible to compromise. Breach of the Relying Advisers' information systems may cause information relating to the transactions of advisory clients and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The service providers of the Relying Advisers and the advisory clients are subject to the same electronic information security threats as the Relying Advisers. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks,

information relating to the transactions of the advisory clients and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Relying Advisers' or the advisory clients' proprietary information may cause the Relying Advisers or the advisory clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the advisory clients and the investors' investments therein.

### **Additional Risks Specific to GoldPoint Partners**

#### **Material Risks for Private Funds.**

- A private fund's co-investment with third parties, including core partners, involves risks, including the possibility that a third-party investor may have economic or business interests or goals that are inconsistent with ours, or that a third party may be in a position to take (or block) actions in a manner contrary to our investment objectives.
- For purposes of compliance with applicable regulations under ERISA, some of our private funds are managed to qualify as "venture capital operating companies," and as such, these funds may be precluded from making certain investments. These funds may also be required to liquidate investments at disadvantageous times, resulting in lower proceeds to a fund than that fund might otherwise receive.
- The assets of three of our funds-of-funds are treated as "plan assets" for purposes of ERISA. Accordingly, we serve as a "qualified professional asset manager" under ERISA with respect to these funds. As a result, these funds are precluded from engaging in non-exempt prohibited transactions under ERISA and the Internal Revenue Code, including certain investments and other transactions. In addition, these funds are not permitted to invest in certain underlying funds. ERISA compliance activities could expose the assets of these funds to claims by a portfolio company, its security holders and its creditors. While we intend to manage these funds in a way to minimize the exposure to these risks, the possibility of successful claims under ERISA cannot be precluded.
- The general partners of our funds-of-funds, mezzanine funds and equity co-investment funds are entitled to receive carried interest if specified performance criteria are met. Certain of our executive officers and affiliates invest in the general partners and are therefore able to participate in a portion of the carried interest that the general partners earn. The potential to earn carried interest may create an incentive for the general partner and its affiliates, including us, to make more speculative investments than would otherwise have been made in the absence of such performance-based compensation programs.
- Each private fund we manage has its own distinct investment committee, and we have another separate investment committee with respect to the accounts that we manage under our Fund Advisory program. Each investment committee is comprised of our six managing principals, head of business development, and chief operating officer and requires an affirmative majority vote to approve investments. In addition, in accordance with New York State insurance law, two officers of New York Life, our ultimate parent company, sit on the investment committee of our Fund Advisory Program, and one officer of New York Life sits on the investment committees of our private funds in which New York Life's and its affiliates' capital commitments equal 40% or more of such fund's aggregate capital

commitments and such funds do not own securities in other subsidiaries. With respect to such investment committees, New York State insurance law requires that the affirmative majority vote include the officer of our ultimate parent company. As a result, investment decisions with respect to the Fund Advisory Program and such private funds may empower the New York Life representatives.

- Under New York State insurance law, New York Life may be required to review and ratify investments made by certain of our private funds. If any investment has not been ratified by New York Life, the fund may be required to dispose of such investment at a significant discount to the purchase price originally paid by the fund.
- In connection with the disposition of an investment in a portfolio company, our private funds are sometimes required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and be responsible for the contents of disclosure documents under applicable securities laws. Additionally, from time to time, members of our investment team sit on the board of directors or board of managers of a portfolio company, which may subject such individuals to derivative or other similar claims brought by security holders of these companies. Our funds may also be required to indemnify the purchasers of such investment or underwriters in the event that the portfolio company is subject to an initial public offering to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors in our private funds.

#### Material Risks Involved with respect to our Equity Co-Investment Funds.

- Equity securities that we purchase for our equity co-investment funds are typically subordinated to senior and mezzanine debt and are typically unsecured. This means that distributions to equity holders are available only after satisfaction of claims of senior and mezzanine creditors and any other securities senior to the equity securities purchased. Therefore, if a portfolio company does not generate adequate cash flow to service its debt obligations, our funds that have invested in that company's equity securities may suffer a partial or total loss of invested capital.
- Investments in equity securities of companies with substantial amounts of indebtedness involve a high degree of risk. Companies with substantial amounts of indebtedness are inherently more sensitive to adverse business or financial developments or economic factors, including declines in company revenues, increases in company expenses, rising interest rates, downturns in the economy, increasing competition and deteriorating industry conditions.
- The price of equity securities varies with the performance of the company that issued the securities, and with the performance of equity markets as a whole. Therefore, if the issuer or the securities markets experience a decline in performance against which value the fund is unable to hedge, the value of the funds' portfolios may also decline.
- While we do not currently manage any separately managed accounts with an investment strategy similar to our equity co-investment funds, our current equity co-investment fund permits us to allocate a portion of an equity co-investment opportunity to separately managed accounts. The limited partnership agreement of our current equity co-investment fund provides that we allocate equity co-investment opportunities consistent with its investment objectives to the fund and one or more separately managed accounts on a fair and reasonable

basis in accordance with its allocation policies, based on a variety of factors we deem appropriate. Unless our current equity co-investment fund has fully satisfied its desired commitment with respect to an equity co-investment opportunity originated by or presented to us, until the termination of the fund's investment period, no more than 25% of such equity co-investment opportunity may be allocated by us to separately managed accounts and the fund will have priority over the first \$25.0 million of any such equity co-investment opportunity available to us. There may be situations where we determine it is not appropriate for the fund to take up its full priority share of such investment opportunity. As a result, our current equity co-investment fund may co-invest with separately managed accounts, and in connection with any such investments, the fund on the one hand, and any separately managed accounts on the other hand, may have conflicting interests and investment objectives, and such conflicts may not be resolved in favor of the fund.

#### Material Risks Involved with respect to our Mezzanine Funds.

- Investments in mezzanine securities of companies with substantial debt involve a high degree of risk. Highly leveraged companies are inherently more sensitive to adverse business or financial developments or economic factors, including declines in company revenues, increases in company expenses, rising interest rates, downturns in the economy, increasing competition, and deteriorating industry conditions. There can be no assurance that a portfolio company will generate sufficient cash flow to service its debt obligations.
- Mezzanine securities typically are subordinated to substantial amounts of senior debt, all or a significant portion of which may be secured. As a result, distributions to mezzanine holders are available only after all senior creditors' claims have been satisfied.
- General fluctuations in the market prices of securities and interest rates, whether caused by government policy or otherwise, could increase interest expenses or reduce the availability of capital for portfolio companies, which in turn could adversely affect the financial performance of a mezzanine fund.
- As a result of the lack of availability of financing and volatile market conditions, the core partners may not be able to identify a sufficient number of investments meeting the investment objectives of our mezzanine funds, and/or may not offer such investment opportunities to us or to our funds. As a result, the funds may not be able to invest fully their committed capital.
- Our ability to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Accordingly, we may not be able to take the steps necessary to protect our mezzanine investments in a timely manner or at all.
- A mezzanine fund's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer's repaying the principal on an obligation held by such fund earlier than expected. If early redemption of an investment occurs, we may not be able to reinvest the proceeds in a comparable investment.
- Certain mezzanine fund investments, including debt obligations issued at a discount, may require a fund's investors to recognize taxable income even though the investors have not received any cash in connection with the transaction giving rise to the tax liability.

- If a portfolio company becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate a fund's investment to other creditors or require a mezzanine fund to return amounts previously paid to it by the portfolio company. A fund's exercise of management rights in a portfolio company may also lead creditors of the portfolio company or other parties to assert claims against the fund.
- Although our mezzanine funds intend to structure their mezzanine investments to include protective terms and conditions, a fund's investments may not always be protected by financial covenants or limitations upon the borrower's assuming additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Debt securities in general are also subject to other creditor risks, including: (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws; (ii) so-called lender liability claims by the issuer of the obligations; and (iii) environmental liabilities that may arise with respect to collateral securing the obligations.
- While they have not historically done so on a regular basis, our mezzanine funds may borrow money to fund the cost of non-U.S. investments in order to hedge exposure to fluctuations in the exchange rate between the U.S. dollar and other currencies. A fund may also borrow money on a short-term basis in anticipation of receiving additional capital called from investors or distributions from its portfolio companies. The extent to which a fund borrows to fund its activities may have important consequences to the investors in such fund, including:
  - greater fluctuations in the value of the net assets of the fund;
  - the use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes;
  - to the extent that the fund's revenues are required to meet principal payments on indebtedness, the investors in that fund may be allocated income (and therefore tax liability) in excess of cash available for distribution;
  - the use of leverage may result in unrelated business taxable income for tax-exempt investors;
  - in certain circumstances, the fund may be required to prematurely dispose of investments to service its debt obligations;
  - the terms of any indebtedness may restrict the flexibility of the fund to make distributions to its investors or sell assets that are pledged to secure such indebtedness; and
  - if interest rates were to increase, the interest expense on any floating rate indebtedness (debt obligations that are periodically refinanced at then-current market rates to pay for a company's ongoing operations) would increase, perhaps significantly.
- Equity securities that we purchase for our mezzanine funds are typically subordinated to large amounts of senior and mezzanine debt and are typically unsecured. This means that equity distributions are available generally only after satisfaction of claims of senior and mezzanine

creditors and any senior classes of equity. Therefore, if a portfolio company does not generate adequate cash flow to service its debt obligations, our mezzanine funds that invested in that company's equity securities may suffer a partial or total loss of its invested equity capital.

- While we do not currently manage any separately managed accounts with an investment strategy similar to our mezzanine funds, our current mezzanine fund permits us to allocate a portion of mezzanine investment opportunities to separately managed accounts. However, the limited partnership agreement of our current mezzanine fund provides that we allocate mezzanine investment opportunities consistent with its investment objectives to the fund and one or more separately managed accounts on a fair and reasonable basis in accordance with its allocation policies, based on a variety of factors we deem appropriate. Unless our current mezzanine fund has fully satisfied its desired commitment with respect to a mezzanine investment opportunity originated by or presented to us, until the termination of the fund's investment period no more than 25% of such mezzanine investment opportunity may be allocated by us to separately managed accounts and the fund will have priority over the first \$20 million of any such mezzanine investment opportunity available to us. There may be situations where we determine it is not appropriate for the fund to take up its full priority share of such investment opportunity. As a result, our current mezzanine fund may co-invest with separately managed accounts, and in connection with any such investments, the fund on the one hand, and any separately managed accounts on the other hand, may have conflicting interests and investment objectives, and such conflicts may not be resolved in favor of the fund.

Material Risks Involved with respect to our Funds-of-Funds and Fund Advisory Program.

- Based on historical realization periods for private funds that may be purchased by our funds-of-funds or for a client to which we provide fund advisory services (underlying funds), no significant return, if any, from disposition of an underlying fund's investments will likely occur until a substantial number of years from such fund's initial investment date.
- Our funds-of-funds and our fund advisory program clients invest primarily in underlying funds sponsored by third parties, which means that we do not have an active role in the management of the investments that these funds make. As a result, our clients' account performance depends significantly on the investment and other decisions made by third parties, which can have a material adverse effect on the returns that clients receive.
- Some sponsors of underlying funds may have relationships with other private funds that we manage and/or New York Life and its affiliates that may create conflicts of interests between our fund-of-funds and fund advisory clients, on the one hand, and such private funds and New York Life affiliates, on the other hand.
- The portfolio companies in which the underlying funds invest face their own operating and financial risks and may face intense market competition. These factors may adversely impact the performance of the portfolio companies and the underlying funds.
- Interests in the underlying funds are difficult to value because they are illiquid. Any valuation that we make will be based on our good faith determination as to the fair value of those Interests, and may not equal or approximate the price at which such Interests ultimately may be realized.



- With respect to underlying fund investments, GoldPoint Partners generally uses the valuations provided by the managers of such funds or co-investments after determining in good faith that such valuations best approximate fair value. If we observe issues or have concerns with the valuation methodology employed or the resulting valuation provided by the manager of an underlying fund, we may decide not to use the valuation in that particular instance. If we do not accept such valuation, we will value that investment based on our good faith determination of its fair value as of the reporting date of the applicable underlying fund. The underlying funds typically use a market approach, income approach, or combination thereof.
- With respect to co-investments, if there is a public market with respect to such investment, the co-investment will be carried at a value equal to the quoted price as of the reporting date. The general partner for the applicable fund will determine if a discount is appropriate based on any SEC or other transfer restrictions to which the security is subject. The value of non-public securities will be based on the general partner's best estimate of fair value as of the reporting date. In determining fair value, the general partner may take into consideration the financial condition and operating results of the portfolio company, the valuation provided by the lead deal sponsor, and various other factors deemed relevant to the general partner.
- The potential to earn carried interest may create an incentive for a general partner of an underlying fund to make more speculative investments on behalf of a fund than such general partner would otherwise make in the absence of such performance-based compensation.
- If the general partner or manager of an underlying fund determines that the continued participation of our client or clients in the underlying fund would have a material adverse effect on the underlying fund or its assets, that fund may terminate the client's interest in the underlying fund, or otherwise penalize the client(s).
- The underlying funds may employ leverage in connection with investment activities and may borrow amounts before calling capital from investors to finance an investment. Leverage magnifies the opportunity for gain and risk of loss from investment activities, and will result in interest expense and other costs to the underlying funds which such costs and expenses may ultimately be passed through to our fund advisory clients and investors in our funds-of-funds that have made commitments to such underlying funds.
- Because of the indemnification provisions contained in the underlying funds' governing documents, our fund advisory clients and the investors in our funds-of-funds may have a more limited right of action against the general partners of such funds than they would have in the absence of such provisions.
- In certain circumstances, some of the underlying funds may have restrictions about the types of investors they are willing to admit. For example, an underlying fund may have certain internal, policy, or regulatory restrictions preventing it from accepting non-US investors. In such a case, our fund-of-funds may be prevented from committing to such underlying fund, or our fund-of-fund may need to make such a commitment through an alternative investment vehicle. In such a case, some of the investors in the fund-of-funds may be excluded from the investment, which could lead to different returns for such investors.

### Material Risks Involved with respect to our Funds-of-Funds.

- Our first four funds-of-funds permit total commitments to underlying funds and co-investments up to 120% of their aggregate capital commitments. Our fifth funds-of-funds permit total commitments to underlying funds and our co-investments up to 125% of their aggregate capital commitments. Our fourth and fifth funds-of-funds permit follow-on investments to be made after the end of their respective investment periods with respect to existing co-investments in excess of such 120% and 125% limits, respectively, if these funds have sufficient unfunded capital commitments as a result of recycled capital to make such follow-on investments. This over-commitment strategy makes it more likely that these funds will face a liquidity shortage if distributions and other cash resources are less than their cash needs, whether attributable to delays in realizations of investments, defaults by their partners or other reasons. If our funds-of-funds are unable to borrow, establish sufficient reserves, or otherwise raise funds to meet their obligations in order to make capital contributions when due to any of their underlying funds, they may be subject to significant penalties under the terms of the underlying funds' governing documents, which could have a material adverse effect on the value of their respective investment in such underlying fund, and their overall financial condition.
- Our funds-of-funds invest in funds that invest in middle market companies. Investments in such companies may entail greater risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets, and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of Interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors.
- An investor in our funds-of-funds will pay, in effect, two sets of management fees: one directly at the fund level and one indirectly through the funds at the underlying fund level. These fees reduce the actual returns to investors both in the underlying fund and in the fund-of-funds. Fees and expenses of the funds-of-funds and the underlying funds will generally be paid regardless of whether the funds or underlying funds produce positive investment returns, and could result in the amount received by an investor in a fund being less than its total capital contributions to the fund. Consequently, the return to an investor in a fund-of-funds will be lower than those of a direct investor in the underlying funds.
- An investor in the funds-of-funds may pay, in effect, two sets of carried interests: one directly to the fund-of-funds' general partner and one indirectly through the fund to the underlying funds in which it invests. Consequently, the return to an investor in a fund-of-funds will be lower than those of a direct investor in the underlying funds.
- In some cases, due to confidentiality restrictions imposed by the underlying funds in which a fund-of-funds has invested, investors may not have sufficient information to evaluate to their full satisfaction the risks of investing in the fund or of the investments made by the fund in underlying funds.

- Investments made by a fund-of-funds or by the underlying funds may require investors to recognize taxable income even though they have not received cash. In such an event, an investor would have to use other funds to satisfy any resulting tax liability.
- In order to meet capital recall obligations (including indemnification obligations) to underlying funds, the funds-of-funds may, subject to certain limitations, recall from their investors their required share of any distributions made by the funds to their investors.
- Our Chief Executive Officer is a member of the board of directors of an affiliated investment adviser that, among other things, manages a fund-of-funds with investment objectives similar to those of our funds-of-funds. In order to separate these two roles and prevent our CEO's activities from limiting our funds-of-funds' ability to make or dispose of investments, we have established certain guidelines that may, in limited circumstances, restrict our CEO's participation with respect to certain potential or consummated fund-of-funds investments.
- It is anticipated that, in certain situations, our fund-of-funds will invest alongside our other clients and may obtain special economics or other favorable terms that would not have been available to the fund-of-funds in the absence of the commitments made by our other clients. In circumstances where we deem it appropriate, we are authorized to allocate all or a portion of the benefits associated with the special economics to our other clients on a basis that is disproportionate to the amounts committed.
- For purposes of compliance with applicable regulations under ERISA, some of the underlying funds in our fund-of-funds may be managed to qualify as "venture capital operating companies". As such, these underlying funds, and indirectly, our fund-of-funds, may be precluded from making certain investments. These underlying funds may also be required to liquidate investments at disadvantageous times, resulting in lower proceeds to an underlying fund, and in turn, our fund-of-funds, than either might otherwise receive.
- The assets of three of our fund-of-funds are treated as "plan assets" for purposes of ERISA. Accordingly, we serve as a "qualified professional asset manager" under ERISA with respect to these funds. As a result, these funds are precluded from engaging in non-exempt prohibited transactions under ERISA and the Internal Revenue Code, including certain investments and other transactions. In addition, these funds are not permitted to invest in certain underlying funds. ERISA compliance activities could expose the assets of these funds to claims by a portfolio company, its security holders and its creditors. While we intend to manage these funds in a way to minimize the exposure to these risks, the possibility of successful claims under ERISA cannot be precluded.

#### Material Risks Involved with respect to our Insurance Dedicated Funds

- Policy owners of variable life insurance and variable annuity contracts issued by investors in our insurance dedicated funds that allocated a portion of their investment in such separate account to our insurance dedicated funds have no right to communicate with or direct our investment policies or decisions relating to the fund. Any such communications could result in such policy owners being considered the owner, for federal income tax purposes, of the assets of the fund, and adversely impact the tax benefits of the fund for such policy owners.
- The tax benefits of the insurance dedicated funds for such policy owners may not be available if the investment methodology of our insurance dedicated funds does not satisfy the diversification rules under the internal revenue code and its regulations with respect to

insurance dedicated funds, including the risk that if these funds fail to meet such diversification rules, such policy owners may no longer be able to hold tax-deductible reserves for their policies, and policy owners would be subject to current taxation on the annual earnings of their respective separate account.

#### Material Risks Involved with respect to our Credit Fund

- Loans made by the credit fund will primarily be second lien loans, which are subject to many of the same risk factors as described above with respect to mezzanine securities; however, these loans are generally secured by collateral of the underlying portfolio company.
- Under certain circumstances, the collateral securing a second lien loan, if any, might not be sufficient to satisfy the borrower's obligations in the event of non-payment of scheduled interest or principal, and may be difficult to liquidate on a timely basis.
- A decline in the value of the collateral could cause the second lien loan to become substantially unsecured, and circumstances could arise (such as in the bankruptcy of a borrower) which could cause the borrower's security interest in the loan's collateral to be invalidated.
- Second lien loans are subordinate in security to one or more senior secured loans of the borrower and therefore are subject to additional risk that the cashflow of the borrower and the property securing the second lien loan may be insufficient to pay the scheduled payments to the lender and are also expected to be less liquid than senior secured loans.
- These second lien loans may be "covenant lite," which have financial covenants measured at the time of incurrence of new indebtedness, but generally do not have "maintenance covenants" measured on a periodic basis. Covenant lite loans may be subject to greater risk of default than loans with both incurrence and maintenance covenants.

#### Additional Risks Specific to Madison Capital Funding

- Market for Transactions and Financing: The business of identifying and structuring debt transactions is highly competitive between capital providers and involves a high degree of market and transaction uncertainty. Madison Capital may not be able to identify suitable investment opportunities to satisfy its clients' investment objectives.

The financial markets have experienced substantial fluctuations in prices and liquidity for levered loans in the past. Any disruption in the credit and other financial markets may have negative effects on general economic conditions, as well as on the operating performance and the availability of capital for entities in which Madison Capital's clients invest. These conditions may also result in increased default rates and credit downgrades and affect the liquidity and pricing of instruments in which Madison Capital's clients invest.

- Risk of Private Debt and Equity Investments: Private debt and equity investments involve a high degree of financial risk. Investments made by Madison Capital for its clients may not be profitable and losses may occur. Private debt may not be repaid by the obligor and a liquid market may not exist for these obligations. Therefore, Madison Capital's clients may not realize their rate of return objectives, and may not receive a return of their invested capital.

- Debt – Assignments and Participations: On behalf of its clients, Madison Capital invests in loans either directly (by purchase from the borrower or by assignment) or indirectly (by way of a participation interest). Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan, such as credit risk of the counterparty, lack of voting rights, and lack of direct enforcement rights in connection with a loan default.
- Leverage: Madison Capital may invest client assets in a manner that would subject clients to the financial risk of leverage. Levered portfolio investments have increased exposure to risks, including adverse fluctuations in interest rates, downturns in the economy and the inability to refinance debt as it matures.
- Valuation Policy and Risks: Most of the client assets invested by Madison Capital are in investments that are not publicly traded and do not have a readily ascertainable public market value. There is no guarantee that the values determined by Madison Capital represent amounts that could be realized upon the sale of any client investment.

Investments in senior secured loans that are performing are valued at the outstanding principal balance of the loan, less an allowance for potential loan losses and adjusted for amortization of premiums or discounts. Madison Capital uses a combination of objective and subjective criteria to evaluate each loan's potential loss, and the potential losses inherent in the overall portfolio of senior secured loans held by Madison Capital and its private funds, and to determine appropriate allowances for potential losses.

Valuation of impaired senior secured loans is determined on a loan-by-loan basis and is dependent on the type and availability of information for the specific loan. An impaired loan may be valued based on the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price, the fair value of the collateral, or the enterprise value of the borrower. A loss reserve is established for the calculated impairment.

Investments in privately held equities and mezzanine securities are carried at cost unless an other than temporary decline in fair value is deemed to have occurred, in which case it is written-down to fair value. In such circumstances, a valuation is performed that reflects significant events that affect the values of the investments. The types of factors that Madison Capital may take into account generally include, as appropriate, a comparison to publicly traded instruments; the enterprise value of a portfolio company; the nature and realizable value of any collateral; the portfolio company's earnings and discounted cash flow; the markets in which the portfolio company does business; and other relevant factors.

- Illiquidity Risk: Commercial loans and related debt and equity investments are relatively illiquid investments and involve a high degree of risk. As such, an investment in a private fund managed by Madison Capital should be considered only by persons financially able to maintain their investment for a prolonged length of time and who can afford a total loss of such investment.

#### **Additional Risks Specific to Private Advisors**

A. Material, Significant or Unusual Risks Relating to Investment Strategies

SUMMARY OF RISKS RELATED TO PRIVATE EQUITY INVESTING:

Set forth below is a summary of the risks presented by our investment strategies which may include private equity fund-of-funds, co-investment funds, secondary funds, real assets funds, credit funds, insurance dedicated funds, general partner stakes, or managed accounts focusing on any or all of these strategies (together, “PE Investments”). The following list is not a complete list of all risks involved in connection with these strategies. There can be no assurance that an advisory client will be able to achieve its investment objectives or that the investors will receive a return on their capital.

General Risks of Private Equity Investing: The PE Investment will be subject to numerous risks generally related to investing in securities and the additional risks associated with investing in non-marketable securities and non-public companies. The securities or other interests acquired by the PE Investment will have restrictions on resale and, even in the absence of such restrictions, may not be marketable. The ability of the PE Investment to profit from its investments will be highly dependent upon the ability of the underlying portfolio companies to progress in their development to the point where they can become an attractive merger or acquisition candidate or affect a public offering. Numerous factors may impede or prevent a company from reaching this point, including inadequate capital, unfavorable competitive developments, inadequate management, loss of key persons, technology obsolescence and lack of market acceptance. Companies may face significant capital shortfalls for a wide variety of reasons. Product development, modernization of technology or acquisition and integration of a new unit or subsidiary may prove more expensive or take more time than projected and the growth in revenues may be slower than expected. In any such event, the underlying fund may be asked to provide additional capital. If the underlying fund that provided the financing is unable or refuses to provide the additional capital, the portfolio company may obtain the needed funds from another source, thereby diluting the earlier investment by the underlying fund. Alternatively, the inability of the portfolio company to obtain the needed financing may result in the failure of the portfolio company and a partial or total loss of the PE Investment’s investment in such portfolio company (either directly or through an underlying fund).

*Private equity investing involves substantial risks and, therefore, should be undertaken only by prospective investors capable of evaluating the merits and risks of such an investment and bearing the risks such an investment represents. Private equity investing involves risk of loss, including risk of loss of the entire investment that clients should be prepared to bear.*

Long-Term Focus: Because of the risks involved, the lack of a public market for the PE Investments, and restrictions on transfer of Interests, investment in a PE Investment is only suitable for sophisticated investors who are willing to hold their Interests for the term of the PE Investment and who understand that they may lose all or a significant portion of their invested capital. A PE Investment is expected to hold its investments for a number of years and, in turn, the managers of the partnerships in which a PE Investment invests (“underlying fund”), if applicable, are expected to hold their investments for a number of years.

In addition, in some cases, a PE Investment may be prohibited by contract or applicable laws from selling certain securities for a period of time.

Investors in private equity funds generally do not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the investments to be made by a fund and, accordingly, will be dependent upon the judgment and ability of the underlying funds and in Private Advisors choosing those particular underlying funds or co-investments. No assurance can be given that

an Investor or managed account will be successful in obtaining suitable investments, or if such investments are made, that the objectives of the Investor or managed account will be achieved.

Market Factors: A weak public securities market could have a negative impact on an underlying fund's exit strategy from investments in that there may be reduced merger and acquisition activity and a negative or prohibitive effect on public offerings. In such event, the ability of the PE Investment to achieve a favorable return on its investments may be impeded.

Performance and Management Fees Payable to Portfolio Managers; Layering of Fees: The fee and profit sharing arrangements with third-party portfolio managers, as set forth in the associated governing documents, are expected to provide for payment to each portfolio manager of a management fee based on assets under management, together with a fee based on the appreciation, (and in certain instances, unrealized appreciation) in the value of the account being managed, but may not be penalized for decreases in the value of the account or fund, unless such decreases would offset gains. Performance fees or profit sharing may be calculated deal-by-deal, annually, or at/near the term of the advisory client's engagement of the portfolio manager. Such agreements may contain carry forward losses to subsequent years in determining the profit share for such years. Performance incentives may give portfolio managers an incentive to engage in transactions that are unduly risky or more speculative than would be the case in the absence of such compensation arrangements. Also, performance allocations may be received by certain portfolio managers, even though the advisory client, as a whole, incurred a net loss. The fees and allocations to be received by Private Advisors, the general partner and the portfolio managers cannot be ascertained in advance. The separate fees and allocations to be received by the Private Advisors and the general partner will result in a layering of fees and allocations which reduces the yield which Investors derive from the advisory client's investments.

Investments in Distressed/Turnaround Transactions: The PE Investments may invest directly or indirectly in securities of financially troubled companies or companies involved in work-outs, liquidations, reorganizations, recapitalizations, bankruptcies and similar transactions and securities of highly leveraged companies. While these investments may offer the potential for high returns, they also bring with them correspondingly greater risks. It is possible that the financial difficulties of a portfolio company may never be overcome, which may cause the portfolio company to become subject to bankruptcy proceedings. A bankruptcy filing may adversely affect a portfolio company in that it may lose market position or key employees. In addition, under certain circumstances, payments by a portfolio company to the underlying fund and distributions by the underlying fund to the PE Investment may be recalled if such payment or distribution is determined to have been a fraudulent conveyance, a preferential payment or similar transaction under applicable bankruptcy or insolvency laws. Furthermore, investments in a portfolio company involved in restructurings or reorganizations may be adversely affected by bankruptcy or insolvency laws or by a bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or rights with regard to such portfolio company. Upon confirmation of a plan of reorganization or as a result of a liquidation proceeding under applicable bankruptcy laws, the underlying fund could suffer a loss of all or part of its investment in the portfolio company.

Investments in Secondaries: The success of the secondary investments will depend on the ability of Private Advisors' key investment professionals to identify suitable investments and negotiate the purchase of these investments at a price and on terms acceptable to the advisory client. There can be no assurances that there will be enough suitable investment opportunities to enable the advisory client to invest all its committed capital in opportunities that satisfy the advisory client's investment objective, or that such investment opportunities will lead to completed investments by the fund or managed account. Additionally, identification of attractive investment opportunities generally will be subject to market conditions. The fund or managed account may also face increasing competition for such opportunities over time. There can be no assurances that once an investment opportunity is identified the seller will

select the advisory client to make an investment. Further, even if the advisory client is selected, there can be no assurances that the investment will still be deemed an appropriate investment opportunity for the advisory client after due diligence is completed.

The PE Investments may include the opportunity to acquire a portfolio of investment funds from a seller on an all or nothing basis. Certain of the investment funds in the portfolio may be less attractive than others, and certain of the sponsors of such investment funds may be more familiar to the PE investment than others, or may be more experienced or highly regarded than others. In such cases, it may not be possible for the PE Investment to exclude from such purchases those investments which Private Advisors considers (for commercial, tax, legal or other reasons) less attractive.

In addition, in cases where the PE Investment acquires an interest in an investment fund in a secondary transaction, the PE Investment may acquire contingent liabilities of the seller of the interest. More specifically, where the seller has received distributions from the relevant investment fund and, subsequently, such investment fund recalls one or more of these distributions, the PE Investment (as the purchaser of the interest to which such distributions are attributable and not the seller) may be obligated to return monies equivalent to such distributions to the investment fund. While the PE Investment may, in turn, make a claim against the seller for any such monies so paid to the investment fund, there can be no assurances that the PE Investment would have the ability to make such a claim or if such a claim is made there can be no assurances that the PE Investment would prevail on such claim.

Although, in general, the advisory client's portfolio will have concentration guidelines, a portfolio may include a small number of large positions. While this portfolio concentration may enhance total returns to the advisory client, if any large position has a material loss, then returns to the advisory client may be lower than if they had invested in a more diversified portfolio. The advisory clients' investments may be concentrated in one type of investment fund. As a result, the advisory client's investment portfolio may be concentrated, and its aggregate return may be adversely affected by the performance of a few holdings, a particular industry or an industry segment. Further, to the extent that capital raised is less than the targeted amount, the advisory client may invest in fewer investment funds and thus be less diversified.

Commodity Natural Resource Investments: PE Investments in commodities such as natural resources may be subject to a variety of risks, not all of which can be foreseen or quantified. For example, commodity prices can be extremely volatile, and the commodities industry can be significantly affected by world events, import controls, worldwide competition, government regulations, and economic conditions, all of which can have an impact on commodity prices. In addition, there are many uncontrollable factors that can affect commodities investments, including, but not limited to inflation, weather, political unrest, foreign events, regulations, supply and new technologies. Commodities such as natural resources are from time to time impacted in varying degrees by political developments and a wide range of statutes, rules, orders and regulations. For example, energy exploration, production, operations and economics are or have been impacted by price controls, taxes and other laws relating to the energy industry, by changes in these laws and by changes in administrative regulations. Further, environmental laws, regulations and regulatory initiatives play a significant role in certain commodities and can have a substantial impact on related investments. The PE Investments may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements.

Highly Competitive Market for Investments: The business of identifying and investing in pooled investment vehicles, co-investments or secondaries is difficult due to a high level of investor demand for such funds and investment programs. Identifying attractive investment opportunities and fund managers is difficult and involves a high degree of uncertainty. Even if such fund managers are identified, there is no certainty that the PE Investment will be permitted to invest in the funds they operate. Accordingly, there can be no assurance that the PE Investment will be able to locate suitable investment opportunities,



achieve its return objective or fully invest its committed capital. The success of each underlying fund depends on the availability of appropriate investment opportunities and the ability of the fund manager to identify, select, develop and consummate appropriate investments. The availability of investment opportunities generally will be subject to market conditions. There can be no assurance that suitable investments will be available or selected by the PE investment manager or that an underlying fund will be able to fully invest its committed capital within its investment period. To the extent that any portion of such committed capital is not invested, the underlying fund's potential for return will be diminished.

Access to Information from Underlying Funds and Passive Interest Risk: As an investor in the underlying funds, the PE Investment will receive periodic reports from such funds, generally at the same time as any other investor in such underlying fund. Private Advisors will request detailed information on a continuing basis from each fund manager or sponsor regarding its investment strategies and investments and expects to have a representative on the advisory boards of a majority of the underlying funds or investments. However, Private Advisors may not always be provided with detailed information regarding all the investments made by an underlying fund for a variety of reasons, including that the information may be considered confidential. This lack of access to information may make it more difficult for Private Advisors to evaluate the funds and their fund managers.

The advisory clients will generally not have any right to participate in the day-to-day management of the entities in which they invest. The valuation of an entity's assets will be controlled by its respective general partners, managing members or other management, and the advisory clients may have limited access to quarterly and annual reports, financial statements, and other information.

Valuation Limitations: The majority of our PE Investments are in the form of securities for which market quotations are not readily available. The valuations of the client's investments by Private Advisors and the underlying managers are drawn up on the basis of a good faith assessment of the fair value of the assets. There is no single standard for determining fair value in good faith and, in many cases; fair value is best expressed as a range of fair values from which a single estimate may be derived. The types of factors that may be considered when applying fair value pricing to an investment in a particular company or asset include historical and projected financial data, valuations given to comparable enterprises, the size and scope of an entity's operations, the strengths and weaknesses of an enterprise, expectations relating to investors' receptivity to an offering of ownership interests in the entity, the relative size of the holding in the investment and the control or lack of control stemming from that size, information with respect to transactions in respect of, or offers for, ownership interests in the entity (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date), applicable restrictions on transfer, industry information and assumptions, general economic and market conditions, the nature and realizable value of any collateral or credit support and other relevant factors. Fair values may be established using a market multiple approach that is based on a specific financial measure (such as EBITDA, adjusted EBITDA, cash flow, net income, revenues or net asset value) or, in some cases, a cost basis or a discounted cash flow or liquidation analysis. Since valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a liquid market for such investments had existed. Even if market quotations are available for any of the client's investments, such quotations may not reflect the value that would actually be realizable owing to various factors, including the possible illiquidity arising from the holding of a majority ownership position by a third party, subsequent illiquidity in the market for an entity's securities or other ownership interests, future market price volatility or the potential for a future loss in market value based on poor industry conditions or the market's view of overall and management performance. The value of an interest in a fund will be adversely affected if the amounts received on realizations of direct or indirect investments are lower than the values previously recorded for them.

Use of Leverage and Credit Facilities: Certain advisory clients are authorized to make use of leverage in connection with its investment program. In most cases, this is limited to credit facilities that are only used to delay the date on which the investor capital is called, and they are not used to lever the fund. To secure the loan, the advisory client has likely pledged its assets or ability to call capital to the lender as collateral. In general, the maximum amount of the loan varies by fund and is generally limited to between 15% and 25% of the value of such collateral. The risks associated with such a loan include interest expense risk, and in the unlikely event that the value of the collateral were to decline significantly, the fund could be forced to liquidate its assets to satisfy the loan. Additionally, leverage generally magnifies both the opportunities for gain and risk of loss. The use of leverage also will result in interest expense and other costs to the advisory client that may not be covered by distributions/interest paid to the advisory client and may result in unrelated business taxable income. In addition, the underlying funds and the portfolio companies of the underlying funds are typically leveraged, which will cause them to be adversely affected by increases in interest rates and may make them less able to cope with changes in business and economic conditions such as declining revenues or increasing interest rates. The securities acquired by the underlying funds may be the most junior in what may be a complex capital structure of a portfolio company, and in that event such securities will thus be subject to the greatest risk of loss. The use of a credit facility (or other fund-level leverage) with respect to investments may result in a higher or lower reported gross IRR and net IRR at the fund-level than if such subscription facility (or other fund-level leverage) had not been used and instead the investors' capital had been contributed at the inception of each such investment. This is due to the fact that calculations of gross IRR and net IRR are based on the period of time between (a) the date of limited partner contributions for a relevant investment (and not the date the investment was made) and (b) the date of distribution from the applicable fund or account to

investors. Therefore, if a subscription facility is used to fund an investment, capital may be called more slowly from the limited partners to repay such borrowings, which would shorten the time between such contribution and distribution and consequently increase or decrease gross IRR and net IRR. Additionally, early in a fund or account's life, the use of a subscription-based credit facility could cause the amount of invested capital to exceed drawn capital.

#### SUMMARY OF RISKS RELATED TO HEDGE FUND INVESTING:

Set forth below is a summary of the risks presented by our investment strategies which may include hedge fund-of-funds or managed accounts focusing on these strategies. The following list is not a complete list of all risks involved relating to these strategies. There can be no assurance that an advisory client will be able to achieve its investment objectives or that the Investors will receive a return on their capital.

Other Clients of portfolio managers; Performance May Vary from Period to Period: The portfolio managers have exclusive responsibility for making trading decisions on behalf of the given fund. portfolio managers may in the future, and do, also manage other accounts (including other funds and accounts in which the portfolio managers may have an interest) which, together with the given fund could increase the level of competition for the same trades, including the priorities of order entry. This could make it difficult or impossible to take or liquidate a position in a particular security at a price indicated by a portfolio manager's strategy. The portfolio managers and their principals employ different trading methods, policies and strategies for different funds or accounts. Therefore, the results of the fund's trading may differ from those of the other accounts traded by the same portfolio manager. As the funds under management by a particular portfolio managers increase, the portfolio managers may have increasing difficulty implementing an investment strategy which may have been successful in the past, or difficulty finding sufficient investment opportunities which are attractive. Private Advisors will endeavor to select portfolio managers based, in part, upon a detailed evaluation of such portfolio manager's past performance. *However, there can be no assurances that a portfolio manager's future results will be as successful as his or her past performance. Moreover, even where a portfolio manager has achieved excellent results over an extended period, because of cyclical movements and volatility, period to period results may differ materially. Accordingly, Private Advisors believes that an investment in the funds is suitable only for those investors who intend to make a long-term investment in the given fund.*

Limited Diversification: The hedge fund investment strategy is to invest its assets with the portfolio managers, most of whom employ a long/short equity strategy. This limited diversification will mean that the results of any one portfolio managers may have a significant impact on the advisory client's results. Moreover, it may mean that the advisory client's results will be more volatile than they would be if the advisory client utilized a larger number of managers across a variety of investment styles and strategies. The portfolio managers may not be required to follow any specific concentration restrictions and may at times, individually or collectively, accumulate substantial positions in one or more securities.

Trading by portfolio managers: Except with respect to certain assets that are expected to be managed directly by Private Advisors, Private Advisors generally does not intend to make trading decisions itself, but rather entrusts such trading decisions to the portfolio managers selected by Private Advisors. In so doing, the Direct Investment Funds are dependent upon the integrity, skill, and judgment of such portfolio managers. Although Private Advisors may impose certain restrictions on the portfolio managers, there can be no assurances that the portfolio managers will comply with such restrictions.

Volatility: Some portfolio managers hold a relatively limited number of investments. Thus, the aggregate returns realized by a given fund may be adversely affected by a small number of investments. Further, while Private Advisors typically allocates fund assets among portfolio managers with differing styles and techniques, there are no fixed allocation percentages. There is the risk that a disproportionate share of a

fund's assets may be committed to one or more strategies or techniques. Private Advisors does not seek to manage correlation risk. This is the risk that different portfolio managers may invest in the same securities or sectors. This would result in less diversification than would be suggested by the number of portfolio managers being employed. The allocation of fund assets to new or emerging fund portfolio managers or portfolio managers that utilize unique investment strategies or asset classes may subject a fund to greater volatility due to the greater difficulty in assessing the track record, investment strategy and relevant risks of such Portfolio Managers versus portfolio managers with longer track records or more conventional strategies. The allocation of fund assets to portfolio managers in response to particular market conditions could increase volatility and potential for loss if such market conditions continue to worsen.

Short Selling: A given fund's portfolio managers may engage in short selling. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Hedging: Portfolio managers may engage in a variety of hedging transactions. Hedges can be more difficult to implement than many other types of transactions and the possibilities for errors may be greater than for other transactions. portfolio managers may use options or futures contracts for hedging purposes. There is a risk that price movements on the futures contracts or options may not correspond to price movements in the security against which the portfolio manager is using the futures contracts to hedge because of fundamental differences between the two instruments and the factors which affect price movements.

Derivative Instruments: A portfolio manager may purchase and sell ("write") options on equities on national and international securities exchanges and in the domestic and international over-the-counter market. The seller ("writer") of a put option that is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security, plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

The writer of a call option that is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the value of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the financial soundness and creditworthiness of the swap counterparty.

Use of Leverage: Portfolio managers may buy and sell securities on margin or otherwise utilize leverage using swaps, repurchase agreements or similar techniques, increasing the potential volatility of the fund's investments. Trading securities on margin, unlike trading in futures (which also involves margin), will result in interest charges to the given fund and, depending on the amount of trading activity, such charges could be substantial. The extent to which portfolio managers utilize leverage varies considerably and depends in large part on the nature of the portfolio manager's strategy. The low margin deposits normally required in futures and forward trading permit a high degree of leverage; accordingly, a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. Irrespective of the risk control objectives of Private Advisors' multi-asset, multi-manager approach, such a high degree of leverage necessarily entails a high degree of risk

Warrants: Warrants are derivative instruments that permit, but do not obligate, the holder to purchase other securities. Warrants do not carry with them any right to dividends or voting rights. A warrant ceases to have value if it is not exercised prior to its expiration date.

Use of Swap Agreements: Portfolio managers may use equity, interest rate, index and currency swap agreements. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns earned on specified assets, such as the return on, or increase in value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary securities transactions. Interest rate swaps, for example, do not typically involve the delivery of securities, other underlying assets or principal. Accordingly, the market risk of loss with respect to an interest rate swap is often limited to the amount of interest payments that the portfolio manager is contractually obliged to make on a net basis.

There are risks relating to the financial soundness and creditworthiness of the counterparty to swap agreements. If the other party to an interest rate swap defaults, the portfolio manager's risk of credit loss may be the amount of interest payments that the portfolio manager is contractually obliged to receive on a net basis. However, where swap agreements require one party's payments to be "up-front" and timed differently than the other party's payments (such as is often the case with currency swaps), the entire principal value of the swap may be subject to the risk that the other party to the swap will default on its contractual delivery obligations. If there is a default by the counterparty, the portfolio manager may have contractual remedies pursuant to the agreements related to the transaction. The swap market has grown substantially in recent years, and has become relatively more liquid, with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. The investment performance of the portfolio manager, however, may be adversely

affected by the use of swaps if the portfolio manager's forecasts of market values, interest rates or currency exchange rates are inaccurate.

Credit Default Swap Agreements: Portfolio managers may enter into credit default swap agreements. The "Buyer" in a credit default swap contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay, obligation acceleration or modified restructuring. A portfolio manager may be either the buyer or seller in the transaction. As a seller, a portfolio manager receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the portfolio manager typically must pay the contingent payment to the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. If a portfolio manager is a buyer and no credit event occurs, the portfolio manager may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. Credit default swap agreements may involve greater risks than if a portfolio manager had invested in the reference obligation directly. Credit default swap agreements are subject to general market risk, liquidity risk and credit risk. As noted above, if a portfolio manager is a buyer and no credit event occurs, it will lose its investment. In addition, the value of the reference obligation received by a portfolio manager as a seller if a credit event occurs, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the portfolio manager. The treatment of credit default swaps as "notional principal contracts" for U.S. federal income tax purposes is uncertain. Were the IRS to take the position that a credit default swap is not a notional principal contract, payments received by a non-U.S. counterparty from such transactions could be subject to U.S. withholding or excise taxes.

Foreign Exchange Risk: Certain portfolio managers have reserved the right to invest in the securities of non-U.S. issuers. A portion of any such underlying fund's assets may be invested in equity securities denominated in currencies other than the U.S. dollar and in other financial instruments, the price of which is determined with reference to currencies other than the U.S. dollar. Any such fund, however, would likely value its securities and other assets in U.S. dollars. To the extent unhedged, the value of the fund's assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the fund's investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the assets of the fund are invested would reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the securities invested in by a fund in non-U.S. markets. Conversely, a decrease in the value of the U.S. dollar would have the opposite effect; it would magnify the effect of increases and reduce the effect of decreases in the prices of the non-U.S. dollar securities invested in by the fund.

A portfolio manager may utilize currency forward contracts and options to hedge against currency fluctuations. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals that deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. In respect of such trading, a fund is subject to the risk of counterparty failure or the inability or

refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to a fund.

Futures Contracts: Commodity futures prices and commodity options can be highly volatile. Price movements of futures contracts and options are influenced by, among other things, changing supply and demand relationships, domestic and foreign governmental programs and policies and national and international political and economic events. Moreover, commodity exchanges generally limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the fund’s managers from promptly liquidating unfavorable positions and subject the fund to substantial losses.

Systemic Risk - OTC and Derivative Counterparty Risk: World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the portfolio managers selected by Private Advisors losing substantial value caused predominantly by liquidity and counterparty issues, which could result in a fund incurring substantial losses.

Emerging portfolio managers: Certain advisory clients will allocate capital to small, emerging portfolio managers. Due to their size and, in some cases, limited operating history, these emerging portfolio managers may have more limited resources than larger portfolio managers with a longer operating history. For example, these smaller portfolio managers may lack the same depth in research capabilities or robust operational or compliance infrastructure that may be more typical of a larger, well-established portfolio manager.

Limitations in the Performance of Value Investments: Certain portfolio managers may employ a “value” investing strategy based on an analysis of the fundamentals of underlying portfolio companies. However, notwithstanding the accuracy of the analysis of the portfolio managers with respect to certain companies as being undervalued, there remains a risk that the market will not ultimately recognize such value. As a result, such portfolio company may ultimately be sold at a loss or otherwise fail realize a gain.

Non-Disclosure of Other Arrangements: One or more portfolio managers may, without notice to the advisory client, enter into agreements with certain clients granting them, among other things, lower fees or other investment terms that might be viewed as more favorable than the terms upon which they will manage assets on behalf of the Private Advisors advisory client. Such a portfolio manager shall have no obligation to offer such additional rights, terms or conditions to all its clients, including the advisory client. In addition, Private Advisors, or a general partner controlled by Private Advisors, may, without notice to investors, enter into agreements with certain investors granting them, among other things, greater portfolio transparency, fee waivers or reductions, interests having different voting rights or restrictions, additional rights to reports and other information and other more favorable investment terms, including withdrawal rights, than the terms associated with investments by other investors. Private Advisors, or the general partner controlled by Private Advisors, shall have no obligation to offer such additional rights, terms or conditions to all investors. Such agreements are generally confidential and not all investors will be able to obtain such additional rights. Notwithstanding Private Advisors’ or the general partner’s authority to enter into such agreements, it may not take any action or agree to any terms that would not be in the best interests of the advisory client.

Access to Managers: In some cases, the advisory client may not be able to gain access to or invest with desired portfolio managers because the advisory client does not meet eligibility or minimum investment requirements or because the portfolio manager is not accepting additional investors at that time. Although the advisory client may want to invest with a particular portfolio manager, they may not be permitted to do so for a variety of reasons beyond the control of Private Advisors. Some managers may be unavailable because, among other factors, they are unwilling or unable to manage a separately managed account, they do not have a vehicle in a certain jurisdiction, or they have a preference for certain types of investors. There is also an adverse selection risk, that is, the risk that the portfolio managers willing to accept a certain type of advisory client, or to agree to reduced fees, will be limited to less successful managers who are otherwise unable to raise capital.



## **ITEM 9 – DISCIPLINARY INFORMATION**

New York Life Investments Alternatives and its Relying Advisers are not aware of any legal or disciplinary event involving the firm or its management persons that are material to the advisory business or the integrity of our management.

Please see New York Life Investments Alternatives' Form ADV Part 1, Item 11 and accompanying Disclosure Reporting Pages for disclosure about disciplinary information related to New York Life, an advisory affiliate of New York Life Investments Alternatives.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

New York Life Investments Alternatives and its Relying Advisers are part of a group of affiliated companies engaged in various financial service businesses. In certain cases, we may have business arrangements with our related companies that are material to our advisory business or to our clients. These material business arrangements are described below.

### A. Broker Dealers:

NYLIFE Distributors is our affiliate and is registered with the SEC as a broker-dealer (File No. 8-46655) and is a member of FINRA. Certain employees of GoldPoint Partners and Private Advisors are registered with FINRA as representatives and/or principals of NYLIFE Distributors. By virtue of their FINRA registrations, these employees may sell Interests in our private funds to investors. These private funds are not required to be registered with the SEC as investment companies nor are they offered pursuant to an SEC-registered offering. Our registered employees do not receive any transaction-based compensation for selling the private funds. None of Madison Capital's employees are registered with FINRA nor do they receive transaction-based compensation for selling private funds.

GoldPoint Partners and Private Advisors have entered, and Madison Capital may enter, into arrangements with our affiliated broker-dealer, NYLIFE Distributors to serve as a placement agent for our private funds. In connection with these arrangements, we could pay a fee and transaction-based compensation to NYLIFE Distributors as compensation for the efforts of the registered employees of our affiliated investment advisers in selling or promoting the sale of Interests in our private funds.

From time to time, we may enter into arrangements with our affiliated investment advisers to recommend clients to each other. If we pay a cash fee to anyone for soliciting clients on our behalf or if we receive a cash fee from another investment adviser for recommending clients to it, we will comply with the requirements of Rule 206(4)-3 under the Advisers Act (the "Cash Solicitation Rule") to the extent that they apply. This rule requires a written agreement between the investment adviser and the person soliciting clients on its behalf. The rule requires that the soliciting person provide a disclosure document to the potential client at the time that the solicitation is made. As required by the rule, we will not engage another person to solicit clients on our behalf if that person has been subject to securities regulatory or criminal action within the preceding ten years.

Candriam Luxembourg ("Candriam") is an affiliate of each Relying Adviser. Candriam is registered with the SEC as an investment adviser (File No. 801-80510). Candriam serves as a placement agent for Madison Capital and Private Advisors as a placement agent in certain countries outside of the United States for certain private funds. For these services, Madison Capital pays and Private Advisors may in the future pay placement fees to Candriam.

Outside of selling private funds to our clients and other investors, we do not use broker-dealers that are affiliated with us in executing securities transactions for our clients.

### B. Investment Advisers

In certain instances, private funds and separately managed accounts managed by GoldPoint Partners may receive publicly traded equity securities as the result of a stock distribution, merger with a public company, a going-public transaction or through a bankruptcy restructuring. If we then elect to dispose of such securities, we may use the services of our affiliated investment adviser, NYL Investors LLC (SEC File No. 801-78759), to sell the securities on our behalf. When this occurs, NYL Investors LLC will execute the transactions consistent with obtaining best price and execution.

Each Relying Adviser has service agreements in place with New York Life Investments, an affiliated investment adviser registered with the SEC (File No. 8 01-57396), under which NYL Investments' branch office in Korea may provide certain services including, but not limited to, market research, translation services, and client and investor relationship services. Fees paid by each Relying Adviser to NYL Investments for any such services are not charged to client accounts.

Madison Capital and Private Advisors have service agreements in place with the Japan branch of New York Life Investment Management Asia Limited (the "Japan Branch"), an affiliated investment adviser, under which the Japan Branch may provide certain services including, but not limited to, market research, translation services, client and investor relationship services, investment management services, and advisory services. Fees paid by each of Madison Capital or Private Advisors to the Japan Branch for any such services are not charged to client accounts.

The Relying Advisers have arrangements in place with each other under which they may refer potential investment opportunities to each other, including senior loan borrowers and private equity sponsors. Investments resulting from this arrangement may be included in each Relying Advisers' clients' portfolios. The due diligence and investment evaluation process performed by the Relying Advisers will be consistent with all other potential investments obtained through unrelated parties. Fees paid by the Relying Advisers for any referrals are not charged to any client accounts.

Separately, Madison Capital has an agreement with Private Advisors under which Private Advisors acts as a non-discretionary investment advisor and provides assistance in sourcing and evaluating mezzanine investments and associated equity investments which may be suitable for certain Madison Capital client accounts. Private Advisors' fees for this service are paid by Madison Capital and are not charged to Madison Capital client accounts.

Aside from the arrangements described above, our investment management and operations functions and those of our affiliates (*i.e.*, affiliates other than the Relying Advisers) are generally autonomous, and operate separately from each other. This policy is intended to limit the dissemination of material non-public information and to permit the investment management, trading and operations functions of each firm to operate without regard to or interference from the other. If we share information with, or receive information from, certain of our advisory affiliates in connection with prospective or existing investments in the private market, appropriate controls are implemented with respect to the exchange of such information in order to limit potential conflicts of interest and to ensure that the sharing of such information does not violate our internal information policy or contravene applicable law or regulation.

### C. Pooled Investment Vehicles

Each Relying Adviser serves as investment manager to private funds that are exempt from registration as investment companies under the 1940 Act. The general partner of each of these private funds is an affiliate. A number of our employees and certain of our affiliates also invest in the general partners or managing members of these private funds (other than our Credit Fund and investor co-investment funds), and share in the performance-based compensation (known as carried interest) earned by such general partners. We make loans at an arms-length interest rate to our senior employees in order for them to fund a portion of their investment in the general partners or managing members. For Madison Capital, such loans are applicable only to the Madison Capital co-investment fund.

Private Advisors serves as a co-adviser to a private fund (the "Co-Advised Fund") in which New York Life is a seed investor. This Co-Advised Fund seeks to achieve income and capital appreciation through minority equity ownership stakes in established asset management companies. GoldPoint Partners and Private Advisors' advisory clients may invest in funds managed by asset management companies in

which the Co-Advised Fund has an ownership interest. The Co-Advised Fund may also invest in asset management companies who manage funds in which GoldPoint Partners and Private Advisors' advisory clients are invested. Madison Capital may currently, or may in the future, have loan arrangements with an asset manager (or one of the asset manager's portfolio companies), in which the Co-Advised Fund holds an ownership interest now or in the future. GoldPoint Partners and Madison Capital are not involved in the investment decisions of the Co-Advised Fund and independently make decisions regarding the selection, management and disposition of investments and loans based on what they believe is in the best interest of their respective advisory clients. A non-affiliated investment adviser also serves as a co-adviser to Co-Advised Fund, as described in Section F below.

Our affiliated separately managed account clients have been, and in the future may be, solicited to invest in the private funds that we manage or in other similar funds that we may form. Investors that are not otherwise our clients may also invest in our private funds.

Additional affiliates of Private Advisors serve as special limited partners and special general partners to the funds for various tax or legal reasons. In addition, Private Advisors serves in a consulting and investment advisory role with respect to the Sub-Advised Fund, for which Madison Capital is an affiliate.

#### D. Insurance Companies

New York Life Investments Alternatives is a subsidiary of New York Life. New York Life was founded in 1845 and is the largest mutual life insurer in the United States. We leverage the resources and services of our affiliates, including New York Life, for certain key functions, including certain legal, compliance and other support functions. New York Life Investments Alternatives and each Relying Adviser is a party to a service agreement with New York Life, in which New York Life provides us services, including legal, compliance (including compliance with the SEC's Rule 206(4)-7), and other services for which we are billed.

For GoldPoint Partners, pursuant to investment management agreements, it serves as investment manager for the general account and a separately managed account of New York Life and for a separately managed account for another affiliate, NYLIAC. GoldPoint Partners also invests these affiliates' capital in the limited and general partner Interests of the private funds that GoldPoint Partners manages. Assets managed on behalf of New York Life and NYLIAC, both through separately managed accounts and as investors in GoldPoint Partners private funds, represent a substantial portion of GoldPoint Partners' assets under management.

Madison Capital's finance business is primarily funded through equity and debt financing provided by New York Life and its subsidiary, NYLIAC. New York Life and certain of its subsidiaries invest in certain private funds managed by Madison Capital.

#### E. Material Relationships or Arrangements with Industry Participants

Private Advisors has a longstanding Conflicts Committee, the objective of the Committee and the role it serves includes: (i) monitoring and reviewing Private Advisors' known and potential conflicts of interest; and (ii) managing such conflicts in a way that protects the interests of Private Advisors' advisory clients and investors.

The members (or their affiliates), officers, or employees of each Relying Adviser serve on advisory boards of other Relying Advisers or serve on advisory boards of other investment advisers. Certain of GoldPoint Partners or Private Advisors funds' investment committees may have independent members who are not employees or agents of the Relying Advisers. In recognition of such persons' limited, yet

substantive, engagement with GoldPoint Partners or Private Advisors, all such persons will be subject to some level of risk-based oversight which may range from periodic certifications to the full Code of Ethics and conflicts of interest reporting and disclosure regime. Additionally, GoldPoint Partners and Private Advisors have not invested, and will not invest in the future, in any private funds managed by or affiliated with an independent member of an investment committee. Employees of each Relying Adviser may serve on certain boards of directors, executive committees, credit committees, or in other management capacities, at companies in which the advisory clients invest, either directly or indirectly. Serving in such a capacity may expose such employee, and by association such Relying Adviser and their advisory clients, to certain limitations on the ability to trade the securities of the issuer company and certain conflicts of interest. As a result of such service, an employee may become aware, from time to time, of material non-public information about the company in which an advisory client invests, and the employee's knowledge is likely to be attributed to such Relying Adviser or their affiliates and the advisory client; therefore, an advisory client's ability to trade the securities of such company may become substantially restricted. An advisory client's ability to buy and sell such securities may be limited to such times as company insiders are permitted to do so. Such limitations may cause an advisory client to forgo sales that it would otherwise make, thereby exposing the advisory client to losses, or to forgo purchases, thereby exposing the advisory client to lost opportunities. Each Relying Adviser (and their affiliates and advisory clients) may also be subject to Section 16 of the Securities Exchange Act of 1934, as amended, including the disclosure requirements, the restrictions on purchases and sales, and the disgorgement of profits in certain circumstances. An employee serving as a director of a company owned, directly or indirectly, by an advisory client may also face a conflict between the fiduciary duties owed by such employee to the advisory client and the duties owed to such company. In such circumstances, an employee may act in ways that are in the best interests of such company but not the advisory client. Each Relying Adviser maintains internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise, and intends to prevent employees from taking such positions when, in the Relying Adviser's determination, the potential risks to the advisory client outweigh the potential benefits. However, there can be no assurance that permitting the board membership of an employee will not result in less favorable results for the advisory clients than if the employee was not permitted to serve in such capacity.

Partners, officers and employees of each Relying Adviser may have close relationships with senior executives of public or private companies. Such outside senior executives may also invest in the funds. Such senior executives could seek to exert influence on a Relying Adviser to invest in such companies or may give a Relying Adviser information that is not publicly known. Thus, each Relying Adviser (and their respective partners, officers or employees) might receive material non-public information with respect to such publicly-traded or private companies which could restrict its advisory clients from trading in such companies for an extended period of time.

Each Relying Adviser (and their affiliates or employees) may serve in the future as the general partner of or the investment adviser to, and directly manage the assets of, other funds or accounts ("Other Accounts") with investment objectives and strategies that are similar to those of other advisory clients. Each Relying Adviser (and their affiliates) may also give advice or take action with respect to the Other Accounts that differs from the advice given or actions taken with respect to another advisory clients. Further, Private Advisors members and employees continue to be involved in other business activities, which could, and does, include the management of other domestic and offshore funds and accounts with similar investment objectives and investment strategies.

In addition, sponsors of private equity funds in which GoldPoint Partners invests may invest in GoldPoint Partners' private funds.

- Material Conflicts of Interest Relating to Other Investment Advisers

While Private Advisors does select investment advisers for investments made by clients (as disclosed elsewhere in this brochure), it does not receive direct or indirect compensation from those advisers related to the adviser's selection. Rather, Private Advisors is solely compensated by investors in the funds managed by Private Advisors.

Members, officers and employees of portfolio managers/portfolio funds in which the clients invest do maintain personal investments in certain of the funds.

As relating to a Private Advisors' private equity investments, it should be noted that partners, officers, and employees of Private Advisors may and have become advisory board members and Private Advisors may invest and has invested in portfolio funds for which one or more of Private Advisors' professionals serves as an advisory board member. It should be noted that such professionals at times become members of the advisory board of a portfolio fund in which a client invests as a result of such investment. Although the Private Advisors believes that these positions are consistent with each respective client's investment strategy, and are generally beneficial to it, an advisory board member's fiduciary duty to the portfolio fund may conflict with the interests of Private Advisors' clients.

An unaffiliated advisor, Ottawa Avenue Private Capital, LLC, also serves as a co-adviser to the Co-Advised Fund along with Private Advisors. Private Advisors seeks to mitigate potential conflicts of interest by making decisions regarding the selection, management and disposition of investments based on the merits of each specific investment opportunity presented to it. Private Advisors (and its affiliates) will implement certain policies, including information barriers, to mitigate potential conflicts of interest should one of its advisory clients be invested in a portfolio fund managed by an asset management company in which the Co-Advised Fund has invested and they will also utilize Private Advisors' conflict committee to, among other things, review any limited partner vote or consent required from a portfolio fund managed by an asset management company in which the Co-Advised Fund has invested.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Each of New York Life Investments Alternatives, GoldPoint Partners, Madison Capital and Private Advisors operate under a single code of ethics (in accordance with Rule 204A-1 under the Advisers Act) and a single set of written policies and procedures administered by Kevin M. Bopp, the Chief Compliance Officer (the “CCO”) (in accordance with Rule 206(4)-(7) under the Advisers Act).

### Code of Ethics and Personal Trading:

New York Life Investments Alternatives and its Relying Advisers have a fiduciary relationship with our clients that requires that we and our employees place the interests of our clients first and foremost. As such, our Code of Ethics (the “Code”) covers all employees and sets forth guidelines that promote ethical conduct generally. In addition to the Code’s policies regarding personal securities trading, the Code requires our employees to follow policies and procedures relating to the conduct standards of our Code including: conflicts of interest, inside information and information barriers, gifts and entertainment, personal political contributions, and selective disclosure of mutual fund portfolio holdings. A copy of our Code is available upon request. Our contact information appears on the cover page of this brochure.

While we permit our employees to engage in personal securities transactions, as a company we recognize that these transactions may raise potential conflicts of interests. This is particularly true when they involve securities owned by, or considered for purchase or sale for, a client account.

We address potential conflicts of interests in our Code by requiring that, with regard to investments and investment opportunities, our employees’ first obligation is to our clients. Our Code requires that all of our employees adhere to the highest duty of trust and fair dealing. All employees: (i) must conduct their personal securities transactions in a manner that does not interfere with any client’s portfolio transactions, or take inappropriate advantage of an employee’s relationship with a client, (ii) may not trade while in possession of material, non-public information, (iii) may not engage in short-term trading (the purchase and sale or sale and purchase within 30 days) of any mutual fund advised or subadvised by us, and (iv) must certify annually to compliance with the Code and related policies.

Some provisions of our Code, particularly with respect to personal trading, apply only to Access Persons and Investment Personnel. Access Persons are defined as officers or directors of New York Life Investments Alternatives and its Relying Advisers, or employees who have access to non-public information regarding any clients purchase or sale of securities, or who have non-public information regarding the portfolio holdings of any mutual fund that we advise. While certain exceptions may apply, generally Access Persons:

- Subject to certain exceptions, may not purchase or sell “Covered Securities” without pre-clearance through our Compliance Department of New York Life. Covered Securities excludes: i) transactions involving direct obligations of the US Government; ii) shares of unaffiliated open-end investment companies; iii) commercial paper; iv) certificates of deposit; v) high quality short-term investments and interests in qualified state college tuition programs; and vi) cryptocurrencies or digital currencies, such as Bitcoin or Ether, which are a virtual or digital representation of value. However, a virtual currency token offered in an initial or digital coin offering will be deemed a Covered Security for purposes of the Code and subject to preclearance requirements.
- May not profit from the purchase and sale or sale and purchase of the same Covered Security within 60 days.

- May not purchase or sell a Covered Security on a day when there is a buy or sell order for a client.
- May not purchase securities in initial public offerings or in connection with private placements except with the express written prior approval of our Chief Compliance Officer.
- May not participate in investment clubs.
- Must file quarterly reports and certifications of covered trading activity.

Investment Personnel must adhere to the following additional restrictions. Investment Personnel are defined as employees who in connection with their regular functions participate in making recommendations regarding the purchase or sale of securities for client accounts (*i.e.*, portfolio managers, traders and analysts):

- May not purchase or sell securities (subject to a de minimis threshold) for their own account if such securities have been purchased or sold for a client account in the prior seven days, or can reasonably be expected to be purchased or sold for a client account in the next seven days.
- May not trade in options with respect to individual securities.

#### Participation or Interest in Client Transactions

##### *GoldPoint Partners LLC*

In the ordinary course of providing investment advisory services, GoldPoint Partners may also recommend that our clients purchase or sell securities or Interests in which we or our affiliates have a material financial interest. For example:

- GoldPoint Partners may recommend that our affiliates buy or sell securities that may also be appropriate for the private funds that we manage. This may lead to conflicts of interest between our affiliated clients and our private funds.
- GoldPoint Partners may invest the capital of our affiliated accounts in the limited and general partner Interests of the private funds we manage.
- The general partner of each of the private funds that GoldPoint Partners manages is an affiliate. A number of our employees and certain of our affiliates also invest in the general partners of these private funds (other than our credit fund and investor co-investment funds), and share in the performance-based compensation (known as carried interest) earned by such general partners. We make loans at an arms-length interest rate to our senior employees in order for them to fund a portion of their investment in our general partners.
- GoldPoint Partners has entered into, and in the future may enter into, strategic relationships pursuant to which we receive consulting fees and a share of a third party sponsor's management fees and/or performance fees in connection with investments made with such sponsors on behalf of our affiliated separately managed accounts. In the event that we receive such fees, we will do so in accordance with the applicable agreements and regulations and make the appropriate disclosures in the context of each specific relationship, service or contract. Our private funds may invest in equity and mezzanine investments alongside



sponsors in which we receive these fees; however, we do not have, nor do we expect to have, any voting rights or control with respect to a sponsor's decision with respect to these investments and our private funds do not pay management fees or performance based fees to third party sponsors in connection with investments they make.

- GoldPoint Partners may permit certain of our officers and employees to invest in the private funds that we manage (other than our credit fund and investor co-investment funds). When an officer or employee is responsible for managing a private fund and an advisory separate account, such person has a conflict of interest in connection with investment decisions since the person may have an incentive to direct the best investment ideas to the fund in which he or she is invested or otherwise entitled to share in the fees received.
- GoldPoint Partners mezzanine private funds may invest in the mezzanine securities of a portfolio company or our credit fund may invest in the second lien loans or other senior debt of a portfolio company when one of our existing equity co-investment funds, or one or more of our affiliates, has invested in the same portfolio company's equity securities. As a result, our mezzanine private funds or credit fund, on the one hand, and clients that hold the equity securities, on the other hand, may have conflicting interests and investment objectives, particularly if the portfolio company is distressed, insolvent, or engaged in a restructuring or considering or entering bankruptcy. These conflicting interests may cause us to take actions that we otherwise would not have taken or refrain from taking actions we otherwise would have taken on behalf of our mezzanine investment fund, equity co-investment fund or our affiliates.
- As a general matter, GoldPoint Partners has restricted our mezzanine private funds and our credit fund from investing in the same portfolio company other than in circumstances where they own the same securities.
- GoldPoint Partners may recommend investments to our clients that the clients of our advisory affiliates also own.

As a result of these recommendations and potential transactions, potential conflicts of interest could arise between us and our clients. These potential conflicts include:

- Unfair allocation of limited investment opportunities between GoldPoint Partners affiliated and unaffiliated accounts.
- Preferential allocation of investment opportunities to GoldPoint Partners accounts that pay a performance-based management fee.

To mitigate these potential conflicts of interest, GoldPoint Partners has adopted a Trading Practices and Allocation Policy that governs allocations across client accounts. This policy requires us to treat each of our advisory clients in a manner consistent with our fiduciary obligations and prohibits us from favoring any particular account because of the ownership or economic interests of GoldPoint Partners, Madison Capital or Private Advisors (including their affiliates or employees).

In cases where client accounts or private funds have overlapping mandates, and GoldPoint Partners makes an allocation that favors one or more particular private fund or account over others, GoldPoint Partners discloses that fact to the private fund(s) and its investors or the account(s) receiving the less favorable allocation. When such conflicts do arise, they are mitigated by the fact that we often arrange for New York Life and NYLIAC to purchase and sell such securities at the same time and at the same price and

terms at which our other clients purchase and sell such securities. Also, New York Life and NYLIAC are not typically offered an opportunity to purchase such securities until other accounts with a similar investment strategy have first been offered an opportunity to purchase the full amount of such securities that they desire.

With respect to the conflicts that may arise when GoldPoint Partners mezzanine funds invest in the mezzanine securities of a portfolio company when one of our existing equity co-investment funds, or one or more of our affiliates has invested in the same portfolio company's equity securities, we note the following:

- The equity investments that GoldPoint Partners makes on behalf of our clients are passive minority co-investments alongside a control sponsor. GoldPoint Partners equity co-investment funds and affiliated clients typically own less than 10% of a particular portfolio company's equity securities, and therefore it is the control sponsor, and not our equity co-investment fund and affiliated clients, that engages in the upfront negotiations with lenders, oversees the management of the company post-closing, and leads any necessary restructuring efforts should the company become troubled during the life of the investment. While GoldPoint Partners has the right to participate on behalf of our equity co-investment funds and clients in a restructuring once it has been negotiated between the control sponsor and the lenders, we do not direct or control these restructuring activities.
- Additionally, in those instances where both GoldPoint Partners mezzanine and equity co-investment funds are investors in a particular portfolio company, we will ensure that there is either a third party mezzanine provider involved in the transaction (to confirm that the mezzanine investment has been made on market terms) or we will bring that transaction to the advisory committee of our mezzanine fund, except when no more than 10% of our mezzanine fund's aggregate capital commitments are invested in such transactions and the number of such investments is limited to two. GoldPoint Partners intends to obtain third-party validation or the approval of our mezzanine fund advisory committee for investments when this exception is used as timing allows. The voting members of the advisory committee for our mezzanine fund are comprised of non-affiliated third-party investors.
- Following the making of an investment where GoldPoint Partners mezzanine or credit funds on the one hand, and equity co-investment funds, on the other hand, are investors in a particular portfolio company, if the company becomes troubled, our investment team may split into two separate teams, with one team responsible for negotiating on behalf of our mezzanine funds or credit fund, as the case may be, and the other team responsible for negotiating on behalf of our equity co-investment fund. If appropriate, separate counsel or restructuring experts may also be hired.

In order to mitigate potential conflicts of interest with our affiliated investment advisers, GoldPoint Partners and our affiliated investment advisers operate independently of each other with respect to investment strategy, trading and operations. We are generally not privy to each other's information (*i.e.*, investment decisions, research, client information) that may potentially raise conflicts of interest concerns. Specifically, GoldPoint Partners and our affiliated investment advisers have established information barrier policies designed to limit dissemination of material non-public information.

#### *Securities that the Investment Adviser or a Related Person Has a Material Financial Interest*

GoldPoint Partners has a financial interest in the funds and receives a management fee and in some cases a performance-based fee or allocation for its services to the funds (as disclosed elsewhere in this

brochure). Certain of GoldPoint Partners' affiliates, officers and employees have investments in one or more of the funds and, as such, have a financial interest in the funds. The fact that GoldPoint Partners has a financial interest in such funds creates a potential conflict of interest in that it could cause GoldPoint Partners to make different investment decisions than if it did not have such a financial interest. Further, as noted in Item 6, the fact that GoldPoint Partners could and does receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for GoldPoint Partners to make more speculative investments than it might otherwise make.

#### Internal Cross Transactions and Principal Transactions

Internal cross transactions are trades between advisory client accounts. Principal transactions are trades between a client account and an account deemed to be owned by us. We reserve the right to effect cross transactions and principal transactions where we have determined it is in our clients' best interest to do so pursuant to an investment management agreement or other governing legal documents. When coordinating cross transactions, however, we face an inherent conflict, as two advisory client accounts represent both sides of the trade and the we generally have the ability to influence the price at which the trade occurs for both clients. When we effect cross transactions, we do so in accordance with our Cross Trading Policy and Procedures. Our Cross Trading Policy and Procedures requires, among other things, a determination that the transactions are done for bona-fide investment purposes and are in the best interest of both clients.

In situations where GoldPoint Partners receives some form of compensation from a class action lawsuit or some other compensation intended for one of its funds as a result of one of the holdings in that fund, and that fund has since been dissolved, GoldPoint Partners may, in its sole discretion, determine where such compensatory funds should be credited. The Investment Committee, in consultation with the Chief Compliance Officer, and in consideration of the amount of funds involved, and as reasonably practicable, may determine to attempt to distribute the compensation to the previous investors, donate the compensation to charity, credit the compensation to a successor fund in the same strategy, reject receipt of the compensation, or some other action.

GoldPoint Partners may invest the assets of one of its funds into another one of its funds, which represents a conflict of interest.

GoldPoint Partners seeks to address these potential conflicts of interest through a robust Code of Ethics and consultation with limited partner advisory committees.

#### *Conflicts of Interest Created by Contemporaneous Trading*

See responses to items above.

#### Madison Capital Funding LLC

Most of the senior secured loans held in clients' portfolios were originated by Madison Capital and are held in Madison Capital's own portfolio, in the portfolios of other Madison Capital clients, and/or in the portfolio of other New York Life affiliates. New York Life and its affiliates, including Madison Capital, also invest in the private funds managed by Madison Capital, including private funds that invest in the equity of borrowers whose loans are or may be held in clients' portfolios.

Madison Capital has a conflict of interest in connection with these transactions since investments by its advisory clients may benefit Madison Capital and its affiliates, officers and employees by potentially increasing the value of their investments in the borrower. Any investment by Madison Capital on behalf

of its advisory clients will be consistent with applicable law, Madison Capital's fiduciary obligations to act in the best interests of its advisory clients, and such clients' investment objectives.

Officers and employees of Madison Capital may have close relationships with senior executives of public or private companies, or of private equity sponsor firms that may own or seek to acquire such companies. Such senior executives could seek to exert influence on Madison Capital to invest in such companies or may give Madison Capital information that is not publicly known. Thus, Madison Capital, its officers, or employees might receive material non-public information with respect to such publicly-traded or private companies which could restrict its advisory clients from trading in such companies for an extended period of time.

Additionally, in rare instances, employees of Madison Capital and/or its affiliates may serve on boards of directors or executive committees, or in other management capacities, at companies in which advisory clients invest, either directly or indirectly. Serving in such a capacity may expose such employees, and by association Madison Capital and its advisory clients, to certain limitations on the ability to trade the securities of such company and to certain conflicts of interest. As a result of such service, an employee may become aware, from time to time, of material non-public information about the company in which advisory clients invest, and the employee's knowledge is likely to be attributed to Madison Capital or its affiliates and the advisory clients. Therefore, an advisory client's ability to trade the securities of such company may become substantially restricted, and an advisory client's ability to buy and sell such securities may be limited to such times as company insiders are permitted to do so. Such limitations may cause advisory clients to forgo sales that they would otherwise make, thereby potentially exposing the advisory clients to losses, or to forgo purchases, thereby potentially exposing advisory clients to lost opportunities.

Madison Capital, its affiliates, and the advisory clients may also be subject to Section 16 of the Securities Exchange Act of 1934, as amended, including the disclosure requirements, the restrictions on purchases and sales, and the disgorgement of profits in certain circumstances. An employee serving as a director of a company owned, directly or indirectly, by an advisory client may also face a conflict between the fiduciary duties owed by such employee to the advisory client and the duties owed to such company. In such circumstances, an employee may act in ways that are in the best interests of such company but not the advisory client. Madison Capital maintains internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise, and intends to prevent employees from taking such positions when, in Madison Capital's determination, the potential risks to the advisory client outweigh the potential benefits. However, there can be no assurance that permitting the board membership of an employee will not result in less favorable results for the advisory clients than if the employee was not permitted to serve in such capacity.

Investors holding investments at different levels of the capital structure of a company may have conflicting interests, particularly in the event that the company suffers financial distress. Madison Capital may make a limited amount of mezzanine investments for its own portfolio, but certain of Madison Capital's clients may also make mezzanine investments in the form of second lien and subordinated loans and notes and related equity investments. To avoid potential conflicts, Madison Capital generally seeks to avoid holding both senior loans to and mezzanine investments in the same company across the portfolios of Madison Capital and various Madison Capital clients. When a potential borrower and its private equity sponsor seek both senior and mezzanine financing, Madison Capital, for its own account and for its client accounts, may offer both parts of the total financing, but ultimately will only provide one level of the financing, as elected by the borrower and its sponsor. When Madison Capital originates a unitranche loan (which is generally treated as a senior loan but may be bifurcated into separate senior and mezzanine tranches), it will not sell a portion of the senior tranche or the mezzanine tranche to any Madison Capital client unless it also sells 100% of the other tranche of the bifurcated unitranche loan to a

third party. Therefore, certain Madison Capital clients may not be provided with certain otherwise favorable investment opportunities due to conflicting investments by Madison Capital and/or other Madison Capital clients.

In its capacity as originator of loans, Madison Capital is provided with the opportunity to make related equity co-investments, which are only held in affiliated accounts or other accounts formed to make such investments or which include equity as a primary investment objective (*i.e.*, co-investment funds). Madison Capital clients also invest in the loans made to, or other securities or instruments issued by, the companies issuing such equity investments. To the extent that any conflicts arise between the interests of the co-investment funds and the interests of any other Madison Capital clients, Madison Capital will seek to resolve such conflicts consistent with applicable law, Madison Capital's fiduciary obligations to act in the best interests of its advisory clients, and such clients' investment objectives.

Madison Capital maintains a Special Assets Team with direct oversight by Madison Capital's Chief Credit Officer, dedicated to the management of problem loan workouts and restructuring of underperforming loans. In restructuring situations, the Special Assets Team and the investment management group ("IMG") review the proposed terms and determine if it is appropriate for the advisory clients to participate in the restructuring. When a more comprehensive workout restructuring is necessary, the portfolio management interests of Madison Capital may not align with the interests of its advisory clients. In these instances, the Chief Credit Officer, with input from IMG on behalf of the advisory clients, will consider the interests of each party separately, and when necessary will make determinations for each party separately in their respective best interests. The rationale for all such decisions on behalf of each party will be documented in a single document drafted by the Special Assets Team and IMG and approved by the Chief Credit Officer.

Madison Capital permits certain of its officers and employees to invest in certain of the private funds advised by Madison Capital or its affiliates and/or to share in the performance-based fees or carried interest received by Madison Capital or its affiliates from such private funds. When an officer or employee is responsible for both the portfolio management of such private fund and other Madison Capital advisory accounts, such person has a conflict of interest in connection with investment decisions since the person may have an incentive to direct the best investment ideas, or to allocate trades, in favor of the private fund in which he or she is invested or otherwise entitled to share in the performance based fees or carried interest.

Portfolio managers for Madison Capital or its affiliates are often responsible for the day-to-day management of portfolio accounts, including private funds and proprietary accounts of Madison Capital and its affiliates. The potential for material conflicts of interest exists whenever a portfolio manager has responsibility for the day-to-day management of multiple advisory accounts. As noted above, these conflicts may be greater if a portfolio manager is responsible for managing a proprietary account for Madison Capital or its affiliates or when Madison Capital and/or an affiliate has an investment in one or more of such accounts or an interest in the performance of one or more of such accounts through the receipt of a fee.

#### Conflicts of Interest – Investment Allocation

To address the potential conflicts of interest associated with the allocation of investments across Madison Capital's own balance sheet and multiple client accounts, Madison Capital adopted an Investment Practices and Allocation Policy. This policy requires Madison Capital to treat each of its advisory clients in a manner consistent with its fiduciary obligations and prohibits Madison Capital from favoring any particular account because of the ownership or economic interests of Madison Capital, its affiliates, or employees. The policy seeks to ensure that the allocation of investment opportunities across Madison

Capital's own balance sheet and each of its client accounts is fair and equitable over time, and is consistent with applicable laws, rules, and regulations that may apply to Madison Capital based on the nature of its clients. Under the policy, a percentage of each investment is offered to accounts determined by Madison Capital to be eligible. Such investment opportunities are generally allocated pro-rata among eligible accounts based on the permitted investment size for each account. The pro-rata allocation of investments may be modified by Madison Capital should factors such as funding availability and liquidity, client yield requirements, portfolio duration, legal or regulatory considerations, risk or concentration parameters, fund-specific governing constraints, or other similar factors necessitate such modification. In the event the total available amount of the allocable investment is less than the aggregate amount of Madison Capital's own desired hold size and the originally recommended amount for each client, Madison Capital and each account will receive a pro-rated distribution based on Madison Capital's desired hold size and each respective client account's originally recommended investment size, subject to adjustments in order to avoid de minimis allocations.

To the extent that certain investment opportunities are permissible and appropriate for two or more accounts but are limited in size such that allocation to all eligible accounts would result in de minimis allocations, Madison Capital will allocate such investment opportunities on a rotational basis which seeks to ensure that all eligible accounts (including Madison Capital's own balance sheet and each private fund), over time, have fair and equitable access to investment opportunities.

#### Conflicts of Interest – Internal Cross Transactions and Principal Transactions

Internal cross transactions are trades between advisory client accounts. Principal transactions are trades between a client account and Madison Capital or an account deemed to be owned by Madison Capital. Madison Capital reserves the right to effect cross transactions and principal transactions where it has determined that it is in the clients' best interest to do so and such transactions are consistent with the investment objectives, strategies, restrictions and guidelines set forth in the governing documents of such client account. When coordinating such transactions, however, Madison Capital faces an inherent conflict of interest since two advisory client accounts represent both sides of the trade, in the case of cross transactions, and it is on one side of the transaction, in the case of principal transactions. When effecting principal transactions, Madison Capital provides disclosures to and obtains the consent of the applicable client or of such client's designated agent in accordance with Section 206(3) of the Advisers Act and any applicable governing document or investment management agreement. When Madison Capital effects cross transactions, it does so in accordance with its *Cross Trading Policy and Procedures*. Madison Capital's *Cross Trading Policy and Procedures* requires among other things, a determination that such transactions are in the best interest of both clients and are otherwise consistent with the investment objectives, strategies, restrictions and guidelines set forth in the governing documents of both clients. Cross transactions and principal transactions are generally effected at prices equal to the par value of each applicable loan, less unamortized loan fees or discounts, at the time of the purchase and sale. Madison Capital does not charge any fees or commission related to these types of transactions.

#### *Securities that the Investment Adviser or a Related Person Has a Material Financial Interest*

Madison Capital has a financial interest in the funds and receives a management fee and in some cases a performance-based fee or allocation for its services to the funds (as disclosed elsewhere in this brochure). Certain of Madison Capital's affiliates, officers and employees have investments in one or more of the funds and, as such, have a financial interest in the funds. The fact that Madison Capital has a financial interest in such funds creates a potential conflict of interest in that it could cause Madison Capital to make different investment decisions than if it did not have such a financial interest. Further, as noted in Item 6, the fact that Madison Capital could and does receive performance-based

compensation creates a potential conflict of interest in that it may create an incentive for Madison Capital to make more speculative investments than it might otherwise make.

Madison Capital's co-investment fund holds equity interests in obligors whose loans have been purchased by one or more other Madison Capital private funds. The fact that Madison Capital holds equity interest in such obligors creates a potential conflict of interest in that it could cause Madison Capital to make investment decisions that benefit its co-investment fund at the expense of one or more other private funds.

In situations where Madison Capital receives some form of compensation from a class action lawsuit or some other compensation intended for one of its funds as a result of one of the holdings in that fund, and that fund has since been dissolved, Madison Capital may, in its sole discretion, determine where such compensatory funds should be credited. The Investment Committee, in consultation with the Chief Compliance Officer, and in consideration of the amount of funds involved, and as reasonably practicable, may determine to attempt to distribute the compensation to the previous investors, donate the compensation to charity, credit the compensation to a successor fund in the same strategy, reject receipt of the compensation, or some other action.

Madison Capital seeks to address the conflicts of interests described above through a robust Code of Ethics.

#### *Conflicts of Interest Created by Contemporaneous Trading*

See responses to items above.

#### *Private Advisors, L.L.C.*

#### *Securities that the Investment Adviser or a Related Person Has a Material Financial Interest*

Private Advisors has a financial interest in the funds and receives a management fee and in some cases a performance-based fee or allocation for its services to the funds (as disclosed elsewhere in this brochure). The fact that Private Advisors has a financial interest in such funds creates a potential conflict of interest in that it could cause Private Advisors to make different investment decisions than if it did not have such a financial interest. Further, as noted in Item 6, the fact that Private Advisors could and does receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Private Advisors to make more speculative investments than it might otherwise make.

Certain of Private Advisors' affiliates, officers and employees have investments in one or more of the funds and, as such, have a financial interest in the funds. This creates a potential conflict of interest as Private Advisors personnel with personal investments in the funds could lead those persons to make different investment decisions than if such persons did not have such investments. In addition, principals and employees of Private Advisors and its affiliates may, and do, directly or indirectly own an interest in funds, including through certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the funds, subject to any restrictions set forth in the applicable partnership agreements. In addition, principals and employees of Private Advisors and its affiliates may, and do, directly or indirectly own an interest in one or more investment vehicles limited to employees of Private Advisors. Such investment vehicles may invest in the same or similar securities as the advisory clients, however, the advisory clients will always have allocation priority over such investment vehicles.

From time to time, Private Advisors may execute or recommend transactions in which one advisory client sells securities or other instruments to another advisory client (a “cross transaction”). Private Advisors may also recommend transactions in which one advisory client that is deemed to be more than 25% owned by an affiliated entity (a “principal account”) buys securities or other instruments from, or sells securities or other instruments to, another advisory client (a “principal transaction”). If a transaction is deemed to be principal transaction, Private Advisors will comply with Section 206(3) of the Advisers Act. It should be noted that investment personnel may, from time to time, make a determination that certain holdings in advisory client portfolios must be rebalanced and reallocated to bring the asset allocation for the advisory clients back to target allocations (which involves a “sell” from one account and a “buy” on a different account) or for any other purpose as deemed appropriate, including an advisory client purchasing the assets of another advisory client which is in the process of being liquidated or rebalancing transactions with parallel advisory client. In such events, a determination will be made independently for each advisory client involved in the contemplated transaction based upon the advisory client’s investment/risk parameters, assets under management, liquidity and portfolio exposure. These cross-transactions may be accomplished via an assignment and assumption of a Portfolio Fund’s Interests, with another one of its advisory clients or by other means. On occasion, Private Advisors may, in its discretion, exclude certain advisory client accounts from such rebalancing transactions to adhere to the proscriptions of ERISA. In addition, each cross trade between accounts will be executed on a fair and equitable basis.

In situations where Private Advisors receives some form of compensation from a class action lawsuit or some other compensation intended for one of its funds as a result of one of the holdings in that fund, and that fund has since been dissolved, Private Advisors may, in its sole discretion, determine where such compensatory funds should be credited. The Investment Committee, in consultation with the Chief Compliance Officer, and in consideration of the amount of funds involved, and as reasonably practicable, may determine to attempt to distribute the compensation to the previous investors, donate the compensation to charity, credit the compensation to a successor fund in the same strategy, reject receipt of the compensation, or some other action.

Private Advisors may invest the assets of one of its funds into another one of its funds, which represents a conflict of interest. Private Advisors would do so only when it believes this would be mutually beneficial to both advisory clients. Examples of this type of situation would include Private Advisors buying one of its own private equity funds in the secondary market for one of its secondary funds, or one of Private Advisors’ hedge-fund of-funds allocating some portion of its assets to one of Private Advisors’ Direct Investment Funds. In certain circumstances, duplicative management and incentive fees could apply.

The advisory clients may invest in different securities or other investments (*e.g.*, loans) within an issuer’s capital structure. In some circumstances, the interests of advisory clients that invest in a company may not be aligned with the interests of other advisory clients that invest in a different loan investment or security issued by the same company, which could create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, certain actions may be taken by Private Advisors on behalf of an advisory client that are adverse to the interests of other advisory clients. The interests of advisory clients investing in different parts of the capital structure of a company are particularly likely to conflict in the case of financial distress of the company. For example, an advisory client holding senior loans or debt securities of a company may take actions to protect its own rights as a creditor that are detrimental to the rights of another advisory client that holds equity or more junior securities issued by the same company. In addition, it is possible that, in a bankruptcy proceeding, an advisory client’s interests may be subordinated or otherwise adversely affected by virtue of Private Advisors’ involvement and actions relating to an investment made on behalf of another advisory client. This may result in a loss or substantial dilution of one advisory client’s investment, while another



advisory client receives a full or partial recovery on its investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to advisory clients that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, advisory clients may or may not provide such additional capital, and if provided, each advisory client generally will supply such additional capital in such amounts, if any, as determined by Private Advisors in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Private Advisors may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one advisory client versus another advisory client (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

While the possibility of conflicts in such circumstances can never be fully mitigated, prior to making any new investment in a company on behalf of an advisory client, Private Advisors will consider whether the interests of other advisory clients invested in the capital structure of the company may impair its ability to act in the best interest of the advisory client. When Private Advisors is required to take action with respect to a security or loan investment held by an advisory client, it is Private Advisors' policy to act in the best interest of the holder of the investment with respect to which action is being taken, even though such actions may be to the detriment of other advisory clients invested in the company's capital structure.

Conflicts may arise when an advisory client makes investments in conjunction with an investment being made by another advisory client, or if it were to invest in the securities of a company in which another advisory client has already made an investment. An advisory client may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other advisory clients. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant advisory client and the other advisory client(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Private Advisors and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one advisory client's investments will be the same as the returns obtained by other advisory clients participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both advisory clients. In that regard, actions may be taken for one or more advisory clients that adversely affect other advisory clients.

Private Advisors seeks to address these potential conflicts through the use of:

- A robust Code of Ethics, which is described above;
- A requirement that Private Advisors' employees complete questionnaires detailing their potential conflicts (which are carefully monitored) in conjunction with Private Advisors' Outside Business Activities Policy;
- Disclosure of potential conflicts of interests and risks in this Brochure as well as in fund offering documents provided to prospective investors; and
- The establishment of a Conflicts Committee to review known and unresolved conflicts.

### *Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients*

The partners, officers, and employees of Private Advisors and its affiliates are permitted to buy and sell, for their own account or for the account of other advisory clients, currencies, securities, and other financial instruments, in each case of the same or a similar type to those bought or sold on behalf of the advisory clients. Furthermore, there have been instances whereby principals of Private Advisors have made direct investments in financial instruments that were also financial instruments held in a Portfolio Fund managed by an underlying portfolio manager.

Private Advisors and its affiliates may give advice and recommend the purchase or sale of currencies, securities, and other financial instruments, or buy or sell such currencies, securities, and instruments for their own account or that of other advisory clients, which advice or instruments may differ from advice given to, or instruments recommended or bought or sold for, the advisory clients, even though their investment objectives may be the same or similar.

In addition, it should further be noted that in relation to investment management services to its advisory clients, there may be instances where Private Advisors pursues an investment opportunity through normal business channels that could potentially result in a transaction where an advisory client is purchasing a financial instrument from an underlying portfolio manager in which other advisory clients of Private Advisors are invested or from an affiliate. In addition, Private Advisors or an affiliate could purchase a financial instrument from an investor in one of Private Advisors' funds.

The securities portfolio and liquid assets of each fund will not be commingled with other securities and liquid assets managed by Private Advisors or its affiliates, except to the extent that the assets of a fund will be commingled with the assets of other feeder funds, if any, through the use of a master/feeder structure. Notwithstanding the foregoing, Private Advisors and its affiliates may invest assets of the advisory clients in investment vehicles managed or advised by Private Advisors or its affiliates. In such cases, the Private Advisors Conflicts Committee will determine, in its sole judgement, whether it should waive the management and/or incentive fee at the investee fund level in relation to such investments made by an advisory client, in order to avoid duplicative management and incentive fees. It should be noted that, in certain instances, the Private Advisors Conflicts Committee will not waive the fee at the investee fund level and duplicative management and incentive fees will apply.

As explained above, Private Advisors seeks to address these potential conflicts of interest through a robust Code of Ethics and the Conflicts Committee.

### *Conflicts of Interest Created by Contemporaneous Trading*

See responses to items above.

## ITEM 12 – BROKERAGE PRACTICES

### GoldPoint Partners LLC

In negotiating and consummating private investments, GoldPoint Partners does not select brokers to execute purchase transactions on behalf of clients.

Our private funds and separately managed accounts infrequently receive publicly traded equity securities as the result of a stock distribution, merger with a public company, a going public transaction, or through a bankruptcy restructuring. If we elect to dispose of such securities, we will execute the transaction in a manner that we believe is in the best interests of our clients and in accordance with our best execution policy. We may use the services of our affiliated investment adviser, NYL Investors LLC, or third-party brokers, to sell these securities on behalf of our clients. Those firms execute the transactions consistent with obtaining best price and execution.

We generally do not use the services of an affiliated broker-dealer in conducting our business, with the exception of offering Interests in our private funds to clients and to other investors through NYLIFE Distributors. Our registered employees receive no transaction-based compensation for selling Interests in our private funds. We may, however, compensate NYLIFE Distributors as compensation for the efforts of FINRA registered employees of affiliated investment advisers in promoting the private funds that we manage.

### *Allocation of Equity Co-Investments to Fund Limited Partners and Third Parties Policy*

From time to time, we may offer to existing and prospective investors in the funds and separate accounts that we manage, as well as to other third parties, the opportunity to co-invest in equity and mezzanine investments made by our funds if we deem it advisable in our sole discretion.

We have created two separate co-investment entities – one for investments alongside our mezzanine fund, and one for investments alongside our co-investment fund. These entities do not charge management fees or a performance-based fee. When offering a co-investment opportunity in accordance with our co-investment policy, we may, in our discretion, offer Interests in these entities or offer the opportunity to invest directly in the same securities purchased by our equity and mezzanine funds.

Because of the potential for conflicts of interest that could arise with respect to the allocation of co-investments, any allocation of an investment opportunity to a co-investor is subject to the applicable provisions of fund partnership agreements, investor side letters, investment management agreements for our separately managed account clients and to our co-investment allocation policy. The allocation policy is intended to be consistent with, and to complement, the applicable provisions of such partnership agreements, side letters, investment management agreements and provisions in other agreements related to the funds and separately managed accounts. In particular, certain investors have expressed (or may express) an interest in participating in co-investment opportunities. Additionally, we are currently obligated to offer certain investors in our current mezzanine fund a pro rata portion of co-investment opportunities offered to other investors in the relevant fund. To the extent that the terms of our allocation policy are inconsistent with the terms of any such partnership agreement, side letter, investment management agreements or other applicable agreement, the terms of such agreement will govern. We may implement additional protocols we deem reasonably necessary to mitigate the potential for conflicts of interest that may arise with respect to the allocation of co-investments.

We may offer co-investment opportunities in fund investments to one or more third party co-investors that are not existing investors in our funds if we deem it advisable and in the best interests of the relevant

fund or separately managed account, as applicable, regardless of whether we offer a given co-investment opportunity to our existing investors.

We maintain a list of all of our investors that have expressed interest in being presented co-investment opportunities. If we determine to offer a co-investment opportunity to one of our existing investors, we will take this list into consideration, but will not be required to offer co-investment opportunities to any particular investor in any particular instance (other than with respect to certain investors in our current mezzanine fund that require that we offer a pro rata portion of co-investment opportunities offered to other investors in the relevant fund). Investors generally may transfer the opportunity to participate in a co-investment opportunity in whole or in part through their affiliates or third parties managing their co-investment rights.

As a general rule, an investor with a capital commitment of less than \$10 million to a fund will not be given a priority to receive offers of co-investment opportunity absent a demonstration by such investor of its ability to execute such a transaction in a timely manner and/or that its participation in the particular co-investment opportunity would otherwise add value to the fund.

When allocating a co-investment opportunity among our existing investors, we will consider, the allocation provisions set forth in the applicable partnership agreements, side letters, investment management agreements, other applicable agreements, and one or more of the following factors:

- an investor's interest in making co-investments (as communicated by the investor in side letter requests or otherwise expressly stated to us);
- an investor's ability to execute a transaction in a timely manner;
- the nature of the investor, including an investor's reliability and history of making co-investments;
- an investor's sophistication and experience in the relevant asset class, including a specialized knowledge or access that may enhance the value of the investment and/or the ability of the fund to consummate the investment;
- an investor's availability of funds with which to make the investment, including whether the investor has readily available resources (such as cash on hand or unconditional commitments of its investors) to make the investment and to support the investment following closing with any additional funding requirements (including follow-ons);
- an investor's creditworthiness and general reputation;
- whether there are any foreseeable restrictions related to the identity of an investor (*e.g.*, tax, ERISA or regulatory restrictions) that could hinder or endanger the transaction; and
- any other matter that causes us to believe an investment by a particular co-investor would be in the best interest of the applicable fund.

If we reasonably determine that multiple investors satisfy the foregoing factors, we will generally allocate the opportunity on a pro rata basis according to demand.

#### *Internal Cross Transactions and Principal Transactions*

Internal cross transactions are trades between advisory client accounts. Principal transactions are trades between a client account and an account deemed to be owned by us. We reserve the right to effect cross transactions and principal transactions where we have determined it is in our clients' best interest to do so pursuant to an investment management agreement or other governing legal documents. When coordinating cross transactions, however, we face an inherent conflict, as two advisory client accounts represent both sides of the trade and the we generally have the ability to influence the price at which the trade occurs for both clients. When we effect cross transactions, we do so in accordance with our Cross Trading Policy and Procedures, which require, among other things, a determination that the transactions are done for bona-fide investment purposes and are in the best interest of both clients.

#### Madison Capital Funding LLC

When acquiring interests in loans and related debt and equity securities and providing private financing, Madison Capital generally does not utilize brokers to execute transactions on behalf of clients.

Madison Capital's clients may receive publicly-traded equity securities as a result of a restructuring, a going-public transaction, or through a bankruptcy proceeding. If Madison Capital elects to dispose of such publicly-traded securities for its clients, it will execute the transaction in a manner that it believes is in the best interests of its clients. Madison Capital may use the services of certain of its affiliates to sell the securities on its behalf. When this occurs, the affiliate will execute the transactions consistent with seeking to obtain best price and execution. In certain instances, such as when securities must have restrictive legends removed or must be deposited with a clearing agency in order to be tradable, Madison Capital may use a third party agent who will facilitate and accelerate the process.

Madison Capital does not currently participate in any soft dollar relationships with other firms for research or any other service. Madison Capital also does not engage in any directed brokerage arrangements with any of its clients at this time.

#### Private Advisors, L.L.C.

##### Research and Other Soft Dollar Benefits

Private Advisors' investment advisory services are primarily focused on a fund-of-funds strategy and allocating fund assets among Portfolio Funds. As a result, funds of funds generally do not engage in direct trading activity and Private Advisors (and its affiliates) do not select or recommend broker-dealers for funds of funds transactions.

However, the portfolio managers are authorized to determine the broker or dealer to be used for each securities transaction for the Portfolio Funds. Private Advisors has no direct control over any portfolio manager's best execution review processes or brokerage arrangements entered into by the managers. It is expected that portfolio managers will allocate brokerage business generally on the basis of best available execution and in consideration of such brokers' provision of brokerage, research and related services (but no absolute assurances can be made in that respect).

Similarly, with respect to certain strategies, such as the Direct Investment Funds, the portfolio managers at times will utilize research services obtained by the use of commissions arising from portfolio transactions and, therefore, the advisory clients may not, in any particular instance, be the direct or indirect beneficiaries of the research, services or equipment provided. Research and related services furnished by brokers include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; discussions with research personnel; data bases; fees for attendance at industry

conferences; and other news, technical and telecommunications services utilized in the investment management and execution process. When advisory client brokerage commissions obtain research or other products or services, Private Advisors receives a benefit because it does not have to produce or pay for the research, products or services. Therefore, there exists an incentive for Private Advisors to select or recommend a broker based on Private Advisors receiving these benefits rather than recommending a broker based solely on receiving the most favorable execution for securities transactions.

In addition to the above, on rare occasions, Portfolio Funds are permitted to make distributions of in-kind securities to one of the advisory clients and Private Advisors must then attempt to liquidate such assets. To the extent that a Portfolio Fund distributes highly illiquid assets to an advisory client, Private Advisors will make a decision with respect to those assets that it reasonably believes is in the best interests of investors. When such assets (or the assets of Direct Investment Funds or the managed accounts) are managed directly by Private Advisors, Private Advisors will (as applicable) seek to achieve best execution when determining the brokers through which trades are routed and the transaction costs at which securities transactions are executed. In such circumstances, it should be noted that Private Advisors may elect to direct brokerage business to a limited number of firms (which may be one) which it believes have a strong reputation and/or provide valuable research, products or services. Such firms may not always charge the lowest commission rates, but Private Advisors is of the view that this approach is consistent with what is in the best interest of advisory clients and is consistent with best execution.

In recognition of its duty to seek best execution on behalf of its advisory clients and to monitor the use of advisory client commissions, Private Advisors has established a Brokerage Committee which meets quarterly, or as needed, to review direct trading activities in efforts to ensure that Private Advisors' brokerage business for advisory clients is consistent with stated procedures and generally in accordance with its duty to obtain best execution.

Brokerage for Client Referrals – Private Advisors does not recommend or select broker-dealers for its clients based on client referrals from a broker-dealer or third party.

Directed Brokerage – Private Advisors does not recommend, request or require that a client direct Private Advisors to execute transactions through a specified broker-dealer.

#### Order Aggregation

When appropriate, Private Advisors is permitted to, but is not required to, aggregate advisory client orders to achieve more efficient execution or to provide for equitable treatment among accounts. An advisory client's participation in aggregated trades will be allocated securities or cash based on the average price achieved for such trades, as well as a proportionate amount of the expenses incurred in the transaction. Depending upon market conditions, the aggregation of orders may result in higher or lower average prices paid or received. Orders which are not aggregated are entered at the market prices prevailing at the time of the transaction. Accordingly, trades that are not aggregated and entered at different times during the same day may result in different pricing. It is possible that Private Advisors or its affiliates could identify investment opportunities that are suitable for multiple advisory clients. In such instances, Private Advisors' Conflicts Committee will be called upon to discuss the investment opportunities with Private Advisors' investment personnel to determine the course of action which is best for affected advisory clients. In addition, it should be noted that Private Advisors and its affiliates make investment decisions on behalf of the advisory clients on the principles of fairness and equity. Additional factors that Private Advisors and its affiliates take into account include, among others, the nature and size of the proportion of securities issued or proposed transaction; the investment objectives and restrictions on the advisory clients; the relative size and cash availability of the applicable strategy within an advisory client; tax consequences; legal restrictions, including those that may arise in foreign jurisdictions; the degree of

specialization of the advisory client relative to the investment offered; and other factors considered relevant by Private Advisors or its affiliates at the time of the investment.

### ITEM 13 – REVIEW OF ACCOUNTS

Pursuant to a service agreement with New York Life, Kevin M. Bopp, the CCO of New York Life Investments Alternatives, is a member of the New York Life Corporate Compliance Department, and with assistance from members of the New York Life Corporate Compliance Department and attorneys at New York Life Office of General Counsel, is responsible for the oversight and maintenance of the compliance function for New York Life Investments Alternatives and its Relying Advisers.

New York Life Investments Alternatives and its Relying Advisers are registered with the SEC as investment advisers under Section 203 of the Advisers Act. As registered investment advisers, and pursuant to Rule 206(4)-7 under the Advisers Act, it is unlawful to provide investment advice to clients unless we: (i) have written policies and procedures reasonably designed to detect and prevent violations of the Advisers Act and rules thereunder; (ii) review no less frequently than annually, the adequacy of our policies and procedures and the effectiveness of their implementation; and (iii) designate a CCO responsible for administering the policies and procedures under the Rule 206(4)-7. Accordingly, we have put in place a comprehensive program that includes written policies and procedures that are reasonably designed to detect and prevent violations of the Advisers Act and other governing laws and regulations. Such policies and procedures include those relating to investment and allocation practices, code of ethics, personal trading, information barrier, books and records, sales and marketing, valuation, proxy voting, anti-money laundering, privacy and business continuity (the “Compliance Program”).

As part of the Compliance Program, the CCO maintains an assessment calendar that provides for a portion of our policies and procedures to be assessed quarterly. Testing criteria includes ensuring that each policy and procedure properly reflects current implementation practices and applicable rules and regulations. Procedures are revised as needed throughout the year to better reflect implementation practices or to reflect changes in applicable laws and regulations. The results of these reviews, including procedural revisions, are reported to each Relying Advisers’ respective compliance committee and respective board of directors or managers, as well as the compliance committee at New York Life Investments Alternatives, not less than annually.

#### GoldPoint Partners LLC

We review our clients’ investments and accounts on a regular basis. We believe that active monitoring of investments is critical to the successful performance of our private funds and separately managed accounts. The investment professionals assigned to the investment for any given transaction typically maintain frequent contact with both company management and the core partner sponsor, attend board meetings as appropriate, and conduct regular financial reviews. Each investment team typically consists of two managing principals, one principal, and one senior associate or associate. Financial performance is analyzed and tracked against our original underwriting case and disseminated among the managing principals in ongoing monitoring reports. In addition, we maintain a portfolio scorecard that highlights those investments that require special attention or review. These investments are then reviewed in detail at our quarterly portfolio review meetings and through frequent interactions with both the company’s management and the core partner sponsor.

A client account would be reviewed other than on a periodic basis if one of the following situations were to arise:

- if a client were to approach us regarding a potential change to the strategy employed for its separately managed account; or



- in response to our own review and evaluation of an investment sector or current portfolio exposures, we consider a change to a strategy for one of our separately managed accounts or private funds.

Our clients receive regular written reports on the following schedule:

- Investors in our funds-of-funds, mezzanine funds, equity co-investment funds, private fund and investor co-investment funds that we manage receive quarterly reports that include unaudited financial statements for the applicable fund and detailed write-ups on the investment portfolio companies, as well as annual audited financial statements. In addition, the investors in our funds-of-funds, mezzanine funds and equity co-investment funds receive annual meeting presentation reports, and investors in the equity co-investment funds receive management reports with respect to each fund investment and the fund's carrying values of such investments.
- We prepare weekly cash activity reports and quarterly portfolio reviews for our affiliated clients, New York Life and NYLIAC, in respect of their investment portfolios. The quarterly portfolio reviews are delivered to an affiliate, New York Life Investments, which then distributes this information, together with other financial information, to New York Life and NYLIAC. We also prepare and deliver to New York Life and NYLIAC a quarterly schedule of market values and remaining commitments for each of the investments made by us on behalf of New York Life's and NYLIAC's general account portfolios.
- We prepare quarterly portfolio performance and review reports for certain other separate accounts that we manage on behalf of our affiliates, including for affiliated pension and retirement trusts.

### Madison Capital Funding LLC

#### A. Client Account Monitoring

Madison Capital monitors and manages client accounts on an on-going basis, as warranted by developments with respect to the investments held in the accounts, and provides reports to clients regarding their accounts. Madison Capital also monitors the investment pipeline in aggregate and individually for each client account based on our Investment Practices and Allocation Policy on a weekly or daily basis depending on the volume of potential transactions. The investment pipeline is monitored for each client account in accordance with the investment guidelines set forth in each client's investment management agreement or other governing legal documents to verify that each client account is in compliance with these guidelines and to determine which potential investments are appropriate for each account. Additionally, on a monthly basis, a comprehensive review is performed by Madison Capital's compliance department to compare investments across each client account to verify that investment guidelines and allocation policies are being followed based on the transactions executed by Madison Capital.

The nature and frequency of credit reviews of underlying assets in each client account vary depending on the performance and outlook of each underlying asset, with performing companies receiving quarterly examinations and troubled companies receiving more frequent supervision.

Performing assets are generally defined by positive trends and financial covenant compliance. Loan account managers complete quarterly reviews of each performing asset based primarily on information

provided by the sponsor and finance department of individual portfolio companies. In addition, annual audited financial statements are required from each portfolio company. The monitoring of each underlying asset within every client account allows Madison Capital to ensure compliance with applicable investment guidelines.

Troubled investments are generally defined by a combination of negative trends, negative outlook, and financial covenant violations. Loan account managers monitor troubled investments on a frequent basis, anywhere from monthly to daily, depending on the severity of the issues.

Typical responsibilities of loan account managers of troubled investments include an enhanced review of cash flow forecasts, financial statements, covenant compliance certificates, and availability certificates, as well as interacting with management and third party consultants, and restructuring the terms of the debt. In addition to ongoing portfolio review, Madison Capital maintains a Special Assets Team with direct oversight by Madison Capital's Chief Credit Officer, dedicated to the management of problem loan workouts and restructuring of underperforming portfolio accounts. These portfolio accounts are discussed with the Chief Credit Officer with updates presented to Madison Capital's Investment Committee during regularly scheduled weekly meetings. Increased account management, operational, and funding protocols are applied to such credits. In restructuring situations, the Special Assets Team and IMG review the proposed terms and determine if it is appropriate for the advisory clients to participate in the restructuring based upon funding availability and liquidity, client yield requirements, portfolio duration, legal or regulatory considerations, deal risk or concentration parameters, fund-specific governing constraints, or other similar factors. If the terms are not considered appropriate for an advisory client, Madison Capital will not vote on behalf of that client in favor of the proposal.

#### B. Client Reporting

Madison Capital provides comprehensive reports to its clients periodically based on the reporting schedule agreed upon with each client. Clients receive reporting no less frequently than quarterly, and Madison Capital may supplement these reports with more frequent reports or discussions. Such reports generally contain performance results, a comprehensive asset listing, and any commentary deemed appropriate regarding investment strategy and outlook. Madison Capital also provides separate specialized reports as agreed with individual clients.

Madison Capital also reviews client portfolios monthly to reconcile internal records of clients' account holdings with those of the respective custodian bank. In addition, on a daily basis, Madison Capital's operations department reviews client accounts to reconcile cash balances. In the event of an error in a client account, Madison Capital attempts to identify, research, and correct the error as soon as practicable. The client is made whole for any losses resulting from an error by Madison Capital, while any gains realized would typically remain in the client account.

#### Private Advisors, L.L.C.

#### C. Frequency and Nature of Review of Client Accounts or Financial Plans

Active accounts are under continuous review with regard to investment policy, the suitability of the investments used to meet the policy objectives, and the investment objectives of the particular account. Portfolio reviews for the funds are generally conducted at least quarterly by the partners and managing directors of Private Advisors according to the strategy for each fund. Managed accounts are managed and reviewed by the partners and managing directors of either the hedge fund or private equity fund teams, depending on the account's investment mandate.

D. Factors Prompting Review of Client Accounts Other than a Periodic Review

The Investment Committees meet periodically to review portfolio strategy. The investments made by the Advisory Accounts are generally long-term in nature. Accordingly, the review process is not directed toward short-term decisions to purchase or sell securities. However, Private Advisors carefully monitors the investments made in the advisory client's portfolios and generally maintains an ongoing evaluation of such investments.

E. Frequency and Nature of Reports Provided to Clients

Fund investors receive at least quarterly written fund financial statements, capital account statements and a performance update, as well as annual audited financial statements.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

For further information regarding the Relying Advisers' client referral arrangements with their affiliates, please refer to *Item 10 – Other Financial Industry Activities and Affiliations*.

### GoldPoint Partners LLC

From time to time, GoldPoint Partners may enter into arrangements with our affiliated broker-dealer, NYLIFE Distributors, with whom certain employees of our affiliated investment advisers are also registered as representatives. In connection with these arrangements, we may pay a fee and transaction-based compensation to NYLIFE Distributors as compensation for the efforts of the registered employees of our affiliated investment advisers in selling, or promoting the sale of, Interests in our private funds.

From time to time, we may enter into arrangements with our affiliated investment advisers to recommend clients to each other. If we pay a cash fee to anyone for soliciting clients on our behalf or if we receive a cash fee from another investment adviser for recommending clients to it, we will comply with the requirements of the Cash Solicitation Rule to the extent that they apply. This rule requires a written agreement between the investment adviser and the person soliciting clients on its behalf. The rule also requires that the soliciting person provide a disclosure document to the potential client at the time that the solicitation is made. As required by the rule, we will not engage another person to solicit clients on our behalf if that person has been subject to certain securities regulatory or criminal actions within the preceding ten years.

Outside of selling private funds to our clients and other investors, we generally do not use broker-dealers that are affiliated with us in executing securities transactions for our clients.

### Madison Capital Funding LLC

Madison Capital may enter into client referral arrangements with its affiliates or certain unaffiliated parties, subject to compliance with the Cash Solicitation Rule. Madison Capital does not have any client referral arrangements with unaffiliated parties in place at this time, but does have service agreements in place with certain of its affiliates that result in client referrals. Fees paid by Madison Capital to its affiliates for any referrals are not charged to Madison Capital client accounts.

### Private Advisors, L.L.C.

Private Advisors does not receive economic benefits from non-clients for providing investment advice and other advisory services.

Private Advisors has entered into arrangements with certain firms for the purpose of obtaining or providing client referrals or servicing clients. A portion of the fees received from such referred investors is shared with the referring firm. Any such payments would be made in compliance with the Cash Solicitation Rule and relevant SEC guidance. As required by the Cash Solicitation Rule, Private Advisors will not engage another person to solicit clients on its behalf if that person has been subject to securities regulatory or criminal action within the preceding ten years unless no-action relief from the SEC has been granted.

Private Advisors may also enter into placement agreements with registered broker dealers to distribute the funds advised by Private Advisors. All arrangements with solicitors must be approved by the CCO or designee and any approved solicitor must be an appropriately registered broker-dealer with the SEC, FINRA, licensed in appropriate states and/or be in compliance with the referring firm's foreign

jurisdiction. It should be noted that a consulting firm or an affiliate of such consulting firm, which provides family office services to certain executives of Private Advisors, from time to time refers clients to Private Advisors, for which no referral fee is charged or paid.

Private Advisors has also entered into an arrangement with a financial industry affiliate for the purpose of referring senior loan borrowers and private equity sponsors to the affiliate in exchange for certain compensation, as specified in a written agreement between the parties. Private Advisors may enter into agreements with industry affiliates for providing referrals to private equity fund managers or general partners for purposes of an investment in such private equity fund managers or general partners.

## ITEM 15 – CUSTODY

### GoldPoint Partners LLC

With respect to the separate accounts that we manage, GoldPoint Partners does not consider the assets of our affiliates, New York Life and NYLIAC, to be in our custody.

We are deemed to have indirect custody of the assets of our funds by virtue of our (or our affiliates') role as general partner or investment manager to these funds. We provide investors in our funds with audited financial statements within 120 days from the end of each fiscal year (or 180 days in the case of our funds-of-funds). As a result, these funds' custodians are not required to supply separate monthly account statements to investors, and we are not required to engage an independent public accounting firm to conduct an annual surprise audit of our operation, as would otherwise be required by rules under the Advisers Act.

### Madison Capital Funding LLC

Madison Capital does not directly take custody of client funds or securities. All client accounts are maintained at qualified custodians, such as banks or broker-dealers, that (except in the case of Madison Capital's Agency Account described below) are chosen by the client. Clients receive account statements directly from their custodians. In addition, certain clients also receive account statements from Madison Capital. When a client receives an account statement from Madison Capital, the client is encouraged to compare it to the account statement that it received from the custodian. The two statements should be consistent.

In certain cases, Madison Capital is deemed to have indirect custody of a client's account due to Madison Capital or its affiliate's role as a general partner or Madison Capital's authority within a private fund structure, which allows Madison Capital to deduct management fees directly from the account or otherwise have control over the disposition of account assets. In such a case, we provide investors in the private funds with the private fund's audited financial statements within 120 days from the end of each fiscal year. Additionally, as described under Madison Capital's Agency Account below, Madison Capital is deemed to have custody of client assets when Madison Capital or an affiliate acts as agent in certain loan syndication arrangements. In any circumstances where Madison Capital is deemed to have custody of client assets, Madison Capital seeks to comply with Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

#### Madison Capital's Agency Account

The senior loans held in Madison Capital clients' portfolios that are originated or otherwise sourced by Madison Capital are typically funded by a loan syndicate organized by Madison Capital (a "Loan Syndicate"). In most cases, Madison Capital serves as the administrative agent to such Loan Syndicates. The participants in a Loan Syndicate (the "Loan Syndicate Participants") generally include Madison Capital and its affiliates, Madison Capital's clients, and other bank and non-bank lenders.

As the administrative agent to the Loan Syndicates, Madison Capital performs the duties and responsibilities typically assigned to an administrative agent for and on behalf of each Loan Syndicate. Each Loan Syndicate's credit agreement requires Madison Capital to follow negotiated guidelines or formulas regarding the movement of cash to and from the lenders and the borrower, as applicable, for the Loan Syndicate (e.g., the collection of loan proceeds from lenders and their disbursement to the borrower, as well as the use and distribution of payments received from the borrower). Accordingly, Madison Capital, in its capacity as the administrative agent, applies the terms of each credit agreement and has no authority to determine how the cash is used, allocated or disbursed.

A single bank account (the “Agency Account”), established by Madison Capital and maintained by a major U.S. bank that meets the definition of a “qualified custodian” under the Custody Rule, facilitates the movement of cash to and from the lenders and the borrowers, as applicable, for all of the Loan Syndicates. The Agency Account was opened by and in the name of Madison Capital as agent for the Loan Syndicate Participants (*i.e.*, the funds related to the Loan Syndicates are not held in separate accounts or sub-accounts for each Loan Syndicate Participant under the Loan Syndicate Participant’s name, but are commingled in the Agency Account). The qualified custodian of the Agency Account does not send Agency Account statements to the Loan Syndicate Participants.

Under the Custody Rule, an adviser is deemed to have “custody” of client assets if it (or an affiliate in connection with the adviser’s advisory services) holds, directly or indirectly, or has the authority to obtain possession of, client funds or securities, including if it (or such affiliate) acts as a general partner of a client limited partnership or a managing member of a client limited liability company. In connection with the Loan Syndicates, it is likely that Madison Capital would be deemed to have custody of the assets in the Agency Account because it serves as the administrative agent to the Loan Syndicates and has access to, and the sole authority to, obtain the cash in the Agency Account. Although Madison Capital has no authority to determine how the cash is used, allocated or disbursed, nothing would prevent Madison Capital from withdrawing cash held in the Agency Account for reasons unrelated to the Loan Syndicates, as Madison Capital controls the Agency Account. Further, Madison Capital would be deemed to have custody of the assets of the clients for which it or an affiliate serves as the general partner or managing member, as applicable.

If Madison Capital is deemed to have custody of its clients’ assets, it must comply with the Custody Rule. In particular, Rule 206(4)-2(a)(1) under the Advisers Act provides that client funds and securities must be maintained with a qualified custodian in a separate account for each client under the client’s name or in accounts that contain only the adviser’s clients’ funds and securities, under the adviser’s name as agent or trustee for the clients. As noted above, the Agency Account is maintained with a qualified custodian and was opened in the name of Madison Capital, serving as an agent for Loan Syndicate Participants (including both Madison Capital’s advisory clients and third parties, including Madison Capital and its affiliates). Because the assets of advisory clients and third parties are commingled in the Agency Account, Madison Capital is not in compliance with Rule 206(4)-2(a)(1)(ii) under the Advisers Act with respect to the Agency Account.

In addition, Rule 206(4)-2(a)(3) under the Advisers Act provides that an adviser that has custody of client funds or securities must have a reasonable basis, after due inquiry, for believing that the qualified custodian that holds such funds or securities on behalf of the adviser’s client sends an account statement, at least quarterly, to such client for which the adviser maintains funds or securities. The account statement must identify the amount of funds and securities in the account at the end of the relevant period and list all transactions in the account occurring during such period. However, if an adviser’s clients are pooled investment vehicles that prepare and distribute audited financial statements in accordance with Rule 206(4)-2(b)(4), the adviser is not required to comply with Rule 206(4)-2(a)(3) with respect to such clients (such exception, hereinafter referred to as the “Audited Pool Exception”). Because the qualified custodian of the Agency Account does not send Agency Account statements to the Loan Syndicate Participants, Madison Capital is not in compliance with Rule 206(4)-2(a)(3) with respect to the Agency Account for those clients that do not qualify for the Audited Pool Exception.

On December 17, 2018, Madison Capital submitted a letter to the staff of the SEC requesting relief from the application of Rule 206(4)-2(a)(1)(ii) and Rule 206(4)-2(a)(3) with respect to the Agency Account. The staff of the SEC responded on December 20, 2018 stating that it would not recommend enforcement action against Madison Capital, provided that Madison Capital satisfies and continues to satisfy the requirements set forth in the SEC staff’s response.

Private Advisors, L.L.C.

Private Advisors is deemed to have custody of the assets of the funds by virtue of its (or its affiliate's) role as general partner or investment manager to the funds. We provide investors in our funds with audited financial statements within 120 days or 180 days from fiscal year end, depending on the type of fund. As a result, these funds' custodians are not required to supply separate monthly account statements to investors, and we are not required to engage an independent public accounting firm to conduct an annual surprise audit of our operation, as would otherwise be required by rules under the Advisers Act. Quarterly account statements for investors in the funds are generally sent by the funds' administrators. Investors should carefully review those statements.

To the extent necessary, Private Advisors maintains the assets of certain funds in accounts with a "qualified custodian" pursuant to the Custody Rule and notifies investors in writing of the qualified custodian's name, address and the manner in which the assets are maintained promptly when the account is opened and following any changes to this information. It should be noted that Private Advisors has also secured lines of credit for certain funds with certain credit providers, whereby the credit providers are deemed a secured party to certain assets of these funds. Private Advisors has also entered into tri-party control agreements related to these line of credit arrangements.

Private Advisors does not have custody of the client funds and securities in its managed accounts.



## **ITEM 16 – INVESTMENT DISCRETION**

Each Relying Adviser has investment discretion to manage securities on behalf of client accounts (other than for the GoldPoint Partners credit fund and the Private Advisors Sub-Advised Fund). Clients may impose restrictions on this discretion by, among other things, prohibiting the purchase of specific investments or prohibiting investments within a specific industry. Clients may also restrict the use of certain broker-dealers to execute trades, or may restrict the amount of investments that can be bought or sold within the account.

For separately managed accounts, a separate investment management agreement is executed by us and by the authorized client signatory for each separately managed account. These agreements confer limited investment discretion to us as investment manager, as well as set forth the investment guidelines applicable to such accounts. Separately managed accounts may either be discretionary or non-discretionary as determined in each managed account's individually negotiated investment management agreement. Similarly, the Sub-Advised Fund is non-discretionary as detailed in the investment advisory agreement.

For private funds, a limited partnership agreement, operating agreement or a separate investment management agreement is executed by us and the general partner or managing member of each private fund we manage on behalf of itself and on behalf of each investor in the relevant fund pursuant to a power of attorney granted by the investors in their subscription documents for the relevant fund. These agreements appoint us as investment manager of the relevant fund and (other than with respect to our private fund) confers discretionary authority to the fund's general partner or managing member and us as investment manager of the fund. The terms of these agreements are negotiated in good faith by us and the investors in our private funds. Investors in the funds generally do not have the ability to impose limitations on our discretionary authority. Prospective investors are provided with an offering document prior to their investment and are encouraged to carefully review the offering document and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their sophistication and ability to assess and bear the risks of investment in a high-risk investment pool. Further, prospective investors in funds organized as domestic partnership must execute a limited partnership agreement.

Some investors negotiate side letters with the general partners and the fund in which they are investing, which typically grant investors additional rights, more favorable terms or additional limitations on our authority with respect to such investor, or to the relevant fund as a whole. Each Relying Adviser has no obligation to offer such additional rights or terms to all investors. Additionally, some large investors enter into separate investment vehicles on more favorable economic terms than the investors in certain of our primary funds. These separate investment vehicles generally invest pro rata on a side-by-side basis with these primary funds based upon the size of the primary fund and the size of the separate investment vehicle.

## ITEM 17 – VOTING CLIENT SECURITIES

New York Life Investments Alternatives and its Relying Advisers understand and appreciate the importance of proxy voting and will generally manage the receipt of incoming proxies, maintain a log of all proxies, and place votes based on established policies and guidelines. In the course of exercising discretion to vote a proxy, we will vote any such proxies in the best interests of the clients and in accordance with the procedures outlined below (as applicable). Investors do not have the authority to direct us to vote in particular situations.

Prior to voting any proxies, our investment professionals will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, a business unit chief compliance officer, or his designee, will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not. If no material conflict is identified pursuant to its set procedures, the applicable investment professional will make a decision on how to vote the proxy in question. We also have the flexibility to abstain from a particular proxy vote when it is determined to be in the best interest of investors.

For GoldPoint Partners and Madison Capital, where clients have delegated authority to vote proxies to us, we will vote these proxies in accordance with the recommendation of Institutional Shareholder Services (“ISS”), which provides proxy research voting recommendation services. For clients or investments that provide us with proxy voting guidelines different from the ISS Guidelines, we will make voting determinations in accordance with such modified guidelines. To override an ISS recommendation, one of our managing principals must submit a written override request to our business unit chief compliance officer. Our procedures require that such business unit chief compliance officer review each such override request for potential material conflicts of interest between our clients and us and our affiliates. In the event that our business unit chief compliance officer determines that a material conflict exists, the matters will be referred to our proxy voting committee for appropriate resolution.

We do not have the authority to vote on behalf of certain of our non-discretionary clients. However, we may make recommendations to such non-discretionary accounts with respect to any proxies received.

A copy of our proxy policy and/or information on actual proxy votes are available upon request.

## **ITEM 18 – FINANCIAL INFORMATION**

New York Life Investments Alternatives and its Relying Advisers are not required to file balance sheets for the most recent fiscal year because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We have no financial condition that impairs our ability to meet contractual commitments to clients and have never been the subject of a bankruptcy proceeding.

## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

New York Life Investments Alternatives and its Relying Advisers are registered with the SEC and provide notice filings to certain states. We are not registered with any state securities authorities.