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This brochure provides information about the qualifications and business practices of Reverence Capital Partners, L.P. ("RCP" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (212) 804-8025. 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.

RCP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, such registration does not imply a certain level of skill or training.

Additional information about Reverence Capital Partners, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2**

### **Material Changes**

This brochure, dated September 11, 2020, has been prepared according to the SEC's requirements and rules. It amends RCP's brochure dated as of April 29, 2020 by updating RCP's advisory business in Item 4, fees and compensation in Item 5 and Item 6 and RCP's management strategy in Item 8. The description of certain risks and conflicts in Item 8 have also been updated. In addition, RCP has made other non-material changes to this brochure, which RCP recommends that you read in its entirety.

Clients may request a copy of the current version of RCP's brochure at no cost by contacting RCP's General Counsel & Chief Compliance Officer, Rachael Dugan, by electronic mail at [Rachael.dugan@reverencecapital.com](mailto:Rachael.dugan@reverencecapital.com) or by telephone at (646)883-6919.

**ITEM 3**  
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## ITEM 4

### Advisory Business

Reverence Capital Partners, L.P. (“RCP” or the “Firm”) was established in 2013. RCP is owned by its three founders, Mr. Milton R. Berlinski, Mr. Peter C. Aberg and Mr. Alexander A. Chulack. Mr. Berlinski serves as Managing Partner of the Firm, while Messrs. Aberg and Chulack are Co-Founders and partners.

RCP provides investment advisory services to private equity funds focused on the middle market of the financial services industry and credit funds focused on making opportunistic structured credit as well as other credit and credit-related investments. RCP partners with companies that can benefit from its extensive industry relationships and operating and transaction experience.

RCP provides investment advice to its: flagship private equity fund complexes (the “RCP Equity Funds”), credit fund complexes (the “RCP Credit Funds”) and to different co-investment entities, which were formed to facilitate a specific investment (each such co-investment entity, a “Co-Invest Fund,” and together with the RCP Equity Funds and the RCP Credit Funds, the “Funds”). RCP’s services to these entities may include investigating, analyzing, structuring, negotiating and consummating potential investments (including debt instruments), deploying Fund capital to acquire or originate loans, monitoring the performance of investments and advising the Funds as to disposition opportunities. Each Fund has a general partner (each referred to herein as a “General Partner” and together as the “General Partners”). Each General Partner is subject to the Advisers Act pursuant to RCP’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with RCP. See Item 10: *Other Financial Industry Activities and Affiliations*.

Investments in RCP Equity Funds and RCP Credit Funds were offered to investors through offering documents (as amended and supplemented from time to time, the “Offering Materials”) that set forth the investment guidelines and/or the types of investments in which the assets of RCP Equity Funds and RCP Credit Funds, respectively, may be invested. RCP’s investment advice is carefully tailored to the objectives of each private fund but not to the objectives of underlying investors in those funds.

From time to time, investors in the private funds and others may be offered an opportunity to make a co-investment with the funds. In general, each investor is individually responsible for determining whether it wants to participate in such a co-investment opportunity.

RCP expects in the future to advise additional clients, which may be additional pooled investment vehicles, separately managed accounts or institutional investors.

This brochure is not an offer to invest in any of RCP’s private funds. Any such offer would only be made through the provision of such fund’s confidential offering materials, which

include the private placement memorandum, subscription materials and limited partnership agreement (collectively, the “Governing Fund Documents”). Information included in this brochure is intended to provide a useful summary about RCP, but it is qualified in its entirety by information included in its private funds’ confidential offering materials.

As of December 31, 2019, RCP had approximately \$3,952,792,485 in discretionary regulatory assets under management (“RAUM”) and did not manage any client assets on a non-discretionary basis. RAUM of \$3,952,792,485 reflects the inclusion of (i) \$583,878,780 cumulatively invested by RCP I and RCP II in certain of its co-investment funds, specifically RCP Artemis Co-Invest, L.P., Reverence Card Co-Invest, L.P., RCP Lynx Co-Invest, L.P. and RCP Vega Co-Invest, L.P., and (ii) \$121,742,039 invested in Lynx JV, L.P., which accounts for 50% of the RAUM attributable to that fund, with the other 50% being attributable to RedBird Capital Partners Management LLC.

## **ITEM 5**

### **Fees and Compensation**

#### **Management Fees and Carried Interest**

As described in more detail in the applicable Fund’s Governing Fund Documents, in consideration for the investment advisory services provided to the Funds, the Firm is generally entitled to receive an annual management fee that ranges from 1.5% to 2.0% *per annum* of either the applicable Fund’s aggregate investor commitments or net invested capital and are subject to certain adjustments. Management fees are generally billed to each Fund and collected on a quarterly basis either in advance or in arrears, subject to the applicable Governing Fund Documents. The specific payment terms and other conditions of the management fees, carried interest and other compensation available to RCP or a General Partner are set forth in the applicable Fund’s Governing Fund Documents. In consideration for the investment advisory services provided to each Co-Invest Fund, RCP is entitled to receive an annual management fee consistent with the fees as appropriate for the relevant RCP Equity Fund and RCP Credit Fund, subject to certain adjustments.

Subject to the applicable Fund’s Governing Fund Documents and any reductions or waivers mentioned below, investors in the Funds generally bear a carried interest equal to 15% – 20% of the profits, if any, earned from each investment made by the Funds after returning invested capital, management fees and other expenses and priority returns to the investors. Carried interest distributions are calculated and made to the general partner of each Fund out of the proceeds of the relevant investment at the time of realization (less any escrow withholding). Such carried interest distributions may be subject to a claw-back depending on the aggregate return of all of the Fund’s investments during a Fund’s term or at the end of its term, or alternatively, a portion of such carried interest will be placed in escrow as the limited partners’ recourse in the event of an overpayment of carried interest payments.

Each Fund's fee schedule generally is not negotiable. However, in most cases, RCP and the General Partners have the discretion to waive or reduce management fees and / or carried interest distributions (and, in some circumstances, to instead enter into an incentive fee arrangement) with respect to a particular Fund or a particular investor within a Fund. In addition, RCP and the General Partners may enter into side letter arrangements with particular investors in a private fund, which may alter or supplement the terms of the Governing Fund Documents with respect to such investors.

### **Other Fees and Expenses Borne by the Funds**

Subject to the limitations in the Governing Fund Documents, each Fund pays, and the investors in those funds indirectly bear, a number of other fees, costs, liabilities and expenses. These vary from private fund to private fund and in many cases are limited by the applicable private Fund's Governing Fund Documents, but generally include, without limitation:

- (i) all fees, costs, expenses, liabilities and obligations relating or attributable to sourcing, identifying, evaluating, making, developing, structuring, organizing, negotiating, consummating, financing, refinancing, pledging, diligencing, originating, acquiring, syndicating, managing, monitoring, operating, holding (including asset and loan servicing and administration), hedging, restructuring, trading, rating, selling, winding up, liquidating, or otherwise disposing of, as applicable, actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including deal initiation expenses, any associated legal, custodial, trustee, financing, origination, investment banking, placement, finder, underwriting (including both commissions and discounts), brokerage, commitment, transaction, exchange, clearing or other fees and expenses payable to attorneys, accountants, investment bankers, tax professionals, lenders or other financing sources, consultants and similar professionals and/or advisors in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated investment, transaction or project (or co-investment) is consummated and whether or not such activities are successful (including break-up, reverse breakup and termination fees, expenses and payments) and any similar expenses associated with proposed investments that are ultimately not made by the Funds;
- (ii) routine expenses of the Fund that are not reimbursed by portfolio companies or portfolio investments, including legal, accounting, auditing, administrative, consulting and financing fees and expenses, the management fee, expenses associated with the preparation and distribution of the Fund's investment-related financial statements or other reports, tax returns, tax estimates and Schedules K-1 (and any other tax compliance and reports to the limited partners, and other regulatory expenses of the Fund or of the General Partner or the manager relating to the Funds (including (A) any filings required under applicable

securities laws regimes, (B) any forms, schedules, reports, filings, information or other documents prepared with respect to applicable tax and other authorities, including without limitation the U.S. Foreign Account Tax Compliance Act, the Common Reporting Standard issued by the Organisation for Economic Cooperation and Development and any other comparable and/or applicable non-U.S. and U.S. laws, rules or regulations, (C) any reports to be filed with applicable commodities and/or trading commissions or regimes, (D) Form PF and other filings, as well as the costs of any legal inquiries, including regulatory “sweeps”, (E) registration, reporting, schedules, filings, compliance information, documents and other expenses arising in connection with AIFMD or any other law, rule or regulation of any U.S. or non-U.S. jurisdiction related to marketing, offering, selling, holding, owning or disposing of Fund interests, including fees and expenses of any local agents, distributors, third-party service providers and professionals (including depositories, attorneys, agents and representatives) related to the foregoing (other than the initial notifications and filings which fall within Organizational Expenses), and/or (F) side letter and most favored nation elections, and other notices, reports and communications with the Partners), but excluding, for the avoidance of doubt, expenses associated with the General Partners’ and/or RCP’s compliance with the Advisers Act and any similar non-U.S. law or regulation imposing obligations upon the General Partners or RCP solely with respect to providing investment advisory services or advice generally and not in any way pertaining to the Funds, any alternative investment vehicle or any investment specifically);

- (iii) any costs and expenses related to the presence of the Funds, the General Partners, RCP or their respective affiliates in jurisdictions in which the Funds maintain subsidiary acquisition vehicles, holding vehicles or other special purpose entities of the Funds or their subsidiaries formed to make, hold or otherwise facilitate investments directly or indirectly on behalf of the Funds;
- (iv) legal, accounting, custody, account, paying agent, depository, trustee, licensing (lender and otherwise), research (including subscriptions to periodicals or databases), audit, administration (including fees and expenses associated with the Funds’ third-party administrator and administration, tracking or reporting software or services, if any), information, market data, third-party diligence software and service providers, consulting (including consulting and retainer fees and other compensation paid to consultants performing investment initiatives and other similar consultants, including Special Advisors and Operating Partners (each defined below)), tax and other professional services (including amounts contemplated in *“In-House Services”* below);
- (v) any activities with respect to protecting the confidential or non-public nature of any information or data;

- (vi) indebtedness of, or guarantees made by, the Funds or any affiliate thereof on behalf of any Fund (including any margin loan, credit facility, letter of credit or similar credit support), including interest with respect thereto, or evaluating, negotiating or seeking to put in place any such indebtedness or guarantee;
- (vii) independent appraisers, valuation agents, pricing services and any other third-parties engaged in connection with considering, making, holding or realizing an investment;
- (viii) actual, threatened or otherwise anticipated litigation, governmental inquiry, investigation, audit, proceeding, mediation, arbitration or other dispute or dispute resolution process (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation and the appointment of any agents for service of process, including expense of discovery related thereto, including any judgment, fine, other award or settlement entered into and/or paid or payable in connection therewith), except as otherwise set forth in the Governing Fund Documents;
- (ix) indemnification (including any legal or other fees, costs and expenses incurred in connection with indemnifying any Partner or other person pursuant to the Partnership Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Fund Documents), except as otherwise set forth in the Governing Fund Documents;
- (x) the costs of any insurance policies for the benefit of the Funds or the General Partner's or manager's (including RCP personnel's) activities on behalf of the Fund, including directors and officers liability, fidelity bond, data protection, cyber, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, except as otherwise set forth in the Governing Fund Documents;
- (xi) all costs of organizing the Fund (provided that the limited partners' obligations to make capital contributions in respect of management fees will be reduced by the amount of excess organizational expenses) and all costs incurred in connection with the termination, dissolution, winding up and liquidation the Funds;
- (xii) the formation, management, operation, termination, dissolution, winding up, liquidation, structuring and restructuring of any alternative investment vehicles, subsidiaries, holding entities or other special purpose vehicles;
- (xiii) any audit, examination, investigation or other proceeding by any taxing authority or incurred in connection with any governmental or regulatory inquiry, investigation or proceeding, in each case, involving or otherwise applicable to the Funds, including the amount of any judgments, settlements, remediation or fines



paid in connection therewith;

- (xiv) all costs of organizing any acquisition vehicles through which the Fund makes or holds investments;
- (xv) any taxes, fees and other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, inquiry, investigation, settlement or review of any of the foregoing, and any costs and expenses of or related to the Fund representative (as set forth in the relevant Governing Fund Documents) of any Funds;
- (xvi) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner;
- (xvii) expenses incurred in connection with distributions to, and communications with, limited partners, and with holding any meetings of limited partners, including the annual limited partner meeting or other periodic or special meetings of the limited partners and any other conference or meeting with any limited partner(s) and any reimbursements related thereto (regardless of whether all of the individuals attending or otherwise participating in such meetings are limited partners), in each case, to the extent incurred by the Funds, the General Partners, RCP or any affiliate thereof including, without limitation, set-up, room and board, dining, speaker fees and honorarium and other meeting-related expenses;
- (xviii) expenses relating to defaults of limited partners in the making of capital contributions;
- (xix) expenses incurred in connection with amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Funds (including as the General Partners consider to be necessary or desirable to comply with the provisions of AIFMD), including the preparation, distribution and implementation thereof;
- (xx) reasonable out-of-pocket costs and expenses and any other fees, costs, expenses, liabilities or obligations of the limited partner advisory committees and the Special Advisors (as defined below);
- (xxi) defaults by Fund partners in the payment or timely payment of any capital contributions;
- (xxii) compliance or regulatory matters related to the Funds, investments and prospective investments, including compliance (and monitoring compliance) with all agreements and arrangements of the Funds and their respective subsidiaries and alternative investment vehicles (including compliance with any side letter or

similar agreement);

- (xxiii) complying with any law, rule, regulation or policy related to the operations and activities of the Funds (including legal and regulatory fees, costs or expenses of the General Partners incurred in connection with the operation of the Funds (e.g., compliance with privacy, data protection, know-your-customer, anti-money laundering (including any validation of any payments made in connection with any voluntary or compulsory review), sanctions or anti-terrorist laws, rules or regulations) and any costs and expenses related to compliance with any environmental, social or governance considerations or policies);
- (xxiv) filing, title, transfer, stamp duty, registration and other similar fees and expenses;
- (xxv) meetings, activities or proceedings of the limited partner advisory committees (including any out-of-pocket costs and expenses incurred by representatives of the General Partners, RCP, the limited partner advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of the limited partner advisory committees);
- (xxvi) any fees, costs and expenses of Operating Partners or other persons engaged by Operating Partners and all amounts contemplated in *"In-House Services"* below;
- (xxvii) interest expenses and other costs of any borrowing, the costs of any hedging transactions and any amounts paid for or resulting from any hedging, negotiated or over-the-counter derivative instruments related to any Fund's activities or investments;
- (xxviii) any travel-related expenses (e.g., travel (including business class travel for investment professionals), lodging, entertainment, meals and related expenses) relating to any of the foregoing; and
- (xxix) all placement fees payable to any person serving as a placement agent in connection with the offering of limited partner interests in the Fund, although such expenses will be borne only by the limited partners and will be applied to reduce the limited partners' obligations to make capital contributions in respect of management fees.

In addition, portfolio companies of RCP's private funds may reimburse RCP for out-of-pocket fees, costs, liabilities and expenses (and the investors in those funds would therefore indirectly bear such amounts) of the types described above, which may be in the form of a direct reimbursement or a payment in lieu of a monitoring or other transaction fee (in which case, the amount of such payment would generally not be considered a reduction item in the calculation of the management fee paid by the private funds).

In general, expenses attributable to a particular private fund complex are allocated to the fund vehicles which comprise such fund complex according to the methodology set forth in the Governing Fund Documents. Expenses that are attributable to more than one fund complex generally are allocated among such fund complexes based on the relative commitments to or available commitments with respect to the Funds, the relative net asset value of the Funds, or a combination thereof, in each case in accordance with RCP's expense allocation policy. However, RCP has discretion to use another methodology that it believes is more fair and equitable.

### **Expenses of Special Advisors**

The General Partner has designated a group of special advisors, and may appoint additional advisors, consisting of various distinguished current and former business executives who are not affiliates of the General Partner (collectively, the "Special Advisors"). The Special Advisors together form an informal advisory panel that the General Partner expects will advise RCP, the General Partner, the Funds, any investments and/or prospective investments with respect to economic and industry trends, idea generation, advice, industry insight, expertise, experience and analysis, investment sourcing, due diligence, deal execution (including exits), deal execution, financial and structuring matters, investment initiatives, restructuring or reorganizations. Special Advisors are independent consultants (and not employees) of RCP or the General Partner.

The Special Advisors have, and are expected to continue to, regularly provide services to, or in connection with, the Funds in relation to their activities, or to one or more portfolio companies or Issuers (defined below) in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies or investments, including operational aspects of such companies or Issuers. If the Special Advisors serve as directors, advisors or consultants of a portfolio company or Issuer, they may receive and retain directors' fees and other compensation from such portfolio company or Issuer (including salary and performance-based compensation, incentive equity, stock awards or other profits interests). RCP, the General Partner or their affiliates (other than the portfolio companies, Issuers or the Funds) may also engage Special Advisors as consultants. The Special Advisors do not receive any compensation from RCP but are permitted to invest in RCP's investment funds (or in specified investments therein) on a fee-free and carry-free basis and co-invest opportunities based on their contribution to sourcing, execution or oversight. The Special Advisors may also receive fees for acting as consultants to the Fund with respect to the sourcing, structuring, holding or execution of Fund investments, which fees will be negotiated on an arm's-length basis and will be borne by the applicable Fund. In addition to such fees, the RCP Funds will generally bear any travel costs or other out-of-pocket expenses incurred by Special Advisors in connection with the provision of their services. Pursuant to the Governing Fund Documents, any such fees or other compensation received directly by Special Advisors and any reimbursement of expenses will not constitute "Fee Income" (described below) and will not offset or reduce the Management Fee.

In exercising its discretion to recommend to the Funds, or to portfolio companies and

Issuers, that they contract for services with Special Advisors, RCP is subject to potential conflicts of interest that are discussed below. See Item 8: *Methods of Analysis, Investment Strategies and Risk of Loss* — “Service Providers” below.

### **Expenses of Operating Partners**

Additionally, as further described herein and in the Governing Fund Documents, RCP expects to hire or otherwise retain a group of professionals (collectively, the “Operating Partners”) with operational expertise primarily to provide investment-related operational services (including monitoring, maintenance, asset management, technology, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, environmental, social and corporate governance, sales, marketing, business development and/or human resources) and due diligence, acquisition, realization and other similar services to portfolio companies and Issuers) (“Operating Partner Service”).

If retained for any specified engagement, the Operating Partners are expected to receive salary and performance-based compensation, as well as fees and reimbursement of certain travel and other costs, and may receive incentive equity, stock awards or other profits interests in such company from the Fund or any investments or the Issuers thereof on terms that the borrower or Issuer (or the General Partner if engaged by the Fund) determines to be fair and reasonable to the Fund and such Issuer applicable to such services and/or functions. Such compensation may be paid by an underlying issuer or directly by the Fund (or any intermediate entity or other subsidiary of the Fund) or initially may be paid by the General Partner or the Management Company and then reimbursed by an Issuer or the Fund (or any intermediate entity or other subsidiary of the Fund). Fees, expenses and other amounts paid or received by Operating Partners in connection with their services, including amounts in connection with particular transactions or investments, will not reduce or offset the management fee. The use of Operating Partners subjects RCP to potential conflicts of interest, as discussed under Item 8: *Methods of Analysis, Investment Strategies and Risk of Loss* — “Operating Partners” below.

### **In-House Services**

Employees and other professionals and personnel employed or engaged by RCP and/or its affiliates (including RCP’s Asset Management Team (defined below)) will provide certain accounting, financial, reporting, fund administration, tax, internal audit, legal, compliance, transaction execution, asset management (e.g., monitoring covenant compliance by borrowers and other counterparties, monitoring the financial condition and other relevant operating data of such borrowers and other counterparties, tracking and enforcing payment obligations and cash payments, etc.), loan administration, loan origination, financial advisory and other services (collectively, “In-House Services”) to the Funds (and, in some cases, directly to underlying borrowers or issuers of investments) in lieu of third parties providing such services or to supplement the services provided by third parties. RCP or its applicable affiliates will be reimbursed by the Funds or entities for providing In-House Services (including salary, bonus, fees, retainers, deferred compensation, benefits, salary overhead and payroll administration and charges), and other cost reimbursement (including travel, meals and lodging)) that the General Partners determine are applicable to such services and/or functions; provided, however, that the

costs of any In-House Services paid or reimbursed by the Funds shall not, in the aggregate, exceed the costs that would be payable to an unaffiliated nationally recognized service provider (as determined by the General Partners) for providing similar services. In any case, although RCP will charge rates for In-House Services that in the aggregate do not exceed equivalent market rates, there is no guarantee that the rate for any individual service provided by RCP or its affiliates will be lower than an equivalent third party service provider. Consequently, RCP undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate. Any payments and reimbursements associated with the In-House Services may, in the discretion of the General Partners, instead be paid, without duplication, by any direct or indirect subsidiary of the Funds. None of the payments and/or reimbursements associated with the In-House Services will reduce or offset the Management Fee.

### **Transaction Fees and Special Income**

RCP has in the past received and may in the future receive transaction fees and special income with respect to its private funds and their actual or prospective investments, including, subject to the limitations in the Governing Fund Documents, financial advisory and consulting fees (whether in the form of cash, securities or otherwise), monitoring fees and advisory fees, break-up fees, director fees, closing fees, investment banking fees, placement fees, commitment fees, breakup fees and litigation proceeds from transactions not consummated and other similar fees (collectively, "Transaction Fees"). An amount equal to a portion of such Transaction Fees received by RCP will reduce the management fees owed by the RCP private funds.

Transaction Fees could, in certain cases, include lump-sum, accelerated or termination payments in respect of such fees in the event of the sale or initial public offering of the relevant portfolio company or other termination of the arrangement. In the case of an acquisition or disposition, Transaction Fees may be expected to be structured as payments of a percentage of the enterprise value of a company, or in the case of financings or recapitalizations, the aggregate amount of the financing, or on some other basis depending on the circumstances of a particular transaction. In some cases, a Transaction Fee could be in the form of options, warrants or other rights to purchase securities of the Issuer of an investment (or affiliate thereof) and could be valued at the time of grant or receipt or otherwise depending on the circumstances and in accordance with the applicable Governing Fund Documents.

Over the life of an investment, the Firm may receive multiple types or payments of Transaction Fees with respect to a single investment. The Firm also reserves the right to charge portfolio companies annual monitoring fees (e.g., fees for time regularly devoted to a portfolio company). In certain cases, monitoring fees may be accelerated in connection with the sale or initial public offering of the underlying portfolio company. In such a case, the Firm may receive a payment equal to some portion of future annual monitoring fees.

RCP may be paid Transaction Fees of the type referred to in the preceding paragraph on behalf of or with respect to co-investors in an investment. Should this occur, RCP reserves the

right to not apply the receipt of such fees to reduce the management fee payable by any RCP private fund(s) that have also invested in such investment and, as a result, an RCP private fund would, in such cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors or potential co-investors, which may be significant.

RCP principals and employees (or an affiliated entity thereof) and Special Advisors that invest in an RCP private fund generally will be exempt from payment of the management fee and carried interest with respect to such private fund. In addition, to the extent permitted by the relevant Governing Fund Documents, RCP has the right to permit investors, affiliated with RCP or otherwise, to invest through the relevant General Partner or other vehicles that do not bear management fees or carried interest or to exempt such persons from paying all or part of the management fees and / or carried interest that would otherwise be payable by such investor.

The Funds may incur brokerage costs and other fees in the event that the Funds invest in publicly listed securities or debt securities or other debt-related investments.

**Additional information about each Fund as well as the fees and expenses charged to investors by each Fund is provided in the Offering Materials or relevant Governing Fund Documents.**

## **ITEM 6**

### **Performance-Based Fees and Side-By-Side Management**

As discussed in Item 5, the Funds' investors generally bear a carried interest equal to 15% – 20% of the profits, if any, earned from each investment made by the Funds after returning invested capital, management fees and other expenses and priority returns to the investors. Carried interest distributions are calculated and made to the General Partner of the applicable Fund out of the proceeds of the relevant investment at the time of realization. Carried interest distributions may be subject to a claw-back depending on the aggregate return of all of the Fund's investments (such a claw-back occurring during a Fund's term or at the end of its term) or, alternatively, a portion of such carried interest distributions may be placed in escrow as recourse for the limited partners in the event of an overpayment of such carried interest. RCP and the General Partners have the discretion to waive or reduce carried interest distributions and, in some circumstances, to instead enter into an incentive fee arrangement with respect to a particular Fund or a particular investor within a Fund.

The General Partners are related persons of RCP. The Firm receives no portion of any such carried interest; however, certain of its supervised persons may be entitled to a portion of any such carried interest paid. Carried interest arrangements may create an incentive for the Firm to recommend investments which may be riskier or more speculative than those that would be recommended under a different arrangement in order to achieve higher returns.

Despite this potential conflict of interest, RCP will seek to manage its private funds in

accordance with their stated investment objectives. As discussed above, RCP and the General Partners have sought to further mitigate this risk by including claw-back provisions or escrow arrangements in the carried interest distribution structure, disclosing information about investments to investors and requiring the General Partners' members to make personal investments in the funds through the General Partners. To the extent that one or more of RCP's private funds experience gains and one or more other funds experience losses, RCP could have an incentive to allocate a disproportionate amount of time and resources to the funds that are most likely to generate carried interest distributions. RCP seeks to mitigate this risk through the principals of Reverence Capital Partners, LLC making significant personal capital commitments to the Funds and by seeking capital commitments for a new fund complex only as it approaches the end of the investment period or has invested a significant proportion of investable capital for an earlier fund complex.

## **ITEM 7**

### **Types of Clients**

RCP provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to RCP's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Investors in the Funds generally include individuals, family offices, trusts, funds of funds, institutional investors, pension plans, endowments and sovereign wealth funds.

Prospective investors in each of the Funds are required to meet certain suitability qualifications to enable the Funds to maintain their private placement exemptions under the Securities Act of 1933, as amended (the "Securities Act"), and the Investment Company Act of 1940, as amended (the "Investment Company Act"). The conditions for becoming an investor in each Fund, including the minimum investment, are set forth in the Offering Materials or definitive organizational documents for such Fund. The minimum investment is generally \$5 million, though RCP generally has the discretion to waive such minimum, subject to compliance with applicable law.

## **ITEM 8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

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

##### **RCP Equity Funds – Investment Strategy**

RCP's equity strategy seeks to deliver attractive returns by investing in a diversified portfolio of companies across the financial services sector, with an expected focus on five subsectors: (i) asset and wealth management, (ii), bank and non-bank finance companies, (iii) capital markets, (iv) financial technology, payments and services, and (v) insurance. Navigating the financial services sector requires specialization due to the business model complexities, cyclicity and continuous changes powered by demographic, technological and regulatory factors that impact the industry.

RCP intends to identify investment opportunities through a combination of proactive engagement with companies identified through the development of its investing themes and the extensive network of relationships that the RCP investment professionals have with boards, management teams and intermediaries. RCP employs a thematic approach to investing, focusing on long-term trends and structural shifts, actively engaging in market-mapping the universe of potential investment opportunities, utilizing the Firm's existing business network and further building relationships through active outbound prospecting. This approach concentrates the Firm's efforts on businesses that are positioned to benefit from favorable long-term trends and are expected to produce positive risk-adjusted returns over their investment horizon. RCP focuses on opportunities where the Firm's industry experience, product expertise and network of relationships present a competitive advantage.

#### RCP Equity Funds – Investment Evaluation and Approval Process

Each potential investment opportunity is initially reviewed by at least one RCP partner and typically discussed informally by a subset of RCP's investment team. One or more of RCP's Partners will make an initial determination regarding an investment's attractiveness. These preliminary decisions are based on a number of important criteria, including: an evaluation of the quality of the business, the competitive dynamic and fundamental position of the industry, competitive advantages and disadvantages, the management team, potential valuation, transaction dynamics, likely competition for the transaction, potential upside and downside risks and potential exit strategies.

Approved potential investment opportunities are assigned to a deal team, which is generally composed of one or more RCP partners and additional investment team members. The deal team is responsible for RCP's comprehensive due diligence efforts, budgeting, structuring, contract negotiations and arranging financing for a potential investment. The deal team reports to, and consults with, RCP's Investment Committee as appropriate during various stages of a transaction, for example on whether to proceed with full due diligence (which generally entails engaging outside advisors) and whether to commit the Funds' capital to the investment. When due diligence has been completed and definitive documentation is being finalized, the deal team must seek final approval from the Investment Committee before proceeding with the transaction and signing binding documentation.

In its preliminary due diligence review, the deal team pays particular attention to a target company's business model, financial performance, value proposition and growth prospects. It also considers industry position, consistency with the Fund's investment criteria, RCP's competitive position and potential transaction structures. After consulting with the Investment Committee and resolving any issues raised, the deal team will prepare a preliminary, non-binding indication of interest (an "IOI") to be submitted to the prospective target company.

If the target company accepts the terms of an IOI, the deal team commences a detailed initial due diligence process, focusing on testing its investment thesis, critical elements of alignment with the target and areas where RCP believes it could enhance value through active



ownership. Upon completion of the initial diligence, the deal team prepares a more comprehensive Investment Committee briefing document setting out a detailed business overview, discussion of the investment thesis and key risks, preliminary diligence findings and thoughts on structure and valuation. The Investment Committee then engages with the deal team in a detailed review of the opportunity and provides feedback on additional resources to assist in further diligence and assessment of the opportunity, whether from RCP sources, the Firm's Special Advisors or other industry contacts and resources.

Upon Investment Committee approval, the deal team typically proceeds to submit a non-binding letter of intent (the "LOI"), which is reviewed by RCP's Founders and contains key business, financial and legal terms for a potential transaction. If the target accepts the terms of the LOI, RCP retains experienced, third-party professionals to assist in conducting final due diligence and preparing customary due diligence reports on finance, accounting, legal, regulatory, tax and other relevant matters. Throughout the final diligence process, RCP focuses on confirming the thesis, identifying and addressing any key issues and ensuring alignment with key stakeholders at the target company. As the deal team nears completion of the final diligence, it presents its complete findings and recommendations to the Investment Committee in order to seek its final approval.

Following an acquisition, the deal team responsible for the investment continues to have primary responsibility for monitoring the portfolio company's performance. RCP monitors performance through its representation on the boards of directors or other governing bodies of its portfolio companies and by maintaining an ongoing dialogue with portfolio companies' management teams. Portfolio companies are also reviewed as part of RCP's weekly Investment Committee meetings. Material events and disposition opportunities involving portfolio companies are discussed with RCP's Investment Committee and Portfolio Committee (which is described in Item 13 below).

#### RCP Credit Funds – Investment Strategy

RCP's credit strategy seeks to make opportunistic structured credit as well as other credit and credit-related investments across (i) leveraged loans, debt securities and similar instruments with an expectation at the time of investment of full return of principal and interest by the borrower ("Dislocated Performing Credit") and (ii) structured credit, including securities and other instruments (which are expected to be primarily in the form of loans but may be preferred equity or other instruments) that are secured by inventory, accounts receivable, equipment, real estate or other property owned by the borrower ("Asset-Based Lending" or "Asset-Based Loans"). The targeted sectors include, but are not limited to: leveraged loans, high yield bonds, collateralized loan obligations, mortgage-backed securities including commercial mortgage-backed securities and residential mortgage-backed securities, and asset-backed securities ("ABS"), as well as existing and newly originated asset-based loans. The RCP Credit Funds intend to focus on credit, structured credit and credit-related investments in sectors which have less dedicated capital due to regulatory constraints on the banking system, complexity, and/or a need for innovative structuring or underwriting. Further to this, a

fundamental principle is to be agnostic to sectors and to be completely focused on relative value across sectors. Diversification is expected to play a part in choosing at any point in time several sectors with a potential for attractive risk-adjusted returns.

#### RCP Credit Funds – Investment Evaluation and Approval Process

The credit investment committee (“Credit Investment Committee”), by consensus, approves all Asset-Based Loan investments and all sector allocations. Each Dislocated Performing Credit opportunity is approved by an RCP partner and a portfolio manager. At the time of purchase, an exit price will be set and thereafter reevaluated based on evolving economic and market conditions.

##### *Dislocated Performing Credit*

The investment process for corporate credit includes an in-depth evaluation of the industry, current market dynamics, and a deep understanding of the individual credit and its peer group. RCP intends to focus on understanding the factors which impact corporate cash flow, asset valuation (if applicable), the mechanisms for repayment, and the liability structure, to obtain a solid appreciation of downside risk. Additional analysis includes potential for merger or acquisition, detailed review of credit documents and secured debt capacity, rating agency updates, benchmarking of cash conversion cycle / key industry specific financial metrics and an understanding of ecosystem competitors, suppliers, and clients.

The investment process for structured products will commence with an understanding of the current market technicals and drivers of pricing followed by specific structural and collateral analyses. A structural analysis generally includes a review of reinvestment risk, call protection, covenants / triggers, securities waterfall / payment sequencing, reserve accounts, cash traps, manager / servicer / special servicer experience, reporting quality, issuer call options, coupon steps, refinance risk, structural leverage, and reserves. A collateral analysis generally includes a review of historical performance of the underlying collateral, loans, or leases (prepay speeds, delinquency, occupancy), projection of delinquency rates, charge-offs, prepayments, cash flows, asset liquidity, payee diversity, collateral characteristics (seasoning, concentrations, tenancy, location, competitive advantage, supply and demand), valuation / loss assumptions, data transparency and performance triggers. All of these factors are then reviewed in the context of peer / sector benchmark performance and outlook, market liquidity, yield curve analysis, regulatory policy, and scenario analysis.

##### *Asset-Based Lending*

The investment process for Asset-Based Lending consists of the following seven steps: (i) initial investment screening with an RCP partner or principal and RCP’s general counsel, (ii) communication of RCP initial terms, (iii) obtaining of the Credit Investment Committee’s support for the execution of a non-binding term sheet, (iv) confirmatory due diligence, (v) structuring, (vi) final Credit Investment Committee’s approval post-diligence if deviations and (vii) closing / settlement.

The investment process for asset-based lending is initiated when the investment team organizes an initial screen and review of each opportunity, which is summarized into a one to two-page review of the opportunity for review by an RCP partner or principal and RCP's General Counsel. Key diligence areas covered in the initial screening process generally include: corporate profile / strategy / management experience, sources and uses, market positioning / reputation, historical performance, collateral analysis and review, credit agency input and expected return analysis. Following the initial screening process, confirmatory due diligence is conducted, with due diligence scopes varying depending upon the asset type, collateral, and legal structure of the investment being considered.

Following the closing of an investment, RCP performs continuous monitoring and surveillance of each investment, monitoring each credit to (i) compare performance against initial underwriting and (ii) enforcing loan documents and covenants to mitigate any potential deterioration of the asset.

### **Risk of Loss**

An investment in a Fund entails a high degree of risk, including the risk of loss of capital, and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks of such investment. There can be no assurance that any Fund will be able to achieve its investment objectives or that investors will receive any return of capital. Prospective investors should carefully consider the following factors, among others, in making their investment decision. The risks associated with investing in a Fund include, but are not limited to, those listed below.

***No Assurance of Investment Return.*** RCP cannot provide assurance that it will be able to choose, make or realize investments in relation to any particular borrower, seller, counterparty, issuer of any investment (each an "Issuer") or portfolio company or that the Funds will be able to invest fully their committed capital. There is no assurance that the Funds will be able to generate returns for their investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that the Funds' investment objectives will be achieved or that there will be any return of capital. Therefore, an investor should only invest in the Funds if the investor can withstand a total loss of its investment. The past investment performance of entities with which partners and employees of the General Partners have been associated should not be construed as an indication of future results of any investment in the Funds. There can be no assurance that projected or targeted returns for the Funds will be achieved.

***Lack of Sufficient Investment Opportunities.*** The business of identifying, structuring and completing transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if the relevant General Partner is unable to identify sufficiently attractive investments. A General Partner may expend significant resources and incur significant costs in relation to a potential investment for a Fund. Such costs will be charged to such Fund and may not be recoverable, particularly if the Fund's bid for the investment is unsuccessful or if the investment is not completed for any other reason. The

General Partners expect to encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers, financial institutions (such as mortgage banks and pension funds), hedge funds and investment funds and other financial sponsors or institutional investors, private equity and debt investors, and credit vehicles. Further, over the past several years, an increasing number of private equity and debt funds have been formed (and many such existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors have more relevant experience, greater financial resources and more personnel than the General Partners. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which investments can be made. To the extent that the Funds encounter competition from other strategic buyers and investors engaged in activities similar to those of the Funds, such competition could have the effect of increasing acquisition and other costs and the length of time required to fully invest the Funds, thereby reducing investment returns.

***Dynamic Investment Strategy.*** While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Fund Documents. A General Partner may pursue investments outside of the industries and sectors in which RCP has previously made investments or has internal operational experience.

***Illiquidity; Lack of Current Distributions.*** An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

***Projections.*** In all cases, projections, forecasts and targeted returns are forward-looking statements and are only estimates of future results that are based upon information received from or with respect to portfolio companies, Issuers and third parties and assumptions made at the time the projections are developed that RCP considers reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Projected operating results will often be based on management judgments. Actual results are

expected to vary from the projections, and the variations may be material. Targeted returns are provided for illustrative purposes only as general insights into a Fund's investment objective and anticipated risk profile and are not intended to be viewed as indicators of likely performance returns to investors. Targeted returns are based on current market conditions, as well as the models and assumptions of the portfolio managers, and are subject to change without notice. There is no guarantee a Fund will reach its targeted returns or will be able to avoid losses. The inclusion of projections in Offering Materials should not be regarded as a representation by the applicable Fund, General Partner, RCP or any of their respective affiliates or any other person or entity of the results that will actually be achieved by such Fund. There can be no assurance that the results set forth in any projections will be attained, and general economic factors, which are not predictable, can have a material effect on the reliability of projections.

***Limited Access to Information.*** Limited partners' rights to information regarding a Fund, the relevant General Partner or RCP generally will be specified, and in many cases strictly limited, by the Governing Fund Documents. It is anticipated that the General Partner will obtain certain types of material information with respect to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited for contractual, legal or similar obligations, which may be outside of RCP's control, or because the level of detail is deemed inappropriate or unnecessary by RCP, in its discretion. Decisions by a General Partner not to present certain information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interests may have difficulty in determining an appropriate price for such interests. Decisions not to present information also may make it more difficult for limited partners to monitor the General Partner, RCP and a Fund's performance. Additionally, limited partners who designate representatives to participate on a Fund's advisory board may, by virtue of such participation, have more information about a Fund and its investments in certain circumstances than other limited partners generally and may receive information in advance of communication to other limited partners.

In addition, certain limited partners may also be limited partners in more than one Fund. It is also possible that a Fund or its investments may be counterparties or participants in agreements, transactions or other arrangements with a limited partner or an affiliate of a limited partner. Such limited partners may therefore have different information about the General Partner and a Fund than limited partners that are not similarly positioned. Similarly, not all limited partners monitor their investments in vehicles such as a Fund in the same manner. For example, certain limited partners may periodically request from the General Partner information regarding a Fund and its investments that is not otherwise set forth in (or has yet to be set forth in) the reporting and other information required to be delivered to all limited partners. In such circumstances, the General Partner may provide such information to such limited partner, but the fact that the General Partner has provided such information upon request by one or more limited partners does not necessarily obligate the General Partner to affirmatively provide such information to all limited partners (although the General Partner will generally provide the same information upon request to other limited partners, except where

the General Partner determines that disclosure of information to a limited partner who is subject to public information laws could adversely affect a Fund by putting confidential information at risk for public disclosure). As a result, certain limited partners may have more information about a Fund than other limited partners, the General Partner and RCP will have no duty to ensure all limited partners seek, obtain or process the same information regarding a Fund and its investments.

Furthermore, in response to questions and requests and in connection with due diligence meetings, side letter compliance and other communications, a Fund, the General Partner and RCP may provide additional information to certain limited partners and prospective limited partners that is not distributed to other limited partners and prospective limited partners. Such information may affect a prospective limited partner's decision to invest in a Fund or take actions or make decisions as a limited partner.

***Market Uncertainty.*** A number of factors, including the COVID-19 (defined below) crisis, public health measures, widespread job losses and other factors (including second- and third-order effects related to the foregoing) have contributed to a growing sense of volatility and uncertainty in the markets for all assets, including securities and other financial assets, commodities and real estate, among others.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. The ultimate impact of COVID-19 is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds. In addition, the operations of a Fund, its investments, the General Partner, RCP and third party service providers may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

While a Fund may intend to make investments that have been impacted by such factors and to capitalize on perceived mispricing as a result of market disruptions, there can be no guarantee that such strategy will be successful or result in positive returns for investors. In particular, it is likely that a number of the Funds' investments will include assumptions regarding potential social and governmental responses to COVID-19, all of which are inherently

uncertain. Furthermore, such investments will in many cases be made assuming that the impacts of COVID-19 will lessen over time (or at least will not worsen). To the extent any assumption made regarding an investment (whether or not such assumption is made prior to the consummation of such investment) proves inaccurate, returns of such investment are likely to be impacted materially.

The Funds and their investments may be materially affected by other conditions in the financial markets and economic conditions both domestically and throughout the world, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, currency exchange rates and controls, national and international political circumstances (including wars, terrorist acts or security operations), natural disasters, pandemic and other public health crises and other events outside of RCP's control. Recently, markets have been affected by interest rates in the U.S., uncertainty about the consequences of the U.S. and other governments withdrawing monetary stimulus measures, imposition of trade barriers, ongoing trade negotiations with major U.S. trading partners and changes in the U.S. tax regulations.

Volatility and disruption in the equity and credit markets could adversely affect the value of the Funds' investments. For example, the lack of available credit and/or the increased cost of credit may materially adversely affect the performance of the Funds, which generally rely on leverage in connection with their investments. Disruptions in the debt and equity markets may make it more difficult for the Funds to exit and realize value from their investments because potential buyers of portfolio companies may not be able to finance acquisitions and the equity markets may become less favorable for initial public offerings. The volatility will also directly affect the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the valuation of the Funds' investments. The profitability of the Funds' portfolio companies may also be adversely affected by fixed costs and the possibility that they would be unable to scale back other costs within a time frame sufficient to match any further decreases in net income or increases in net losses relating to changes in market and economic conditions. Any or all of these factors may adversely affect investment returns for the Funds. Governmental authorities may undertake initiatives designed to strengthen and stabilize the economy and the financial markets; however, there can be no assurance that these initiatives will be successful, and there is no way to predict the ultimate impact of the disruption or the effect that these initiatives will have on the performance of the Funds.

A financial downturn could adversely affect the performance of the Funds' portfolio companies in many ways, and ultimately materially and adversely affect the investment returns of the Funds. If the economy enters a recessionary or inflationary period, it may cause adverse conditions for the Funds' portfolio companies (e.g., decreased revenues, liquidity pressures, limits on interest deductibility, increased difficulty obtaining access to financing and complying with the terms of existing financings as well as increased financing costs). During such periods, these companies may also have difficulty in expanding their businesses and operations and be unable to meet their debt service obligations or other expenses as they become due. In

addition, during periods of adverse economic conditions, the Funds and their portfolio companies may have difficulty accessing financial markets, which could make it more difficult or impossible to obtain funding for additional investments and harm the Funds investment returns. Furthermore, such conditions would also increase the risk of default with respect to debt investments made by the Funds. The Funds may be affected by reduced opportunities to exit and realize value from their investments, by lower than expected returns on investments made prior to the deterioration of the credit markets, and by the fact that RCP may not be able to find suitable investments for the Funds to effectively deploy capital.

To the extent the uncertainty in the market prompts sellers to readjust their valuations, attractive investment opportunities may present themselves. On the other hand, the reduction in the availability of debt financing and limits on interest deductibility could impact the Funds' ability to consummate transactions, particularly larger transactions. If RCP's investment pace slows, it could have an adverse impact on the Funds' ability to generate investment returns and fully invest their committed capital.

Market uncertainty is expected to impact the General Partners, the Funds and the limited partners, which could introduce risks and potential conflicts of interest that were not known (or were discounted) at the time certain assumptions were made. For instance, price volatility or inability to secure financing could impact the ability of a Fund to consummate an investment or the ability of a co-investor to consummate an expected co-investment, either of which could be expected to cause a General Partner to need to structure or consummate an investment in a manner that was not contemplated at the time the investment was initially considered. Other factors, including those related to financial, legal, regulatory, tax, business or health considerations (and the necessity to quickly evaluate such considerations when their ultimate impact is uncertain), are expected to result in the General Partner making certain decisions on behalf of a Fund that appear in retrospect to be incorrect, overly risky or subject to potential conflicts of interest.

***Deterioration of the Credit Market.*** In the event that the Funds are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, the Funds may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the Funds' investment returns. Any failure by lenders to provide previously committed financing can also expose the Funds to potential claims by sellers of businesses which the Funds may have contracted to purchase. The Funds' portfolio companies regularly utilize the corporate debt, wholesale credit and securitization markets in order to obtain financing for their operations. To the extent that the current credit markets and/or regulatory changes have rendered financing difficult to obtain or more expensive, this may negatively impact the operating performance of such portfolio companies and Funds, and lead to lower-yielding investments with respect to such Funds and, therefore, the investment returns on the Funds. Conversely, certain of the strategies pursued by the Funds benefit from higher interest rates, and a sustained low interest rate environment may negatively impact expected returns for these investments. For example, certain of the Funds'



portfolio companies generate income from the investment of their cash balances, which income is largely dependent on prevailing interest rates. In addition, to the extent that the current markets make it difficult or impossible to refinance debt that is maturing in the near term, a relevant portfolio company may face substantial doubt as to its status as a going concern (which may result in an event of default under various agreements) or be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

***Reliance on the Principals and the General Partners.*** The successful investment of the Funds' assets will depend upon, among other things, the skill and expertise of the partners and employees of the General Partners. There can be no assurance that such partners and employees will continue to be associated with the Funds throughout the life of the Funds. The unavailability of the partners and employees of the General Partners to manage the Funds could have a material adverse effect on the Funds. Limited partners will have no right or power to participate in the management, disposition or other realization of any investment, the day-to-day operations of the Funds or any other decisions regarding the Funds' business and affairs. Limited partners should expect to rely solely on the ability of the General Partners with respect to the Funds' operations.

***Sector Concentration Risks.*** The RCP Equity Funds are expected to invest primarily in illiquid equity or equity-related securities, publicly traded equity and equity-related securities, as well as publicly traded or private debt securities and other assets and instruments of financial services and financial services-related companies. This exclusive focus on financial services may constrain the liquidity and the number of investment opportunities available for investment by such Funds. In addition, such Funds' investments will be disproportionately exposed to risks associated with the financial services sector, such as changes in (i) the fiscal policy of U.S. states, the U.S. federal government or non-U.S. governments, including in relation to interest rates, (ii) the regulatory environment, including changes in the policies or personnel of the U.S. Federal Trade Commission, the Department of Justice and/or any other applicable regulatory body, (iii) the political climate, (iv) trading prices and volatility in the stock markets and (v) GAAP accounting policies.

***Competitive Conditions in the Financial Services Sector.*** The financial services sector is extremely competitive, and it is expected that competitive conditions in the industry will continue to intensify. Merger activity in the financial services sector has resulted in larger institutions with greater financial and other resources that are capable of offering a wider array of financial products and services. The financial services sector has become considerably more concentrated as numerous financial institutions have been acquired by or merged into other institutions. In addition, technological advances and the growth of e-commerce have made it possible for non-financial institutions to offer competing products and services that have been traditionally offered by financial services institutions. It is expected that cross-industry competition will continue to grow. As a result, the competitive position of the financial entities in which a Fund is invested could be weakened, which could adversely affect such Fund.

***Use and Availability of Leverage.*** The Funds expect to leverage certain of their investments with debt financing at the Fund or investment level (directly or indirectly through holding vehicles). This leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of a portfolio company or its industry. The percentage of leverage will vary depending on the Funds' ability to obtain credit facilities and the lenders' and rating agencies' estimate of the stability of the particular portfolio company's cash flow. The Funds or a portfolio investment may be required to maintain minimum average cash balances in connection with borrowings under a credit facility. In the event a portfolio investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investment could be reduced significantly or even eliminated. The return on investments may be reduced to the extent that changes in market conditions increase the cost of financing relative to the income that can be derived from the assets acquired. Borrowings under a proposed credit facility may be secured by, among other things, the interests in the Funds and obligations to make capital contributions. Any inability of the Funds to repay such borrowings could enable a lender to take action against any limited partner or its interest in the relevant Fund.

Utilization of such leverage (including through credit facilities (including subscription line facilities), guarantees, letters of credit, equity commitment letters or similar credit support (including on a joint and several or cross collateralized basis or other forms of indebtedness or credit support)) will result in fees, expenses and interest costs borne by the Funds. Although the use of leverage could enhance returns and increase the number of investments that can be made by the Funds, it may also substantially increase the risk of loss. Furthermore, although the Funds will seek to use leverage in a manner they believe to be appropriate under the circumstances, the leveraged capital structure of any such Issuer directly or indirectly will increase the exposure of such Issuer to adverse economic factors (such as rising interest rates, changes in commodity prices, downturns in the economy or a deterioration in the condition of the Issuer or its industry), each of which may impair such Issuer's ability to finance its future operations and capital needs and may result in the imposition of restrictive financial and operating covenants. If any such factors cause or contribute to such Issuer's inability to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or similar payments or obligations, such Issuer's flexibility to respond to changing business and economic conditions may be constrained materially and the value of the Funds' investments could be significantly reduced or even eliminated. Similarly, with respect to leverage at the Fund level, if the assets of a Fund are not sufficient to pay the principal of, and interest on, the debt when due, such Fund could sustain a total loss of its investments. The ability of Issuers to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, or to raise capital in the leveraged finance debt markets, which historically have been cyclical with regard to the availability of financing. Tax-exempt prospective investors in a Fund should note that the use of leverage by a Fund may create "unrelated business taxable income".

In addition, the General Partners are generally authorized to cause the Funds or one or more special purpose vehicles formed to hold investments to borrow money (including in the form of a margin loan) or otherwise provide credit support for the purposes of causing the Funds or any such investment to realize proceeds other than in connection with a disposition of a Fund's interest in any such investment to a third party. The General Partners are incentivized to provide liquidity to the Funds and their partners for purposes of improving the IRR of such Funds and accelerating the return of distributions to the partners, even if the Funds have not actually disposed of or otherwise realized their interest in such investment. If any such form of financing is entered into by a Fund or any such investment, there will be associated, contingent liabilities that could cause such Fund or the investment to suffer losses and require the partners to make capital contributions throughout the Fund's life for purposes of satisfying, for example, margin calls or other obligations.

Furthermore, if all or a portion of the acquisition cost of an investment has been funded with the proceeds of borrowing under a credit facility and no capital contributions (or capital contributions for less than the full acquisition cost, as applicable) have been made by management fee-bearing limited partners for purposes of such investment, the management fee base will nevertheless include such borrowings notwithstanding that it was acquired using such credit facility rather than through capital contributions. The General Partners will, in their sole discretion, select and apply the calculation methodology for determining the cost basis of the Funds' investments for purposes of calculating the management fee, including in connection with determining the types and amounts of expenses associated with an investment that will be included in the calculation of net asset value (which will include expenses capitalized into the acquisition cost of an investment and certain ongoing expenses associated with such investment) and whether and to what extent a disposition has occurred with respect to an investment, including for purposes of determining whether net asset value should be reduced or distributions should be made. The General Partners will be subject to conflicts of interest in making that determination given the associated economic consequences.

To the extent that a Fund is unable to obtain a credit facility, access to such facility becomes unavailable or the General Partner otherwise determines not to use such facility, the General Partner may draw down commitments in advance and hold them in reserve to make investments, satisfy fees and expenses and other capital needs as such needs arise in the future.

The extent to which a Fund uses leverage may have important consequences to the limited partners, including, but not limited to, the following: (i) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes; (ii) increased interest expense if interest rate levels were to increase significantly; (iii) in certain circumstances, prematurely harvesting investments to service the Fund's debt obligations; and (iv) limitation on the flexibility of the Fund to make distributions to its Partners or sell assets that are pledged to secure the indebtedness.

***Long-Term Investments.*** A significant portion of the Funds' portfolios will typically consist of investments that will not be liquidated for a number of years after the initial investment. While the general partners may intend to achieve each Fund's target returns within a specified time horizon, other factors such as overall economic conditions, the competitive environment, the availability of potential acquirers and availability of credit may shorten or lengthen a Fund's holding period. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of a Fund investment. Therefore, it is unlikely that any Fund will realize substantial capital gains during its early years.

***Limited Number of Investments.*** The Funds may make only a limited number of investments. In addition, a limited partner's participation in the Funds' investments may also be limited by virtue of the General Partner's right to exclude a limited partner from participating in any of the Funds' investments if the General Partner determines in its discretion that such participation might have certain materially adverse effects on a portfolio company, the Funds or the General Partner, including if such participation would be likely to result in violations of law or the imposition of materially burdensome regulatory or other legal requirements, or as a result of certain circumstances relating to the limited partner. As a consequence, the aggregate returns realized by the limited partners could be materially adversely affected by the unfavorable performance of even one investment by the Funds.

Each Co-Invest Fund intends to make only one investment and its performance will therefore be entirely dependent on the performance of that one investment.

***Future Legal, Tax and Regulatory Risks for Private Equity Funds.*** Future legal, tax and regulatory changes could occur that may adversely affect the Funds. The regulatory environment for private equity funds is evolving, and changes in regulations that impact private equity funds may adversely affect the value of investments held by the Funds and the ability of the Funds to pursue their investment strategies. The Funds may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators. The effect of any future regulatory changes on the Funds or the Firm could be substantial and potentially adverse.

***Investment in Reorganizations and Restructurings.*** The Funds may make investments in restructurings that involve portfolio companies or issuers that are experiencing or are expected to experience severe financial difficulties. These severe financial difficulties may never be overcome and may cause such portfolio companies or issuers to become subject to bankruptcy proceedings. In such situations, the Fund's investment is subject to the risk that a bankruptcy filing may adversely and permanently impact the value of a portfolio company or issuer and that high administrative costs may impair the value of the portfolio company or issuer. In addition, such investments could subject a Fund to certain additional potential liabilities that may exceed the value of such Fund's original investment therein. For instance, under certain circumstances, payments to a Fund and distributions by such Fund to the limited partners may be reclaimed if any such payment or distribution is later determined to have been

a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in distressed issuers and restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims.

Some of the investments the Funds will make may require active monitoring and representation on official and unofficial creditors committees for a portfolio company or issuer involved in a reorganization proceeding or restructuring. Accordingly, a Fund may seek representation on such committees from time to time if the General Partner, in its sole discretion, determines that such representation is necessary or advisable to protect or further the Fund's interests. Serving on an official or unofficial committee increases the possibility that a Fund will be deemed an "insider" or a "fiduciary" of the portfolio company or issuer it has so assisted and may restrict such Fund's trading of its investments in such portfolio company or issuer. Should such assistance be provided before a portfolio company or issuer enters bankruptcy proceedings, the bankruptcy court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of "equitable subordination" with respect to any claim or equity interest held by the Fund in such portfolio company or issuer and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such portfolio company or issuer.

***Control Person Liability.*** The Funds may have controlling interests in some of its portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws, anti-corruption laws and sanctions regulations) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer a significant loss.

***Risk of Non-U.S. Investments.*** The Funds are expected to make investments in a number of different countries, some of which may prove unstable. The Funds may invest in securities, loans and other instruments of issuers that are organized or headquartered or have substantial sales or operations outside of the United States, its territories and possessions, the assets securing such investments may be located outside the United States, its territories and possessions, or such investments may not be governed by the laws of United States, its territories and possessions.

Depending on the country in which an investment is located, such investments may involve a number of risks, including, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or the partners with respect to the Funds' income, possible non-U.S. tax return filing requirements for the Funds and/or the partners, the risk of adverse

political developments such as nationalization, confiscation without fair compensation or war, and the risk of regulations which might prevent the implementation of cost cutting or other operational improvements.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets.

Because the Funds are expected to make investments in a number of different countries, any fluctuation in exchange rates will affect the value of investments and the calculation of the General Partner's carried interest. The Funds may employ hedging techniques designed to reduce the risk of adverse movements in currency exchange rates.

Investments in non-U.S. corporations or assets may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws. Such investments may also give rise to taxes in local jurisdictions, which may not give rise to any corresponding credit or tax benefit to a limited partner. In addition, some governments from time to time may impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities or asset transfers or the imposition of exchange controls, making it difficult or impossible to exchange or repatriate the local currency. Finally, the laws of various countries governing business organizations, bankruptcy and insolvency may make legal action difficult and provide little, if any, legal protection for investors.

The availability of information within emerging market jurisdictions, including information concerning their economies and the securities of companies in such countries, and the amount of government supervision and regulation of private companies in developing countries, generally is more limited than in more developed countries. The accounting, auditing and financial reporting standards and practices of certain countries may not be equivalent to those employed in more developed countries and may differ in fundamental respects. As such, non-U.S. issuers and companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. issuers and companies. Accordingly, the Funds' ability to conduct due diligence in connection with its investment and to monitor the investment may be adversely affected by these factors. The Funds may not be in a position to take legal or management control of its investments in certain countries. The Funds may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts of the country in question where it may be difficult to obtain and enforce a judgment.

Additionally, acquiring businesses with operations outside the United States may also expose those businesses and the Funds to increased compliance risks, as well as higher compliance costs to comply with U.S. and non-U.S. anti-corruption, anti-money laundering and sanctions laws and regulations. These factors are outside RCP's control and may affect the level

and volatility of securities prices and the liquidity and the value of investments, and RCP may not be able to or may choose not to manage our exposure to these conditions.

***Restrictions on Transfer or Withdrawal.*** The Funds' interests represent highly illiquid investments and should only be acquired by investors able to commit their funds for an indefinite period of time. Limited partners will not be permitted to transfer their interests without the consent of the General Partner. Furthermore, the transferability of the interests will be subject to certain restrictions contained in the Governing Fund Documents and may be affected by restrictions on resales imposed under federal and state securities laws. A public market does not currently exist for the Interests and one is not expected to develop. Limited partners may not withdraw capital from the Funds. Consequently, a limited partner may not be able to liquidate its investment prior to the completion of the winding up of the Funds.

***Litigation Risks.*** RCP and the General Partner are subject to substantial litigation risks and may face significant liabilities and damage to their professional reputation as a result of litigation allegations and negative publicity. Such risks include potential regulatory and enforcement actions, litigation against the members of the board of directors of a portfolio company (which may include employees or agents of RCP or General Partner), litigation by shareholders or debt holders of portfolio companies and litigation with counterparties to transactions entered into by portfolio companies, the Funds, the General Partners or RCP. While RCP and the General Partner, including their partners, members, officers, employees and affiliates, are generally indemnified to the fullest extent permitted by law with respect to their conduct in connection with the management of the business and affairs of the Fund, such indemnity generally does not extend to claims resulting from (i) actual fraud, gross negligence, willful misconduct or violation of any securities laws or (ii) any material breach of the relevant Governing Fund Documents which has a material adverse effect on the Fund. See "*Indemnification*" below. If any lawsuit resulted in a finding of substantial legal liability, the lawsuit could materially adversely affect the business, financial condition or results of operations of the General Partner, RCP and the Fund or cause significant reputational harm, which could seriously impact their business.

***Risks in Effecting Operating Improvements.*** The success of the Funds' investment strategies may depend, in part, on the ability of RCP to transform the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such improvements.

***Indemnification.*** The Funds will be required to indemnify the General Partners and the Firm, any affiliate of the General Partners or the Firm, or any director, officer, stockholder, partner, employee, agent, member, advisor (including any Special Advisor) or representative of the General Partners, the Firm or, in the case of the Funds, any member of the Limited Partner Advisory Committee for liabilities incurred in connection with the affairs of the Funds. Such liabilities may be material and have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the members, managers or

affiliates of the General Partners may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unpaid capital commitments of the limited partners. If the assets of the Funds are insufficient, the General Partners may recall certain distributions previously made to the limited partners. The Funds' indemnification obligations will not constitute a waiver or limitation of any limited partner's rights under the U.S. federal or state securities laws.

**Cybersecurity Risks.** The Funds depend on the General Partners to develop and implement appropriate systems for their activities. The Funds may rely on computer programs to evaluate certain securities and other investments, to monitor investments, to trade, clear and settle securities transactions and to generate asset, risk management and other reports that are utilized in the oversight of the Funds' activities. Like other business enterprises, the use of the Internet and other electronic media and technology exposes RCP, the General Partners and/or the Funds and their respective service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "**cyber-events**"). Cyber-events may include, for example, unauthorized access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as the inadvertent release of confidential information due to, for example, damage or interruption from computer viruses, network failures, computer and telecommunication failures, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

Any cyber-event could adversely impact RCP, the General Partners and/or the Funds and the limited partners and cause RCP, the General Partners or the Funds to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage, and additional costs associated with corrective measures. A cyber event could also result in the loss or theft of investor data. A cyber-event may cause RCP, the General Partners, the Funds or their respective service providers to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate a Fund's net asset value, or allow investors to transact business), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support RCP, the General Partners, the Funds or their respective service providers. In addition, cyber-events affecting portfolio companies or Issuers could cause the Funds or their investments to lose value. The nature of malicious cyber-attacks is becoming increasingly sophisticated and the General Partners, RCP and the Funds cannot control the cyber systems and cyber-security systems of the portfolio companies or the Issuers or of third party service providers.

**Factors Affecting Financial Entities.** Financial entities generally have asset and liability



structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions and the level and volatility of trading markets. Such factors could have a material adverse effect on the Funds' operating results and financial conditions.

***Banking is a Highly Leveraged Business.*** While banking entities are subject to minimum capital standards, nonetheless banking remains a highly leveraged business. The liabilities of banks (consisting primarily of deposit liabilities) are typically many multiples of the shareholders' equity. Declines in asset values, increases in the cost of liabilities or a multitude of other factors could adversely affect the Funds.

***Risks Associated with Bankruptcy or Receivership of Banking Portfolio Companies.*** Bank holding companies and insured depository institutions are subject to extensive regulation and must, among other requirements, meet minimum capitalization requirements. Failure to meet such capitalization requirements or other applicable regulatory requirements may result in supervisory actions against Banking Portfolio Companies in which the Funds invest or in supervisory actions against the insured depository institutions owned by such Banking Portfolio Companies. Failure to comply with the terms of any supervisory action may result in further regulatory actions by federal and state bank regulatory authorities.

In the event of the bankruptcy or liquidation of a Banking Portfolio Company in which the Funds invest or FDIC receivership of an insured depository institution owned by such a Banking Portfolio Company, the Funds would not be entitled to receive any cash or other property or assets from such insured depository institution until the institution paid in full its creditors and holders of debt securities. As a result, the bankruptcy of such an entity would likely have material adverse effects on the Funds.

### **Risks Related to Investments in Debt Securities**

***Interest Rate Risks of Debt Securities.*** "Interest rate risks" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of a Fund. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. This risk will be greater for long-term securities than for short-term securities. While a Fund may from

time to time seek to hedge such risks (including through investments in treasury securities or derivative instruments), it does not intend to do so actively. There is no assurance that such measures, even if implemented, will be effective.

***Market and Credit Risks of Debt Securities.*** Debt securities are subject to credit and interest rate risks. “**Credit risk**” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument and how this risk changes over time. Financial strength and solvency of an issuer and the priority of the lien are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Certain of the investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. Furthermore, certain instruments may provide for payments-in-kind interest, which has a similar effect of deferring current cash payments. In both cases, an Issuer’s ability to repay the principal of an investment may be dependent on a liquidity event or the long-term success of the Issuer, the likelihood of which is uncertain.

A Fund will be dependent upon the judgment of the General Partner as to the credit quality of the investments. There can be no assurance that the General Partner will be successful in assessing the credit risk of the different investments or mitigating the impact of credit risk changes. An issuer’s ability to repay its loans may be adversely affected by numerous factors, including, without limitation, the failure to meet its business plan, a downturn in its industry or negative economic conditions. Loans that become non-performing may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that upon maturity of such mortgage loan, replacement “take-out” financing will not be available. There is no assurance that the value of any collateral will be sufficient to protect all or a portion of the related investment. Deterioration in an Issuer’s financial condition and prospects may be accompanied by deterioration in the value of any collateral and a reduction in the likelihood of capitalizing on any guarantees that may have been obtained from the Issuer or other parties. An Issuer’s failure to satisfy financial or operating covenants imposed under the related investment could lead to defaults and, potentially, acceleration of the time when the investment is due. Foreclosure on its assets securing an investment could trigger cross defaults under other loans of the issuer (or vice versa), and could result in prepayment of the investment (or such other loans) or jeopardize the issuer’s ability to meet its obligations under the investment, and could have a material adverse effect on the value of any related equity interests of such Issuer that a Fund may hold.

Furthermore, RCP cannot assure that other claims may not be asserted that might interfere with enforcement of a Fund’s rights. RCP cannot guarantee the adequacy of the protection of a Fund’s interests, including the validity or enforceability of the applicable investment contract and the maintenance of the anticipated priority and perfection of any applicable security interests. A default by an Issuer may result in a Fund being unable to liquidate the related investment prior to the termination of a Fund; and such investment may

end up being restructured on terms that might result in the Fund being unable to liquidate it prior to the termination of a Fund. This could cause the limited partners to receive in-kind distributions in respect of such investments upon the termination of a Fund.

**Credit Ratings.** Although some investments held by a Fund may have credit ratings assigned to them, credit ratings of debt obligations merely represent the applicable rating agency's opinions regarding their credit quality and are not a guarantee of quality. There is no assurance that a rating accorded to such investments will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant (which may include a change in such rating agency's rating methodology or criteria). In addition, a rating agency may fail to make timely changes in credit ratings in response to subsequent events, so that the relevant Issuer's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings are only a preliminary indicator of investment quality and should not be considered a completely reliable indicator of investment quality. Investments in non-investment grade and comparable unrated obligations will be more dependent on the General Partner's credit analysis than would be the case with investments in investment-grade debt obligations.

**Fraud Risks.** Of paramount concern in purchasing loans and other assets is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or other asset, or may adversely affect the ability of the lender of record to perfect or effectuate a lien on the collateral securing the loan or other assets. The Funds rely upon the accuracy and completeness of representations made by Issuers in which the Funds invest or other counterparties to the extent reasonable, but cannot guarantee that such representations are accurate or complete. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been made with intent to defraud or prefer creditors.

**Origination of Loans and Licensing Requirements.** As a result of their investment activities, it is possible that the Funds could be deemed to be engaged in the origination of debt or debt-linked securities for purposes of the applicable laws in jurisdictions in which such activities take place. Such laws are frequently highly complex and may include licensing requirements. Certain federal and local banking and regulatory bodies or agencies in or outside the United States may require the Funds, the General Partners, RCP and/or certain employees of RCP to obtain licenses or authorizations to engage in many types of lending activities including the origination of loans. It may take a significant amount of time and expense to obtain such licenses or authorizations and the Funds may be required to bear the cost of obtaining such licenses and authorizations. There can be no assurance that any such licenses or authorizations would be granted or, if granted, whether any such licenses or authorizations would impose restrictions on the Funds. Such licenses may require the disclosure of confidential information about the Funds, investors or their respective affiliates, including financial information and/or information regarding officers and directors of certain significant limited partners. The Funds may not be willing or able to comply with these requirements.

Alternatively, RCP may be compelled to structure certain potential investments in a manner that would not require such licenses and authorizations, although such transactions may be inefficient or otherwise disadvantageous for the Funds and/or any relevant Issuer or may not be able to allocate such potential investments until it has obtained such licenses. There can be no assurance that the Funds will maintain or obtain all of the licenses that they will need on a timely basis. The Funds would be subject to various information and other requirements to maintain and obtain these licenses, and there can be no assurance that they will satisfy those requirements. The Funds' failure to maintain or obtain licenses that it requires, now or in the future, might restrict investment options and have other adverse consequences.

***Secured Debt.*** Some of the debt purchased or originated by the Funds is expected to be senior debt or secured debt. The characterization of an investment as senior debt or senior secured debt does not mean that such debt will necessarily have repayment priority with respect to all other obligations of the Issuers. Issuers may have, and/or may be permitted to incur, other debt and liabilities that rank equally with or senior to the senior loans in which the Funds invests. If other indebtedness is incurred that ranks in parity in right of payment or proceeds of collateral with respect to debt securities in which the Funds invests, the Funds would have to share on an equal basis any distributions with other creditors in the event of a liquidation, reorganization, insolvency, dissolution or bankruptcy of such Issuer. Where a Fund holds a first lien to secure senior indebtedness, the investments may be permitted to issue other senior loans with liens that rank junior to the first liens granted to the Funds. The intercreditor rights of the holders of such other junior lien debt may, in any liquidation, reorganization, insolvency, dissolution or bankruptcy of such Issuer, affect the recovery that the Funds would have been able to achieve in the absence of such other debt.

Even where the senior loans held by the Funds are secured by a perfected lien over a substantial portion of the assets of an Issuer and its subsidiaries, the Issuer and its subsidiaries will often be able to incur a substantial amount of additional indebtedness, which may have an exclusive lien over particular assets. For example, debt and other liabilities incurred by non-guarantor subsidiaries of an Issuer will be structurally senior to the debt held by the Funds. Accordingly, any such debt and other liabilities of such subsidiaries would, in the event of liquidation, dissolution, insolvency, reorganization or bankruptcy of such subsidiary, be repaid in full before any distributions to an obligor of the loans held by the Funds. Furthermore, these other assets over which other lenders have a lien may be substantially more liquid or valuable than the assets over which the Funds has a lien. The Funds may also invest in second-lien secured debt, which compounds the risks described in this paragraph. These investments may be subject to the risk that the Funds' security interests in the underlying collateral are not properly or fully perfected. Compounding these risks, the collateral securing debt investments will often be subject to casualty or devaluation risks.

***Leveraged Loans.*** The Funds' investment program may include investments in loans originated by banks and other financial institutions. These may include term loans and revolving loans, may pay interest at a fixed or floating rate and may be senior or subordinated. Leveraged loans (also known as bank loans) have significant liquidity and market value risks

since they are not generally traded on organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, leveraged loans are not purchased or sold as easily as publicly traded securities.

Historically the trading volume in loan markets has been small relative to high yield debt securities markets. In addition, leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on leveraged loans, and an increase in default levels could have a material adverse effect on the Funds.

A non-investment grade loan or debt obligation (or an interest therein) is generally considered speculative in nature and may become a defaulted obligation for a variety of reasons. A defaulted obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any defaulted obligation will not be lower than the recovery rate assumed by the General Partner.

The Funds may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the Issuer. In purchasing participations, the Funds generally will have no right to enforce compliance by the Issuer with the terms of the loan agreement, nor any rights of set-off against the Issuer, and the Funds may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Funds will assume the credit risk of both the Issuer and the institution selling the participation. A selling institution voting in connection with a potential waiver of a default by an Issuer may have interests different from those of the Funds, and the selling institution might not consider the interests of the Funds in connection with its vote. Notwithstanding, most participation agreements with respect to loans provide that the selling institution may not vote in favor of any amendment, modification or waiver that forgives principal, interest or fees, reduces principal, interest or fees that are payable, postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees or releases any material guarantee or collateral without the consent of the participant (at least to the extent the

participant would be affected by any such amendment, modification or waiver). In addition, many participation agreements with respect to loans that provide voting rights to the participant further provide that if the participant does not vote in favor of amendments, modifications or waivers, the selling institution may repurchase such participation at par.

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

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders to influence an issuer's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the subordinated creditors of their rights. Accordingly, the Funds may not be able to take the steps necessary to protect their investments in a timely manner or at all. Further, the unsecured debt in which the Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency.

Subordinated debt investments may increase a relevant Fund's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy or deterioration in the condition of the obligor on the subordinated debt investment. Conversely, mezzanine loans and other subordinated debt investments are often less risky than equity investments because the claims of subordinated debt investors are typically senior to those of equity holders in the issuer. In the event that any obligor of a mezzanine loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of the relevant Fund's investment in such loan could be significantly reduced or even eliminated.

If an obligor becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of mezzanine and subordinated debt may be adversely affected. Such proceedings and related laws and remedies vary substantially from jurisdiction to jurisdiction, may create the right of such obligor to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to the Funds. With respect to the Funds' investments in the form of subordinated debt obligations, upon any distribution to the relevant Issuer's creditors in a bankruptcy, liquidation or reorganization or similar

proceeding, the holders of such Issuer's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on such investment. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to such Issuer, the Funds will typically participate with all other holders of such Issuer's indebtedness in the assets remaining after the Issuer has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such Issuer may not have sufficient funds to pay all of its creditors, and the Funds may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such Issuer or the holders of indebtedness that is not subordinated. If an Issuer declares bankruptcy, the Funds may not have full or any recourse to the assets of the Issuer, or the assets of the Issuer may not be sufficient to satisfy the loan. Further, the General Partner's ability to amend the terms of a Funds' loans, assign its loans, accept prepayments, exercise their remedies (through "standstill periods") and control decisions made in bankruptcy proceedings may be limited by intercreditor arrangements if debt senior to such Fund's loan exists.

**Unsecured Debt.** The Funds may invest a portion of their assets in unsecured indebtedness, whereas all or a significant portion of the Issuer's senior indebtedness may be secured. In such situations, the ability of the Funds to influence the Issuer's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors.

**High Yield Debt Instruments.** The Funds may purchase and/or hold "high yield" bonds, preferred securities and other debt products, including bank loans, which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Debt instruments in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated instruments and are generally considered to be predominately speculative with respect to the issuers' capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than instruments with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated instruments, the yields and prices of such instruments may tend to fluctuate more than those of higher-rated instruments. The market for lower-rated instruments is thinner and less active than that for higher-rated instruments, which can adversely affect the prices at which these instruments can be sold. In addition, adverse publicity and investor perceptions about lower-rated instruments, whether or not based on fundamental analysis, may contribute to a decrease in the value and liquidity of such lower-rated instruments. Further, rating agencies may downgrade certain instruments in which the Funds have invested. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. No assurances can be given that the ratings on such instruments accurately reflect their risk profiles.

**Distressed Assets.** The Funds may purchase and/or hold securities and other obligations, such as bank debt, trade claims and accounts receivables, of issuers that are experiencing significant financial or business distress, including issuers experiencing poor operating results, having substantial financial or capital needs or negative net worth (including

start-up companies), facing special competitive or product obsolescence problems, or that are involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk, they may not show any return for a considerable period of time and they may result in substantial, or at times even total, losses. Such risks include, but are not limited to, the following: (i) subordination to substantial amounts of senior indebtedness, all or a significant portion of which may be secured; (ii) the possibility of substantial changes in rights and covenants which could result in less protection for the Funds with respect to securities purchased in proceedings under Chapter 11 of the Bankruptcy Code; (iii) the lack of regulation of the OTC securities markets in which distressed securities are often traded; (iv) difficulty in obtaining information as to the true condition of the issuers of such securities and obligations and (v) the lack of any established market-making, margin or other requirements which would help to insure that a viable trading market exists for a particular security. Such investments also may be adversely affected by state and U.S. federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the U.S. Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spreads between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market prices of such securities to reflect their intrinsic value. It is anticipated that some of such securities in the portfolio of the Funds may not be widely traded, and that the Funds' position in such securities may be substantial in relation to the market for such securities. These types of securities require active monitoring and may, at times, require participation by the General Partners in bankruptcy or reorganization proceedings. See "*Bankruptcy*" below. To the extent that the General Partner becomes involved in such proceedings, a Fund may have a more active participation in the affairs of the Issuer than that assumed generally by an investor. In addition, participation in such proceedings may restrict or limit the Funds' ability to trade securities of the Issuer. See "*Creditors Committee and/or Board Participation and Controlling Interests*" below. Additionally, any such securities and investments ordinarily remain unpaid unless and until the issuer reorganizes and/or emerges from bankruptcy proceedings and, as a result, may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in issuers experiencing significant business and financial distress is unusually high. There is no assurance that the General Partners will correctly value the assets collateralizing the Funds' loans or correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action or that any bankruptcy trustee will meet or outperform the announced liquidation plan.

**TALF Program.** Only eligible issuers may participate in the Federal Reserve's Term Asset-Backed Securities Loan Facility program ("**TALF**", and as a program, the "**TALF Program**"). In general, an eligible issuer must be a U.S. company with significant operations and a majority of its employees in the United States holding "eligible collateral" that maintains an account relationship with a TALF Agent. An eligible issuer may not have a material investor (a person directly or indirectly owning 10% or more of any class of its securities (a "**Material Investor**"))



that is a foreign government. An eligible issuer may also be a newly formed special purpose vehicle, so long as the issuer is managed by an investment manager that has significant operations in and a majority of its employees based in the United States and does not have a Material Investor that is a foreign government. An eligible issuer cannot be, or be an affiliate of, the originator or sponsor of the eligible collateral. A Fund may form a subsidiary to participate in the TALF Program that is intended to be structured as an eligible issuer. If a subsidiary that was an eligible issuer ceases to be so after receipt of a TALF loan, then, among other things, the TALF loan will cease to be non-recourse, which may materially and adversely affect the Fund.

If a particular ABS issue identified as a potential investment does not constitute eligible collateral, the applicable Fund will not be eligible for TALF loans related to such ABS collateral, which could have a material adverse effect on your investment.

The Federal Reserve Bank of New York (“**FRBNY**”) and TALF II LLC, the entity established by the FRBNY to make the TALF loans (the “**TALF Lender**”) are under no obligation to extend credit to investors requesting TALF loans. Even if the special purpose subsidiary is an eligible issuer and the ABS collateral to be pledged by it constitutes TALF-Eligible ABS (defined below), the FRBNY may still refuse to make a loan.

The FRBNY has expressly reserved the right to change the terms and conditions of the TALF program, including the size of the program, pricing, loan maturity, collateral haircuts, and asset and issuer eligibility requirements. In addition, TALF is scheduled to expire on September 30, 2020, unless extended by the FRBNY. Any changes to the terms and conditions of the TALF program may have a negative impact on the Funds and on their ability to obtain TALF loans.

### **Certain Conflicts of Interest**

There are certain actual, inherent and potential conflicts of interest between the General Partners, their affiliates and their respective employees, officers, directors, principals, members and partners, on the one hand, and the Funds, on the other. The discussion below enumerates certain of such conflicts of interest. The General Partners can give no assurance that conflicts of interest will be resolved in favor of the investors, and, in fact, they may not be. By acquiring an interest in the Funds, each investor will be deemed to have acknowledged the existence of such actual, apparent and potential conflicts of interest and that such conflicts will be resolved by the General Partners in their sole discretion, but without any guarantee that any situation involving a conflict will be resolved in favor of the Funds, and to have consented thereto, and to have waived any claim in respect of the existence or resolution of any such conflict of interest.

***Management of the Funds.*** Officers, directors, principals, partners, members and other personnel of RCP and its affiliates are not obligated to devote their full time to the Funds, but will devote such time as each General Partner in its sole discretion, deems necessary to effectively carry out the operations of the Funds. During the relevant commitment period for each Fund, each of the principals of Reverence Capital Partners, LLC

has agreed to devote substantially all of his business time and attention to the business of the Funds. Certain personnel will also be engaged in charitable activities, industry association participation, personal and potentially family office investing and pre-existing investment and investment-related activities. Conflicts may arise as a result of such other activities. The possibility also exists that such companies or issuers could engage in transactions which would be suitable for a Fund, but in which such Fund might be unable to invest.

RCP and its affiliates may also serve as manager, sponsor, general partner, adviser or in another capacity for multiple Funds, separate accounts and collective investment vehicles sponsored by RCP. Neither the General Partners nor any of their partners or personnel will devote their entire time and attention to any one particular Fund. In the event of a conflict of interest between the interests of a Fund on the one hand, and another Fund, on the other, there is no assurance that RCP or its affiliates will be able to resolve such conflict of interest in a manner favorable to a particular Fund. The existence of such multiple vehicles and accounts necessarily creates a number of potential conflicts of interest.

***Carried Interest.*** The General Partners' carried interest may create an incentive for the General Partners to make more speculative investments for the Funds than they would otherwise make in the absence of such performance-based arrangements. In addition, as RCP and its affiliates manage multiple Funds, for which they receive differing levels of performance based compensation, RCP and its affiliates may have an incentive to favor one Fund over others or take increased investment risks on behalf of a Fund for which they receive a larger performance based compensation. Further, if distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the applicable Governing Fund Documents. Such valuation will affect the amount of carried interest allocated by a Fund to its limited partners and its affiliates, as well as the timing of the General Partner's receipt of carried interest. See "*Valuation of Assets*" for more information.

***Conflicts with Investments and Investors.*** Officers, partners, members, employees and other personnel of RCP and its affiliates may in certain circumstances serve as directors of certain portfolio companies or Issuers or sit as an observer on a board of directors of a portfolio company or Issuer and, in that capacity, will be required to make decisions that they consider to be in the best interests of the investment. From time to time, board members (including such members who are RCP personnel, senior advisors or consultants to RCP) approve compensation and other amounts payable to RCP or its affiliates. Decisions made by a director may subject RCP, its affiliates or the Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims.

Further, RCP personnel and senior advisors or consultants to RCP are expected to serve as directors or interim executives of, or otherwise be associated with, companies that are competitors of portfolio companies or Issuers. In such cases, such personnel may be subject to fiduciary and other obligations to make decisions that they believe to be in the best interests of

the relevant companies. Although, in most cases involving the Funds' investments, the interests of the Funds and the portfolio companies or Issuers would be expected to be aligned, this may not always be the case, particularly if portfolio companies or Issuers are likely to be in financial difficulty. It would also be expected that the interests of a competitor company would not be aligned with those of the Funds, the portfolio companies or the Issuers. This may result in a conflict between the relevant individual's obligations to a portfolio company or an Issuer or competing company and the interests of the Funds. In some circumstances, having RCP personnel serve as directors or interim executives of an underlying issuer or another company (including, for these purposes, a portfolio company of any Fund) may restrict the ability of the Funds to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

In certain circumstances, for example in situations involving bankruptcy or near insolvency of the investment, actions that may be in the best interest of the underlying portfolio company or issuer may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an officer or employee of a General Partner and such individual's duties as a director of a portfolio company or an Issuer.

Portfolio companies or Issuers of a Fund may also be counterparties to or participants in agreements, transactions or other arrangements with Issuers or portfolio companies of another Fund that may involve fees and/or servicing payments to RCP or its affiliates which are not subject to management fee offsets under the Governing Fund Documents of the Funds or otherwise shared with the relevant Funds. The portfolio company or Issuer of an investment of a Fund may from time to time provide services to the portfolio company or Issuer of another investment of another Fund, or to the General Partner or its affiliates, including other Funds. The Funds are also permitted to purchase loans originated by portfolio companies of Funds or engage portfolio companies of Funds to act as a loan servicer or provide other services or engage in other transactions with portfolio companies of other Funds. Such arrangements are intended to be entered into on a fair and equitable basis as the parties deem appropriate. In addition, the General Partners or their affiliates may from time to time utilize the services of Operating Partners or Special Advisors or one or more limited partners of the Funds and their affiliates on a fair and equitable basis as the parties deem appropriate. See also "*Service Providers*" below for more information.

***Material Non-Public Information; Other Regulatory Restrictions.*** As a result of the operations of RCP and its affiliates, as well as in connection with officerships or directorships of RCP personnel, RCP frequently comes into possession of confidential or material non-public information. Therefore, RCP and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or RCP's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent RCP or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of RCP's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by RCP or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

**Cross Trades.** RCP may (directly or indirectly) cause the Funds to purchase securities from or sell securities and investments to other Funds, in each case for the purpose of rebalancing the portfolios of the Funds and/or such other entities, reducing or eliminating transaction costs or market impact, combining accounts or otherwise, in any case when RCP believes such transactions are appropriate and in the best interests of the Funds. Pursuant to the Governing Fund Documents, RCP will not receive a brokerage fee or commission in connection with such cross-transaction (though in certain transactions, certain fees may accrue to RCP and/or its affiliates and, for the avoidance of doubt, any such fees will not be considered Fee Income) and such transaction will be executed through the use of a methodology that RCP has determined at the time of the transaction to be fair and equitable to calculate the price of such transaction, including, for example, via verification and/or approval by a third party unaffiliated with RCP, an other Fund or a portfolio company thereof (See "*Service Providers*" below). Certain of such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or RCP might have an incentive to improve the performance of a Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, RCP, its affiliates, and/or their professionals (i) have significant investments, or intentions to invest, in the Funds that are selling and/or purchasing

such an investment; or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment).

In the event RCP wishes to reduce the investment of one or more Funds in an instrument and increase the investment of other Funds in such instrument, it may effect such transactions by directing the transfer of the instrument between the Funds. Any incremental costs and expenses associated with any such investment generally will be borne by the Funds on a pro rata basis.

**Other RCP Clients.** In addition to responsibilities with respect to the management and investment activities of the Funds, the General Partners, RCP, the Founding Members and their affiliates may have similar responsibilities with respect to various other existing and future pooled investment vehicles and client accounts. The existence of such multiple vehicles and accounts necessarily creates a number of potential conflicts of interest. There are instances, and there may be instances in the future, in which one or more of such other investment vehicles or client accounts or RCP, the General Partners or any of their respective employees, officers, directors, principals, members or partners invests in a different part of the capital structure of a Fund's portfolio company. This situation creates additional potential conflicts of interest. In particular, in the event of a bankruptcy proceeding involving such portfolio company, the Funds' interest may be subordinated or otherwise adversely affected by virtue of the involvement of the other RCP clients or affiliates of the General Partners.

**Allocations of Investment Opportunities Among Funds.** The General Partners, RCP and their affiliates give advice and make investment recommendations to multiple Funds that may differ from advice given to, or investment recommendations made to, other Funds, even though their investment objectives may be the same or similar across the Funds. The Funds, whether now existing or created in the future, could compete with each other for the purchase and sale of investment opportunities. See also "*Competing Investments*."

While RCP will seek to manage potential conflicts of interest in good faith, the portfolio strategies employed by RCP in managing its other entities could conflict with the transactions and strategies employed by RCP and the General Partners in managing the Funds and may affect the prices and availability of the investments. Conversely, participation in specific investment opportunities may be appropriate, at times, for more than one Fund. Allocation of identified investment opportunities among the Funds presents inherent conflicts of interest where demand exceeds available supply. The conflicts inherent in making such allocation decisions may not always be resolved to the advantage of the Funds. See also "*Co-Investment Opportunities*" below for information about conflicts of interest in connection with the allocation of co-investment opportunities.

With respect to the allocation of investment opportunities among the Funds, as a general matter, and subject to the Governing Fund Documents, RCP and its affiliates will allocate investment opportunities between the Funds in a manner that is consistent with the adopted written investment allocation policies and procedures established by the RCP and its affiliates designed to ensure allocations of opportunities are made over time on a basis it

determines to be fair and reasonable, which in general means that when such opportunities meet the investment objective, strategy and structure of one or more Funds (investment objective, strategy and structure include without limitation, the size of a potential investment), such investments will be allocated pro rata among the Funds based on, among other factors, each Fund's target investment size and purchasing capacity for such investment. Prior to making any allocation to a Fund of an investment opportunity, RCP, in its discretion, determines what additional factors may restrict or limit the offering of an investment opportunity to such Fund (e.g. with respect to such Fund, (i) such Fund's overall investment objectives and guidelines, including, without limitation, yield ranges, target returns, industry preferences, diversification requirements and concentration limits; (ii) regulatory requirements affecting such Fund and (iii) such Fund's investment period, reinvestment period, term limitations, uncalled/uninvested capital and any other obligations, restrictions or limitations contained in such Fund's advisory contract or other applicable governing documents). In allocating investment opportunities, RCP may also take into account (i) factors related to the specific Funds, such as structure, strategy, risk profile, life cycle, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level, the Funds' investment guidelines and industry/vertical concentration or other applicable diversification requirements and/or limitations, investment period, reinvestment period and term limitations related to such Funds, leverage, actual and perceived liquidity and any other obligations, restrictions or limitations contained in the Funds' applicable governing documents, and (ii) factors related to the investment, such as maturity, weighted average life, duration, projected cash flow, yield/return expectations, concentration factors (industry, geographic, customer or other), investment size and investment ramp, ability to obtain leverage, seniority of the investment in the capital structure, investment rating of the investment (if any), creditworthiness of the issuer of the investment and other risk-related considerations of the investment, any legal, tax, and regulatory considerations and alternative investments when a Fund's purchasing capacity is limited.

Generally, investment opportunities in debt securities will be allocated to Funds pursuing a credit investment strategy other than certain debt securities deemed more appropriate for other Funds, as determined by RCP in its sole discretion and subject to the applicable Governing Fund Documents of the relevant Funds and RCP's allocation policy. RCP shall not have any obligation to present any investment opportunity to the Funds if it determines in good faith that such opportunity should not be presented to the Funds for any one or a combination of the foregoing factors, or if it is otherwise restricted from presenting such investment opportunity to the Funds or is required to present such opportunity to other Funds. The Funds generally reserve the right to invest together in the manner set forth in the relevant Governing Fund Documents and RCP's policies and procedures. RCP may in the future develop additional policies, procedures and methodologies that govern the allocation of investment opportunities, which, among other things, may set forth more detailed priorities and presumptions regarding allocations between the Funds.

In addition, from time to time and as permitted by the Governing Fund Documents, the RCP is expected to form one or more separately managed accounts or other similar

arrangements with one or more investors (who may also be investors in the Funds) that have the same or overlapping investment strategies or objectives with the Funds. In such circumstances, the existence of any such separately managed account (or similar arrangement) that invests alongside the Funds would generally reduce the size of the opportunity for the Funds to invest in an investment in which such separately managed account or similar arrangement invests. Any such separately managed account (or similar arrangement) may be funded (directly or indirectly) by proceeds received by one or more investors in one or more Funds.

The Governing Fund Documents will set out parameters which limit in certain respects investments by the Funds with respect to entities in which other Funds have invested or will invest at substantially the same time and/or on substantially the same terms as an investment being made by other Funds. The Governing Fund Documents will set forth certain approaches, including causing the Funds to take certain actions that, in the absence of such conflict, it would not take, that are intended to ameliorate and/or manage such conflicts of interest to the extent possible. RCP's allocation of investment opportunities among the Funds in the foregoing manner often will result in the allocation of all or none of an investment opportunity to the Funds, or a disproportional allocation among such persons, with such allocations being more or less advantageous to some such persons relative to other such persons.

RCP believes that the significant investment in the Funds by the General Partners, their affiliates and their respective investment professionals, as well as the General Partners' carried interest, operate to align, to some extent, the interests of RCP with the interests of the Funds and the limited partners, although RCP and its affiliated persons have economic interests in other Funds as well, and receive management fees and carried interest relating to other Funds. There can be no assurance that the Funds' actual allocation of an investment opportunity, if any, or the terms on which such allocation is made, will be as favorable as they would be if the conflicts of interest to which RCP may be subject, discussed above and below, did not exist. There can be no assurance that the Funds will have an opportunity to participate in certain investments that fall within the Funds' investment objectives. Because RCP and its affiliates manage multiple Funds with varying management fees and carried interest, RCP and/or its affiliates have a potential incentive to favor certain Funds in the allocation of investment opportunities.

***Investments in the Same Investments.*** RCP may cause the Funds to invest in a broad range of asset classes throughout the corporate capital structure, including investments in corporate loans, debt securities, preferred equity securities, and common equity securities.

Conflicts have the potential to arise even when multiple Funds make investments at substantially the same time and on substantially the same terms, or if they invest in the same type of securities of an issuer in which other Funds have already made an investment (or the reverse) or intend to make at substantially the same time. There can be no assurance that the Funds or any vehicle with which they co-invest will have the same investment timelines or exit such investments at the same time or the same terms. RCP and its affiliates may from time to

time express inconsistent views of commonly held investments or of market conditions generally. For example, RCP may choose to sell all or part of an investment in an entity while another Fund holds or increases its investment in such entity (or vice versa). Differing investment timelines have the potential to cause the Funds to have different desires for follow-ons or other disposition opportunities. Investments by more than one Fund in an issuer also have the potential to raise the risk of using assets of another Fund to support positions taken by other Funds. There can be no assurance that any such conflict can be resolved in a manner that is beneficial to all Funds. In that regard, actions taken for one or more Funds may adversely affect such Funds. An RCP Equity Fund 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 an RCP Credit Fund. This likely will result in differences in price, terms, leverage and associated costs. There can be no assurance that the return on an investment will be the same across the Funds participating in a given transaction.

***Competing Investments.*** RCP expects from time to time to make investments on behalf of itself and/or the Funds that are competitive to entities in which a Fund makes an investment (for example, a Fund may invest in an issuer or company (in which, for these purposes, another Fund may have no interest) that competes with an entity in which another Fund holds an investment). In providing advice and recommendations to, or with respect to, such investments and in dealing with such investments on behalf of multiple Funds, to the extent not prohibited by law, RCP will not take into consideration the interests of all Funds, the Funds' portfolio investments and the investments. Accordingly, such advice, recommendations and dealings may result in adverse consequences to the Funds or their investments. See "*Allocation of Investment Opportunities Among Funds*" above.

***Operating Partners.*** As described above, portfolio companies and Issuers are expected to pay certain fees to Operating Partners, and such fees will not offset or reduce the management fee as described herein. In the event one or more Operating Partners (directly or indirectly) is providing services with respect to the Funds, such Operating Partners' expenses will be allocated among the applicable the Funds as determined by RCP, as applicable in a manner that it believes is fair and equitable manner. RCP's determination as to whether a service is an Operating Partner Service, the categorization of any fees and expenses, and the allocation of such fees and expenses shall be binding on the Funds and the limited partners. Although the use of Operating Partners and the allocation of compensation paid to them by RCP, its affiliates and/or the portfolio companies or Issuers have the potential to subject RCP and/or its affiliates to conflicts of interest, RCP believes that such potential conflicts may be reduced by the anticipated cost savings to such companies (which is expected to be to the benefit of the Funds) that would result if the cost of the Operating Partner is lower than market rates for the services provided and/or if the quality of the services of the Operating Partner make a greater contribution to the success of the portfolio company or Issuer and, thus, the Funds' investment therein. Although RCP seeks to retain Operating Partners with a view to reducing costs to the portfolio companies or Issuers and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention. RCP also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation



packages for such persons in a manner that RCP believes will align such persons' interests with those of the limited partners and seeks to retain only Operating Partners and service providers that it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

**Service Providers.** RCP has discretion to recommend to the Fund, or to the issuer of an investment thereof, that it contract for services (including Operating Partners, Special Advisors, accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms) ("Service Providers") with (i) RCP or a related person (which may include the issuer of an investment of the Fund or an Other RCP Fund or an entity that is owned by or otherwise related to RCP); (ii) an entity with which RCP or its affiliates or employees has a relationship or from which RCP or its affiliates or employees otherwise derives financial or other benefit; or (iii) certain investors (including limited partners); or their (iv) the affiliates of any of the foregoing. Such services may also include (but are by no means limited to) services during the diligence and acquisition process. For example, RCP is expected to receive management, operational, transaction support, corporate support, financial advisory, financing, syndication, brokerage, arrangement, administrative services, loan origination and/or, loan servicing or other services with respect to actual or prospective portfolio companies or issuers from entities that are portfolio companies of the Funds. Any reimbursements, fees and other compensation paid to any such Service Provider will not offset or reduce the management fee.

Any such arrangement with a Service Provider has the potential to subject RCP to conflicts of interest, because although RCP select Service Providers that it believes is aligned with its operational strategies and will enhance investment performance and, relatedly, returns of the Funds, RCP may have an incentive to recommend a related or other person (including a limited partner) because of its financial or other business or personal interest. There is a possibility that RCP, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen, and/or cultivate relationships that have the potential to provide longer-term benefits to a Fund or RCP) may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Although RCP generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where RCP commits or has committed to seek "market" or "arms-length" rates or terms, RCP will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, RCP undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate. Whether or not RCP has a relationship or receive financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

RCP and its affiliates are expected to, from time to time, employ, retain or otherwise engage with persons with pre-existing ownership interests in issuers or portfolio companies owned by the Funds; conversely, former employees of RCP and/or its affiliates may serve in significant management roles at companies or service providers recommended by RCP. In such capacity, conflicts are expected to arise to the extent that an employee's fiduciary duties to a portfolio company or issuer as a director may conflict with the interests of the Funds, but, because the Funds will generally be a significant stakeholder with respect to such investments, it is expected that such interests will generally be aligned. RCP expects to be subject to a potential conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or portfolio company or issuer if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide RCP information about markets and industries in which RCP and its affiliates operate (or are contemplating operations), or will provide other services that are beneficial to RCP and its affiliates. For example, RCP reserves the right to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment. RCP expects to be subject to a potential conflict of interest in making such recommendations, in that RCP has an incentive to maintain goodwill between them and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies or Issuers of investments held by the Funds.

As part of RCP's business, RCP, partners, employees, senior personnel and affiliates of the foregoing have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include, but are not limited to, investment bankers, lenders, consultants, professional advisers (such as lawyers and accountants), private equity and venture capital investors, co-investors (which, from time to time, may include investors in the Funds), investors in various other existing and future pooled investment vehicles and client accounts, current and former directors, former employers, officers and employees of current and former portfolio investments and former employees and members of RCP. RCP reserves the right to retain certain of these third parties as Service Providers. Such third parties may also provide goods or services to or have business, personal, political, financial or other relationships with the General Partners, RCP, partners, employees, senior personnel and affiliates of the foregoing. Such third parties have, and are expected in the future to, receive direct commercial compensation from a portfolio company, RCP and its affiliates for providing these services, which compensation and services will be on arm's-length terms and such compensation will not offset against the management fee. These relationships have the potential to influence RCP in deciding whether to select or recommend any such third party to perform services for the Funds or with respect to an investment.

***Co-Investment Opportunities; Broken Deal Expenses.*** RCP is permitted to in its discretion make available certain opportunities to co-invest with the Funds to third-party co-

investors (including a party with whom RCP and/or their affiliates have a relationship (such as limited partners in the Funds)) and/or to RCP and its affiliates; provided, however RCP, its affiliates and its respective partners and members shall not independently co-invest in an investment of the Funds (other than through the Funds) unless all of the limited partners have been offered the opportunity to participate in such co-investment and there remains an available amount after the limited partners have made (or are deemed to have made) elections with respect to participation in such investment. RCP or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in accordance with its co-investment allocation policy, which may be amended from time to time. Decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment opportunity is made, are made in the sole discretion of RCP or its affiliates or other participants in the applicable transactions, such as co-sponsors. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements and do not require RCP and its affiliates to notify the recipients of such acknowledgements if there is a co-investment opportunity. RCP will determine, in its sole discretion, whether a potential co-investor is eligible to participate in a co-investment opportunity by considering factors that include, but are not limited to, the following: whether the eligible co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived intensity of that interest; the expertise, knowledge and sophistication of the proposed eligible co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; the eligible co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the eligible co-investor's investment process), and to otherwise execute the transaction, in a timely manner with respect to the timeframe in which RCP believes favorable transaction terms may be achieved; any tax, regulatory, securities laws and/or other legal considerations with respect to the eligible co-investor (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; the RCP's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair RCP's ability to execute the relevant transaction in the desired time or on desired terms; the size of the investment allocation available to RCP and its affiliates (and not being allocated to other Funds), and the practicality of splitting the allocation into smaller tranches; the ability of the eligible co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction; any requirements of any third-party lenders as to the identity of any investors participating as co-investors, or as to the creditworthiness of any co-investors, or as to the number of co-investors, or as to other matters with respect to the investors in the transaction; whether the eligible co-investor is considered "strategic" to the investment because it is able to offer the Funds or RCP certain benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in

operating or monitoring the investment, or whether RCP believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Funds or RCP and/or their affiliates; whether the eligible co-investor has a history of consummating co-investment opportunities with RCP; whether the eligible co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; the likelihood that the eligible co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the issuer, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the investor would be willing to defer to RCP and assume a more passive role in governing the investment); whether the eligible co-investor has any interests in any competitor of the underlying investment; the size of the eligible co-investor's interest to be held in the issuer as a result of a Fund's investment (which is likely to be based on the size of the eligible co-investor's capital commitment and/or investment in such Fund); whether the eligible co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions; the extent to which the eligible co-investor has previously been provided a greater amount of co-investment opportunities relative to other eligible co-investors; the likelihood that an eligible co-investor may invest in the Funds; whether the eligible co-investor will pay any fees in connection with the co-investment; and other factors that RCP considers important in connection with the specific transaction or investment, including, without limitation, the expected investment holding period and services provided by the eligible co-investor to the issuer of the investment (or otherwise provided by the eligible co-investor with respect to the investment). Co-investment opportunities typically will be offered to some and not to other eligible co-investors, and the consideration of the factors set forth above will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of RCP and its affiliates make capital investments in or alongside other Funds or other co-investor, RCP and its affiliates are subject to potentially conflicting interests in connection with these investments.

The allocation of any such co-investment opportunities may or may not be in proportion to the commitments of such limited partners and are likely to involve different terms and fee structures. In these cases, while RCP will seek to act in the best interest of the Funds, a party could argue that the Funds received a smaller allocation in the particular investment than it otherwise would have received if RCP had not provided the third party with the co-investment opportunity. Any expenses attributable to a particular investment held by the Funds and any co-investment vehicle and/or committed co-investment fund, in each case established and managed by RCP or its affiliates, will generally be allocated among the Funds and such co-investment vehicle and/or committed co-investment fund pro rata in accordance with their respective aggregate invested capital in such investment. Further, in the event co-investment vehicles or co-investors may have invested alongside the Fund in a deal that is ultimately not consummated, they generally will not bear their share of broken deal expenses (such as legal fees, reverse termination fees, extraordinary expenses such as litigation costs and judgments

and other expenses) for such unconsummated transactions. In certain circumstances a co-investor that has been identified by the Funds and has committed to be responsible for its share of broken deal expenses will be allocated a share of such expenses. In addition, such co-investment vehicles may not bear certain fees and expenses that are borne by the Funds, such as fees and expenses of third-party data feeds, subscriptions and reports, but may indirectly get the benefit of such services.

***Side Letters.*** RCP and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Fund Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

***Selection of Brokers, Futures Commission Merchants, Placement Agents and Other Third-Party Service Providers.*** Conflicts may arise in the General Partner's selection of brokers and/or futures commission merchants and/or other service providers. Such brokers and/or futures commission merchants provide a variety of services to a Fund and other clients of the General Partner, which include, but are not limited to, clearance and settlement of transactions for the Fund, placement agent services, custody of the clients' investment instruments and cash, extending margin credit to clients, arranging for stock loans to implement short sales, lending of the clients' portfolio assets to third parties and capital introduction services whereby the General Partner is afforded the opportunity to make a presentation regarding its services to certain qualified investors by the brokers and/or futures commission merchants. While the brokers, futures commission merchants and/or their affiliates generally provide capital introduction services at no additional cost and certain other services at favorable or below market rates, the General Partner, and not the Fund, will be the principal or sole beneficiary of those services, thus presenting a potential conflict of interest between the Fund and the General Partner, which is responsible for selecting the brokers and/or futures commission merchants and negotiating such person's brokerage, margin and other fees. The General Partner has brokerage relationships with other clients of the General Partner which could be expected to benefit such other clients of the General Partner, thus presenting a potential conflict of interest between such other clients of the General Partner, the Funds and RCP.

Moreover, certain placement agents may be affiliated with brokers and/or futures commission merchants of the Fund. Such brokers and/or futures commission merchants would

indirectly benefit from the services of such brokers' and/or futures commission merchants' affiliated placement agents that place Interests in the Fund by increasing the assets upon which such brokers and/or futures commission merchants receive fees from the Fund.

In addition, the Funds' advisors and service providers (including accountants, administrators, lenders, bankers, brokers, futures commission merchants, derivatives counterparties, attorneys, specialists and consultants) or their affiliates provide goods or services to, or have business, personal, financial or other relations with the General Partners and their affiliates, principals and employees (and their respective family members or relatives) and advisory clients. Such advisors and service providers may be investors in the Funds, sources of investment opportunities or co-investors or commercial counterparties or entities in which a General Partner has an investment. Additionally, certain employees of the General Partners could have family members or relatives employed by such advisors and service providers. These relationships could have the appearance of affecting or potentially influencing the General Partner in deciding whether to select or recommend such service providers to perform services for a Fund, s portfolio company or its Issuers (the cost of which will generally be borne directly or indirectly by the Fund or such entities, as applicable). Further, the service providers to a Fund, and the fees and expenses payable thereto, can change at any time.

**Valuation of Assets.** Many of the assets in which the Funds expect to directly invest are not expected to have a highly observable exchange market value and will subsequently be valued by RCP, in accordance with RCP's valuation policies, which may be amended from time to time, or by another independent third party as described further below. RCP will value the assets held by the Funds, including assets for which there is no readily ascertainable market value, in accordance with RCP's valuation policies. RCP has a conflict of interest in determining such valuations because the management fee and carried interest or other incentive fees payable to RCP are based primarily on the values assigned to such investments. For example, overvaluing certain positions held by a Fund would inflate the value of such Fund's assets (which would likely increase the fees payable to RCP and the distributions owned to the General Partner) as well as such Fund's performance record. The valuation of investments may also affect the ability of RCP to raise additional funds. As a result, there may be circumstances where RCP is incentivized to determine valuations that are higher than the actual fair value of investments. Subject to a materiality threshold as set forth in RCP's valuation policy for RCP Credit Funds, RCP will retain an independent third party to periodically value certain assets of the RCP Credit Funds, including certain assets for which there is no readily ascertainable market value.

In addition, securities for which market quotations are not readily available, or are deemed to be unreliable, are fair valued in accordance with RCP's valuation policies. Fair value situations could include, but are not limited to: a significant event that affects the value of a security; illiquid securities; securities that have defaulted or are de-listed from an exchange and are no longer trading; or any other circumstance in which it is determined that current market quotations do not accurately reflect the value of the security.

***Subscription Lines.*** The Funds may enter into a subscription line with one or more lenders to finance its operations (including the acquisition of the Funds' investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against a Fund would likely be subordinated to such Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the governing documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor the limited partners generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large

amount of capital at once to repay the-then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

From time to time, employees of the General Partners receive gifts and/or entertainment from clients, intermediaries, or service providers to the Funds or the General Partners, which could have the appearance of affecting or may actually affect the judgment of the employees, or the manner in which they conduct business. The General Partners have adopted policies and procedures with respect to the provision and receipt of gifts and entertainment to identify any potential conflicts of interest.

***Diverse Membership.*** The limited partners of the Funds are expected to include U.S. taxable and tax-exempt entities and persons from jurisdictions outside of the United States. Such persons may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of the investments made by the Funds, the structuring of the acquisition of the Funds' investments, the purchase by the Funds of assets from an underlying company where certain limited partners did not participate in the Funds' investment in such underlying company and the timing of disposition of investments. Such structuring of the Funds' investments and other factors may result in different returns being realized by different limited partners. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partners that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations, including with respect to the nature or structuring of investments. In selecting and structuring investments appropriate for the Funds, the General Partner will consider the investment and tax objectives of the Funds and the partners as a whole, and not the investment, tax or other objectives of any limited partner of the Funds individually.

***Expense Allocation.*** RCP, the General Partners, or any of their respective employees, officers, directors, principals, members or partners will from time to time incur fees, costs and expenses on behalf of the Funds, on the one hand, and various other existing and future pooled investment vehicles and client accounts, on the other hand. RCP and the General Partners will face a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. The General Partners, in their sole discretion, will attempt to allocate such fees, costs and expenses in accordance with the relevant Governing Fund



Documents, RCP's expense allocation policies, which will be amended from time to time, and in a manner that they believe is fair and equitable to the Funds under the circumstances over time and considering such factors as they deem relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate based on the relative commitments to or available commitments with respect to the Funds or the relative net asset value of the Funds, and such matters will not necessarily be brought to the Limited Partner Advisory Committee or the limited partners of the Funds for discussion or consultation.

## **ITEM 9**

### **Disciplinary Information**

RCP's partners, principals and officers have not been the subject of any legal or disciplinary action from a regulatory authority in the preceding ten years that would be material to a client's or prospective client's evaluation of RCP's business or its management.

## **ITEM 10**

### **Other Financial Industry Activities and Affiliations**

RCP Opp Fund I GP, L.P., RCP Opp Fund II GP, L.P., Reverence Capital Partners Credit (Fund III) GP, L.P., RCP Customized Credit Fund (Fund IV) GP, L.P., RCP Co-Invest GP LLC, RCP Kicker Co-Invest GP LLC, RCP Opp Fund I (Cayman) GP, L.P., RCP Dakota Co-Invest GP LLC, RCP Indigo Co-Invest GP LLC, RCP Card Co-Invest GP LLC, RCP Vega Co-Invest GP LLC, RCP Artemis Co-Invest GP LLC, RCP Lynx Co-Invest GP LLC and RCP Harvest Co-Invest GP LLC are each related persons of the Firm and each serves as general partner of one or more of the Funds. Each general partner has exclusive management and control over its respective Fund and has delegated investment management authority to the Firm. As described in Item 6, each General Partner receives compensation based on the performance of the respective Fund.

## **ITEM 11**

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

RCP has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act for purposes of establishing the standards of business conduct and fostering a culture of honesty and accountability and assisting its employees with complying with the Advisers Act. The Code of Ethics is applicable to all employees of the Firm and generally applies to all of such employees' personal trading transactions. The Code of Ethics generally prohibits an employee from buying securities in any limited offering or initial public offering without obtaining pre-clearance from the Firm's Chief Compliance Officer. In addition, the Code of Ethics generally prohibits an employee from purchasing any security that is currently on the Firm's "Restricted List" or any security with respect to which a Fund has plans to purchase or sell.

In addition, the Code of Ethics requires each employee to submit annual holdings reports detailing his/her current securities holdings and quarterly transaction reports detailing securities transactions effected in the quarter.

RCP will provide a copy of its Code of Ethics to any client or prospective client (and any investor or prospective investor in a Fund) upon request.

## **ITEM 12**

### **Brokerage Practices**

The Funds invest primarily in private companies. Occasionally, a Fund is expected to execute transactions in publicly traded securities or invest in debt securities or other debt-related investments. In those events, the Funds will incur brokerage costs and other fees, in which case RCP will seek to satisfy its obligation to seek best execution. In choosing brokers or dealers to effect securities transactions for the Funds, RCP relies on its judgment, knowledge and experience in evaluating the broker-dealer's reliability and capability based on previous and pending transactions effected by the broker-dealer. RCP also reserves the right to consider factors such as price, commission, size of order, difficulty of execution and degree of skill required of the broker-dealer. RCP is also expected to take into account certain broker-dealer specific factors, such as trading capability, financial stability and responsibility, reputation, operational efficiency and overall responsiveness to RCP and the Funds.

In the event that RCP has determined to purchase or sell a security at the same time for more than one Fund, the respective orders for each such Fund will be aggregated. If the aggregated order is filled at different prices, all participating Funds will receive the weighted average price and will share any associated transaction costs on a pro rata basis.

## **ITEM 13**

### **Review of Accounts**

The portfolio companies and investments of each Fund are continuously and actively monitored by a team of investment and operating professionals, which monitoring includes reviews of each portfolio company's or Issuer's operations, overall performance, financial position, strategy and prospects. Investors in each Fund typically receive annual audited financial statements of the relevant Fund after the end of such Fund's fiscal year and unaudited quarterly reports that provide narrative and summary financial information regarding the Fund's portfolio companies after the end of the Fund's first three quarters. Investors also receive ad hoc updates from time to time.

RCP has created a Portfolio Committee (the "PC") with respect to the RCP Equity Funds. The PC is currently composed of Mr. Chulack, who chairs the PC, Messrs. Berlinski and Aberg as well as three Special Advisors with strong operating experience. The PC also maintains access to a number of specialized consulting resources focused on key areas of value creation (e.g., technology, finance, IR/PR, marketing, etc.). RCP may expand the PC over time (including to add additional Special Advisors) as the Funds' portfolios grow. The purpose of the PC is to focus and deliver on the Firm's commitment to add value across the Funds' portfolios. The PC meets quarterly and on a bi-annual basis. During its periodic meetings, the PC assists in monitoring portfolio risks, performance, achievement of investment objectives and commitments made during the investment process. It is also responsible for tasks relating to value creation (e.g.,

technology planning, recruitment, balance sheet optimization, board construction, etc.). Furthermore, the PC assists in planning and executing on liquidity and value crystallization opportunities.

RCP has created an asset management team to provide additional oversight and functional support for investments acquired by the RCP Credit Funds (“Asset Management Team”). The Asset Management Team expects to take an active approach to asset management and work closely with members of the investment team to customize an appropriate oversight approach for each investment by the RCP Credit Funds. The Asset Management Team will be primarily responsible for: (i) monitoring investment performance (financial, operational, collateral) against underwriting and key market indicators, (ii) monitoring and enforcement of loan and credit documents (e.g., reporting, covenants), (iii) oversight of vendor and servicer relationships, and (iv) supporting internal risk rating and the investment valuation processes. These activities are expected to be performed throughout the investment lifecycle and are expected to contribute to overall success and value enhancement of the RCP Credit Funds’ investments.

#### **ITEM 14**

##### **Client Referrals and Other Compensation**

RCP does not expect to receive any other compensation from any non-client in connection with the investment advice or other advisory services to the Funds. However, the General Partners or the Funds themselves reserve the right to receive fees in connection with the termination, cancellation or abandonment of a proposed Fund investment, organization, transaction or success fees in connection with the making of a Fund investment and/or periodic advisory, monitoring, consulting or other similar fees from one or more of the Funds’ portfolio companies and expect to receive immaterial gifts and entertainment from non-clients from time to time in the ordinary course of business. The management fee to which RCP is entitled from each Fund is generally reduced by a portion of the amount of such fees, except as described in the applicable Governing Fund Documents.

RCP does not compensate any persons for client referrals. However, Reverence and its affiliates have entered into placement agent agreements whereby third-party placement agents may introduce investors to the Funds. Placement agents collect fees from the Funds, which will reduce the amount of capital available to the Funds for making investments, but an amount equal to the payments made by the Funds to such placement agents is a reduction item in the calculation of the management fees paid by such Funds.

#### **ITEM 15**

##### **Custody**

RCP has engaged an independent public accountant registered with, and regularly examined by, the Public Company Accounting Oversight Board to conduct annual audits of the Funds’ financial statements in accordance with U.S. Generally Accepted Accounting Principles. Each Fund’s audited financial statements are expected to be delivered to its investors within 90 days of the end of such Fund’s fiscal year.

**ITEM 16**  
Investment Discretion

The management and control of each Fund is vested exclusively in the General Partner of such Fund, which, in turn, has delegated a portion of such discretionary authority to RCP to manage the assets of such Fund. This investment discretion is limited by applicable law, the limitations prescribed in the Offering Materials of the Funds and the Governing Fund Documents, as well as by any other restrictions that RCP may agree upon with any Fund or investors in any Fund.

**ITEM 17**  
Voting Client Securities

In the event RCP receives a proxy, RCP's policy is to exercise the proxy vote in the best interest of the Funds, taking into consideration all relevant factors, including without limitation, acting in a manner that RCP believes will (i) maximize the economic benefits to the Funds and (ii) promote sound corporate governance by the issuer. On rare occasions, RCP may be required to exercise a vote for a privately-held portfolio company, in which case the same principles shall apply. RCP will seek to avoid material conflicts of interest between its own interests, on the one hand, and the interests of the Funds, on the other. The fiduciary duty RCP owes to each Fund prohibits the adoption of a policy to enter default proxy votes in favor of board recommendations. However, as is typical in private equity, RCP seeks and accepts the election of an RCP representative to serve on the board of directors of portfolio companies on behalf of its Funds and will typically, but not always, vote in favor of board recommendations. In situations where RCP is required to vote the proxy for a company with respect to which RCP employees serve on the board of directors, RCP has determined that this does not inherently present a conflict of interest, as the sole purpose of this representation is to maximize the return on the Funds' investment in such company. Accordingly, while RCP is generally, but not automatically, fully supportive of recommendations made by a portfolio company's board of directors with respect to proxy votes related to that issuer, it will review all proxies and may or may not vote in favor of the board's recommendation. All conflicts of interest will be resolved in the interests of the Funds after they are reviewed by RCP's General Counsel and Chief Compliance Officer and Managing Partner. In situations where the General Counsel and Chief Compliance Officer and the Managing Partner perceive a material conflict of interest, the vote under consideration and the perceived conflict of interest may be reviewed with the applicable Fund's Limited Partner Advisory Committee, which will make a recommendation regarding the proxy vote.

Generally, RCP's clients cannot direct proxy votes. Issuers' proxy voting materials are generally received directly by RCP and are reviewed and considered by the applicable Fund's investment professionals. The Firm's General Counsel & Chief Compliance Officer is responsible for ensuring that proxies are voted and submitted in a timely manner, and that all books and records relating to proxy voting activities are retained in accordance with the requirements of Rule 204-2(c)(2) under the Advisers Act.

Investors may obtain a complete copy of the Firm's proxy voting policies and procedures by contacting the Firm's General Counsel & Chief Compliance Officer in writing and requesting such information. Each investor may also request in writing from the Firm's General Counsel & Chief Compliance Officer information concerning the manner in which proxy votes have been cast on behalf of such investor's Fund(s) during the prior annual period with respect to securities held by such Fund(s). Such information will be provided to the investor in writing as soon as is practicable.

## **ITEM 18**

### **Financial Information**

RCP does not believe that it has any financial commitment that is reasonably likely to impair its ability to meet contractual commitments to its clients and has not been the subject of a bankruptcy petition at any time during the past ten years.