

FREEDOM 3 CAPITAL, LLC

12 East 49th Street
New York, NY 10017
Attention: Daniel S. Tamkin
(212) 235-2163
dan.tamkin@freedom3.com
www.freedom3.com

Part 2A Brochure of Form ADV

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This brochure provides information about the qualifications and business practices of Freedom 3 Capital, LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact Daniel Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

The Adviser is a registered investment adviser with the SEC. Registration of an investment adviser with the SEC does not imply any level of skill or training nor does it in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. The oral and written communications of any registered investment adviser are intended to provide you with information which you may use in determining whether to hire or retain a registered investment adviser. This brochure is not intended for distribution, or use by, any party other than the Adviser’s investment advisory clients.



Item 2. Material Changes

Freedom III Investments I, LP (“Fund 1”), Freedom 3 Investment II, LP (“Fund 2”), Freedom 3 Investments Rated, LLC (the “Fund 3 Feeder”), Freedom 3 Investments III, LP (“Fund 3”) (with and without the Fund 3 Feeder), F3 2018 Feeder, LLC (the “2018 Fund”), F3 Investments IV Rated Feeder-A, LLC (“Feeder A”), F3 Investments Rated IV Feeder-B, LLC (“Feeder B”), Freedom 3 Investments IV, LP (with and without Feeder A and Feeder B (“Fund 4”), F3C 2019 SPV, LLC (the “2019 SPV”), Freedom 3 Liquidity Fund, LP (the “LQ Fund”) and F3 Senior Finance, LLC (the “Senior Fund”) are sometimes referred to collectively as the “Funds”. Freedom III GP, LLC (“Fund 1 GP”), Freedom 3 GP II, LLC (“Fund 2 GP”), Freedom 3 GP III, LLC (“Fund 3 GP”), F3 2018 GP, LLC (“2018 GP”), Freedom 3 GP IV, LLC (“Fund 4 GP”), Freedom 3 LF GP, LLC (the “LQ Fund GP”) and F3 Senior Finance MM, LLC (the “Senior MM”) are sometimes referred to collectively as the “General Partners”. The Adviser also manages separately managed accounts for institutional investors, in some cases alongside the Funds (“Accounts”). Funds and Accounts are referred to from time to time as “Clients”

As noted in Item 4, the Adviser has expanded its activities investing in assets in the senior portion of the capital structure principally secured first lien loans and notes (“Senior Assets”) by purchasing such assets mostly in the secondary market for the Senior Fund and an Account in addition to the LQ Fund.

Item 8 has been updated to provide some information on activities relating to Senior Assets and Items 10 and 11 have been modified to discuss policies that the Adviser has put in place to manage investments for Clients in Senior Assets as well as investments for Clients in Mezzanine Assets (secured notes, unsecured notes, uni-tranche debt and preferred and common equity).

The Senior Fund, the LQ Fund and/or certain Accounts focused primarily on Senior Assets are referred to from time to time as, “Senior Clients”) while other Funds and Accounts investing in Mezzanine Assets referred to from time to time as, “Mezzanine Clients”).

In the future, this Item will discuss only those specific material changes that are made to this brochure since our last annual update and will provide clients with a summary of such changes. It will also reference the date of the last update of this brochure. Pursuant to SEC Rules, we will further provide clients with a new brochure, within 120 days of the close of our business’ fiscal year without charge, based on changes made to this brochure or new information as it pertains to the Adviser. Currently, our brochure may be requested by contacting Daniel S. Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com.

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Item 4. Advisory Business

The Adviser was organized in 2013 to provide investment management services to individual managed accounts (referred to as the “Accounts”) and private investment funds, such as the Funds. As of December 31, 2020, the Funds managed by the Adviser have aggregate investments of \$381,922,111 and available committed capital of \$250,322,850. The Adviser has six Accounts pursuant to which \$54,970,966 was invested at December 31, 2020.

The Managing Members of the Adviser, Jason Block, Erik Glover and Daniel Tamkin own a majority of the equity of the Adviser and constitute a majority of the Adviser’s Investment Committee. Although the Adviser was organized in 2013, Mr. Block has more than 25 years of experience investing in the private credit market. The Funds and the owners of the Accounts are referred to as “Clients” and their assets as “Client Assets.” As of December 31, 2020, the Adviser managed \$687,215,927 of Client Assets on a discretionary basis, including the capital contributed by the General Partners.

The Adviser invests the Accounts and the Funds in private credit instruments of middle market companies in North America with approximately \$10mm to \$50mm of EBITDA and enterprise values primarily between \$100mm and \$1 billion. The Adviser seeks to invest in companies with leading market positions led by strong management teams.

Investments are recommended by the Adviser and determined by the General Partners in the case of the respective Funds. In the case where the Adviser has discretion to select investments for Accounts, investments would be allocated among the Accounts and the Funds based on certain criteria including length of the investment period (e.g., one, two or three years) and the expected number of total investments for each Account and the Funds over their respective investment periods. In the case where the Adviser does not have the authority to select investments for Accounts (“Non-Discretionary Accounts”), new investments are allocated to the Funds to take their full allocation and any remaining amounts are then offered to Accounts or co-investors. Once an investment is made, except as discussed above regarding the Non-discretionary Accounts, the Adviser has discretionary authority over the investments made through the Accounts and by the Funds. Since the Adviser does not provide individualized advice to the investors in the Funds, prospective investors in the Funds must consider whether the Funds meet their investment objectives and risk tolerance prior to investing. Information about the Funds can be found in their offering documents, including the Confidential Private Placement Memorandum for each Fund, as amended (the “PPM”). The Funds have relied on certain registration exemptions available under the Investment Company Act of 1940, as amended, and the Securities Act of 1933, as amended. Therefore, this brochure is designed solely to provide information about the Adviser and should not be considered to be an offer of interests in the Funds or in any other investment vehicle managed by the Adviser or its affiliates.

The Adviser does not participate in wrap fee programs.

Item 5. Fees and Compensation

As more specifically set forth in the limited partnership agreements and the related management agreements for the Funds, each of Fund 1 and Fund 2 pay the Adviser an annual management fee, payable quarterly in advance, equal to 1.0% per annum of the lesser of cost or net asset value of the Funds’ portfolios as a result of step-downs due to termination of their investment periods and raising of successor Funds. Fund 3 and Fund 4 will pay the Adviser an annual management fee, payable quarterly in advance, equal to 1.5% per annum of the aggregate capital commitments of investors during the Fund’s investment period, and 1.5% per annum of the lesser of cost or net asset value of the Fund’s portfolio after the investment period. The LQ Fund will pay the Adviser an annual management fee, payable quarterly in advance equal to the lesser

of 0.25% of (i) cost basis of the LQ Fund's assets and (ii) gross asset value of the LQ Fund. The Senior Fund will pay the Adviser an annual management fee, payable quarterly in advance, equal to 0.25% of gross assets increasing to 0.5% when, as and if the Senior Fund enters into a permanent senior secured credit facility.

The Funds' management fees are offset by 100% of all directors' fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees or other similar fees received by the Adviser, the respective General Partners or any of their respective affiliates net of any unreimbursed expenses.

Compensation to the Adviser from the Accounts involves, and will involve for Accounts established in the future, a similar structure as that of the Funds but will be negotiated on a case-by-case basis and may in some cases be lower than the compensation paid by the Funds.

The Funds have borne all legal and other expenses incurred in the formation of the Funds (other than any placement fees) ("Organizational Expenses"), up to an amount not to exceed \$250,000 for each of Fund 1 and 2, \$450,000 in the case of Fund 3, \$500,000 in the case of Fund 4 and \$200,000 in the case of each of the LQ Fund and Senior Fund. Organizational Expenses more than this amount, and any placement fees, may be paid by the Funds but borne by the Adviser through a 100% offset against the management fee of the relevant Fund. The 2018 Feeder paid the Adviser a one-time organizational fee which is not offset against any management fees.

The Funds are also responsible for all other expenses attributable to its operations, including, but not limited to:

- the fees and expenses relating to consummated portfolio investments, unconsummated investments, indebtedness (including interest thereon), guarantees and temporary or short-term investments, including the evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not reimbursed by a portfolio company or other third party.
- premiums for insurance protecting the Funds and any indemnified parties from liabilities to third parties in connection with the Funds' investment and other activities.
- legal, custodial, auditing, bookkeeping and accounting expenses, including expenses associated with the preparation of the Funds' financial statements, tax returns and Schedule K-1s (or equivalent) and the representation of the Funds or its partners by the tax matters partner, including expenses paid or incurred in connection therewith.
- banking and consulting expenses.
- appraisal and valuation expenses.
- expenses related to organizing persons through or in which portfolio investments may be made.
- costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles.
- taxes and other governmental charges, fees and duties payable by the Funds.
- indemnifiable claims, losses and damages.
- costs of reporting to the partners and of each annual meeting of partners and the meetings of the limited partner advisory board (including, without limitation, expenses of the limited partners incurred in connection therewith or in the attendance thereof).

- costs of winding up and liquidating the Funds; and
- all annual registration fees and registered office fees and expenses.

The General Partners, each an affiliate of the Adviser, are entitled to receive performance fees in the form of carried interest on the profits of the respective Fund. The Adviser is entitled to receive performance or incentive fees on the profit generated by the Accounts on a case-by-case basis subject to the terms agreed to for each Account. See Item 6 below.

Fees and expenses may be deducted from the assets of the Accounts and the Funds. Except for the payment of quarterly management fees in advance, no fees are required to be paid in advance, but will be calculated quarterly.

In limited situations where third party expenses incurred in connection with underwriting or monitoring an investment are not reimbursed by the portfolio company, the Adviser will allocate those expenses to the Funds and/or Accounts that invest therein in accordance with their respective investments.

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

As more specifically set forth in the limited partnership agreement and the related management agreements for the Funds and in the management agreements for the Accounts, the General Partners and the Adviser, as applicable, are entitled to receive performance fees in the form of carried interest or an incentive fee. In the case of the Funds, this fee is equal to 20% of the Funds' profits, which includes a catch-up provision for the 6.25% preferred return (amended to 8% for Fund 3 and 8% for the 2018 Fund and Fund 4). The LQ Fund involves a more complicated tiered structure of hurdles and performance fees up to 30%. The Senior Fund will pay the Adviser 20% of profits after an 8% preferred return to the holders of its junior subordinated notes in the form of cash interest. The fee structure for the Accounts is similar but may involve arrangements more or less favorable than secured by the Funds.

As a result, the Adviser, its principal(s), and/or affiliate(s) may have conflicts of interest in: (i) allocating their time and activity among the Funds; (ii) allocating investments among the Funds; and (iii) effecting transactions among the Funds, including ones in which the Adviser, its principal(s), and/or affiliate(s) may have a greater financial interest. The payment of performance-based fees at varying rates among the Funds could create an incentive for the Adviser and/or its affiliate(s) to disproportionately allocate time, services, or functions to Funds paying performance-based fees at a higher rate, or to allocate investment opportunities to such Funds with respect to investments with limited availability such as small capitalization securities.

The Adviser's policies and procedures address and mitigate these potential conflicts of interest to ensure that transactions and investment opportunities are allocated to the Funds, and any additional Funds in the future, on a fair and reasonable basis and in accordance with each Fund's investment guidelines and governing documents. Generally, and except as may be otherwise set forth in the governing documents of the Funds, conflicts are currently mitigated by provisions in the Fund governing documents that address side-by-side management by imposing certain limitations on the ability of the Adviser to establish new Funds. In light of the manner in which the Adviser conducts its business, including the fact that all consulting fees or other fees received from investments are credited against the Adviser's annual management fees, the risk of potential conflicts of interest should be minimized.

Item 7. Types of Clients

The Adviser seeks Accounts from insurance companies and other institutional investors.

Investment in the Funds is only available to “accredited investors” (as that term is defined under the rules promulgated under the Securities Act of 1933, as amended) consisting of friends and family of the Adviser, as well as family offices and other sophisticated investors. The Funds have a specified minimum investment amount as set forth in its offering materials, disclosure documents and/or governing documents. The Adviser or the respective General Partners have discretion to permit investments below the specified minimum with respect to any investor.

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

Methods of Analysis.

The Adviser will gather intelligence from an array of industries and from market participants such as private equity firms, investment and commercial banks, transaction advisors and investors in the senior lending and the high yield bond markets. The Adviser will also rely on its external contacts consisting of past business associates and other individuals who will have had experience operating businesses in different industries.

Each prospective Fund and Account investment will follow the same consistent process for approval, which includes multiple meetings of the Adviser’s Investment Committee held at different stages of the investment evaluation process. The focus of the investment process from the outset is to identify good quality companies with strong management teams. Each prospective company evaluation starts with four questions during the preliminary evaluation phase.

- Is the company in an industry in which the Fund and the Accounts should invest?
- How strong is the company’s position in the industry?
- Is the company’s business plan sensible and viable?
- Does the company’s management team have the right skills and incentives to achieve the business plan?

Only if the Adviser’s investment team is satisfied with the strength of the company after answering such questions will it examine the company’s structure and risk profile, including an evaluation to gain comfort with the company’s credit profile.

- Structure of the investment - The investment in a target company must be largely invested in credit securities to give the Adviser comfort that investment principal will be protected. A basic guiding principle in the Adviser’s evaluation is to be comfortable that the existing business can support the credit (i.e., payment of interest as well as the repayment of principal). If the target company depends upon growth to support the security, it is the Adviser’s view that the security then takes on equity risk and therefore is not part of the credit.
- Risk profile - While risk profile is a somewhat subjective measure, the Adviser must feel comfortable that the credit securities are appropriately priced for the Funds’ or the Accounts’ risk. The Adviser intends to focus on income generation and principal preservation. In addition, the Adviser believes that the capital solutions it intends to offer will provide the Fund and Accounts with the flexibility to maximize returns while minimizing downside risk.

The Adviser will devote significant time to performing due diligence in order to address the questions and guidelines outlined above in conjunction with target company management teams, financial sponsors, entrepreneurs and industry experts. As part of the Adviser’s due diligence process, it will dedicate

considerable effort to evaluating the creditworthiness of a target company. This will include running numerous sensitivity analyses of business drivers. The Adviser must be comfortable that the target company's business plan is not only logical but is sensible given specific industry dynamics and company capabilities. In this analysis, the Adviser will develop a view as to the potential downside scenarios and their impact on the target company's ability to repay the investment. Once the Adviser becomes comfortable that downside risk can be minimized, it will generate a customized investment proposal.

Throughout the investment evaluation process, all the issues and relevant data points will be discussed among the Adviser's investment team and with any outside advisors engaged by the Adviser. The investment team will use this highly collaborative process to ensure it can give clear and consistent feedback to target company management teams, financial sponsors, family owners and entrepreneurs about what the Adviser requires to become comfortable to make an investment. Communication with these investing partners is of critical importance, particularly if the Advisers decision comes to a "no" as it anticipates will occur approximately 90% of the time.

In the case of Senior Assets the length of the due diligence process including the level of interaction with management may be less than that with respect to a Mezzanine Asset due to (i) the seasoned nature of the investment (i.e. the asset may have been outstanding and performed for some time in the current capital structure); (ii) the presence of a capable agent bank, dominant lender or lenders and/or owner in which the Adviser has faith and (iii) the senior secured nature of the Asset.

Having identified opportunities that meet the foregoing criteria, the Adviser will price investments according to the level of risk and will structure the capital to provide the degree of flexibility required by the companies.

Investment Strategies.

With respect to Mezzanine Clients, the Adviser will seek to create for the Accounts and the Funds a high-quality portfolio by investing in North American middle market companies. Investments will be in the form of Mezzanine Assets issued by middle market companies with approximately \$10mm to \$50mm of EBITDA and enterprise values primarily between \$100mm and \$1 billion. Investments will typically be made in companies with leading market positions led by strong management teams.

The Adviser will focus on originating, structuring and controlling investments primarily in the form of Mezzanine Assets. Mezzanine investing is a hybrid of debt lending and equity investing, typically combining elements of high current income through fees and cash interest with longer-term capital gains. In addition, Mezzanine investing usually provides cash returns in the form of quarterly or semi-annual cash interest payments and also includes paid-in-kind interest or repayment penalties. These investments also often include warrants for the common stock of the business.

With respect to Senior Clients the Adviser will seek to create for the Accounts and Funds a high-quality portfolio by investing in similar types of companies as contemplated for Mezzanine Clients but primarily in the form of senior secured loans or notes that constitute the senior capital in company, sometimes alongside a working capital lender under an intercreditor agreement. The Adviser may invest a portion of a Senior Client's portfolio in second lien assets but usually subject to a limitation in the constituent documents of the relevant Fund or Account or in the credit facility, therefore. In the case of the LQ Fund, the Adviser will also invest alongside Fund 4 according to the Adviser's allocation policies to provide yield enhancement through higher coupons on investments and some equity participation.

The Adviser will approach each opportunity with a tailored capital structure solution. As such, it is expected that management teams, equity sponsors and entrepreneurs will offer the Adviser the opportunity to invest

in their companies. While it is always necessary to compete on price and investment opportunities are rarely exclusive, the Adviser believes that its approach and ability to add value to an investment will allow it to define a less competitive niche.

Risk of Loss

Investing in securities involves a high degree of loss that Clients and Fund investors should be prepared to bear. Clients and Fund investors bear the entire risk of loss of their investments. An investment in the Accounts or in the Funds involves a significant degree of risk, relating both to the types of investments contemplated by the Accounts or the Funds and the Accounts' and Funds' ability to achieve their respective investment objectives. There can be no assurance that the Accounts' or the Funds' investment objectives will be achieved or that an investor will receive any return of capital. An investor should have the ability to sustain the loss of its entire investment in the Accounts or in the Funds. An investment in the Accounts or in the Funds requires a long-term commitment, with no certainty of return. Since the Accounts and the Funds may only make a limited number of investments, and since the Accounts' and the Funds' investments generally will involve some degree of risk, poor performance by a few of the investments could affect the total returns to the investors. There can be no assurance that the Accounts or the Funds will be able to generate returns for the investors or that returns will be commensurate with the risks of the investments within the Accounts' or the Funds' investment objectives.

All investments involve certain risks including, but not limited to:

- Illiquidity of investments - The Funds and Accounts typically will be dependent upon a portfolio company being sold, refinanced, reorganized or having a public offering in order to achieve liquidity for an investment.
- Subordination - The investments of the Funds and Accounts will typically be subordinated to the senior obligations of an issuer either contractually or structurally or because of the nature of the security leading to greater risk of investment.
- Creditor risks - The Funds, or in the case of the Accounts, the Adviser, may oversee or participate in the management of one or more of their portfolio companies. If such participation or influence are perceived to cause a portfolio company to take actions that were in the Funds' and Accounts' interests and not in the best interests of the creditors and stockholders, the Funds' and Accounts' claims under their investment documents, which normally would be subordinated only to any senior debt of the portfolio company, could be subordinated to the claims of all creditors and, in some cases, stockholders of the portfolio company.
- Debt securities - A debt security or obligation may be subject to prepayment or redemption at the option of the issuer. If a debt security or obligation held by the Funds or Accounts is called for redemption, the Funds or Accounts may be required to permit the issuer to redeem such security or obligation, which could have an adverse effect on the cash-on-cash return objective.
- Portfolio company leverage - Investments are expected to include portfolio companies with significant levels of debt. Such investments are inherently more sensitive than others to declines in revenues and to increases in expenses and interest rates, increasing exposure to adverse economic factors. Because the securities in which the Funds and Accounts will invest will likely be subordinated and among the most junior in a portfolio company's capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of investment.

- **Minority investments** - Investments will generally represent minority interests in portfolio companies and the Funds and Accounts may hold minority voting positions (if any) on the boards of directors of certain portfolio companies. Consequently, they may not be able to control or exercise substantial influence over such portfolio companies.
- **Loan Risk** - Certain Funds have each entered into credit facilities to borrow against the undrawn capital commitment of its respective partners or against the value of the Fund's portfolio. To the extent that any partner does not meet its capital commitment, the lender has rights to proceed directly against that partner. In the event that a sufficient number of partners fail to meet their capital commitments to a Fund and the lender demands repayment, such Fund and/or lender might seek to liquidate portfolio investments at an inopportune time.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the Adviser or the integrity of its management. Neither the Adviser nor its management has been subject to any legal or disciplinary actions required to be disclosed in this brochure.

Item 10. Other Financial Industry Activities and Affiliations

Registered investment advisers are required to disclose any relationship or arrangement with certain industries or industry professionals that may be material to their advisory business or to their clients. The Adviser is affiliated with Freedom III GP, LLC, a Delaware limited liability company that has been formed for the purpose of serving as the general partner of Fund 1, Freedom 3 GP II, LLC, a Delaware limited liability company that has been formed for the purpose of serving as the general partner of Fund 2, Freedom 3 GP III, LLC, a Delaware limited liability company that has been formed for the purpose of serving as the general partner of Fund 3 and the manager of the Feeder, F3 2018 GP, LLC that has been formed for the purpose of serving as the manager of the 2018 Fund, Freedom 3 GP IV, LLC that has been formed for the purpose of serving as the General Partner of Fund 4 and Manager of Feeder A and Feeder B, Freedom 3 LF GP, LLC that has been formed for the purpose of serving as the General Partner of the LQ Fund and F3 Senior Finance MM, LLC that has been formed for the purpose of serving as the Managing Member of the Senior Fund.

Currently, no employees of the Adviser are registered representatives of a broker-dealer.

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or as an associated person of an Adviser entity.

The Adviser organizes and sponsors the Funds and intends to sponsor future funds, which, in each case, are private partnerships. These pooled investment vehicles managed by the Adviser are controlled by affiliated General Partner entities. The Adviser is responsible for all decisions regarding portfolio transactions of the Funds and has full discretion over the management the Funds' investment activities. Employees and persons acting on behalf of the General Partners are subject to the supervision and control of the Adviser. Thus, the General Partners would be "persons associated with" the Adviser such that the SEC could enforce the requirements of the Advisers Act on the General Partners.

The Adviser does not receive any compensations for the recommendation of other investment advisers to its Clients.

The results of the investment activities provided to a Client can differ significantly from the results achieved by the Adviser for other current or future Clients. The Adviser will manage the assets of a Client in accordance with the Client's investment objectives and strategy. However, members of Adviser may give advice and take action with respect to any other Client that competes or conflicts with the advice a member of the Adviser may give to, or an investment action they may take on behalf of, a Client (or a group of Clients), or advice that may involve different timing than that of a Client. The potential conflicts include, in particular, one or more Clients buying or selling positions while another Client is undertaking the same or a differing, including potentially opposite, strategy. Similarly, the Adviser's management of Client accounts may benefit members of the Adviser including to the extent permitted by applicable law and contractual arrangements, investing Client accounts directly or indirectly in the securities of companies in which such other Client has an equity, debt, or other interest. In addition, to the extent permitted by applicable law and contractual arrangements, Clients may engage in investment transactions which may result in other Clients being relieved of obligations or otherwise have to divest or cause Clients to have to divest certain investments. In some instances, the purchase, holding, and sale, as well as voting of investments by Clients may enhance the profitability or increase or decrease the value of another Clients' own investments in such companies. This may give rise to potential conflicts of interest.

Mezzanine Clients and Senior Clients do not compete for originations. Most Senior Assets purchased for Senior Clients are originated by the investment team from club deals or the "street" or in a Mezzanine Asset transaction originated and structured by the investment team, which also requires a certain amount of senior debt.

Funds and/or Accounts may make investments in which one or more of them hold an investment in a different class of such company's debt or equity (e.g., Senior Assets vs Mezzanine Assets). In such circumstances, the Adviser may have conflicting duties among the Funds and/or Accounts. The Adviser has put in place certain policies to minimize the incidences of potential conflict and ameliorate the impact of such conflicts. The Adviser believes that generally the best outcome for its Clients typically involves a total business solution instead of forced liquidations and thus in certain situations the Adviser may refrain from, or delay taking certain actions to which it is authorized under the terms of a Senior Asset held by a Fund or Account.

It is not expected that a Senior Client will control senior tranches in any borrower, including any senior tranche of a company in which a Mezzanine Client invests. Thus, the Adviser is not expected to hold decision making authority for multiple tranches in the same company for different Clients except (i) as it relates to the Senior Clients' exercise of "sacred rights", which might inure to consent of 100% of the holders of a tranche; and (ii) from time to time a Mezzanine Client may control a tranche in which a Senior Client is also invested.

The Adviser expects that in certain situations, the entity controlling the senior tranche may require the Senior Client to waive one or more of these "sacred rights" if a Mezzanine Client is also invested in the same company in accordance with standard practice in the industry.

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

The Adviser has adopted and implemented a compliance manual which includes a code of ethics in compliance with SEC Rule 204A-1 and Rule 204-2 (Code of Ethics) of the Investment Advisers Act of 1940. The Adviser will provide a copy of its code of ethics to any Client or Fund investor or prospective client or investor upon request to Daniel Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com. The Compliance Manual contains written policies regarding the following matters:

- Procedures for continuing monitoring of compliance.
- Advertising and marketing.
- Solicitation Arrangements.
- Private Placements.
- Accuracy of disclosure documentation.
- Anti-money laundering.
- Client assets safeguarding.
- Recordkeeping.
- Personal securities transactions; pay to play and confidentiality.
- Insider trading.
- Portfolio management.
- Valuation.
- Privacy.
- Proxy voting.
- Business continuing.
- SEC registration and Form ADV.
- Communications with regulators and media; and
- Cybersecurity and Business Continuity

The Adviser and its related persons do not participate in transactions in which the Funds or Accounts have a direct or indirect interest. The Adviser, its affiliated and respective employees, or a related entity each may have an investment in the Funds and the Account Clients. From time to time the Adviser or its related persons have purchased assets from a Client at the request and absolute discretion of such Client to accommodate such Client's regulatory or liquidity requirements. The code of ethics is designed to ensure that the personal securities transactions, activities and interests of the Adviser's employees will not interfere with making decisions in the best interest of the Clients and implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Adviser and its related persons do not invest in the same securities (or related securities, e.g., warrants, options or futures) that it or a related person recommends to Clients except by virtue of the General Partners investing in Funds that may invest in the same assets as Accounts.

From time to time one Client may sell an asset to another Client provided, however if such a transaction involves an Account, that Account must approve such a transaction. In the case of a Fund, such a transaction will only be effected as part of a partial sell-down by one Fund based on the Adviser's allocation policies as applied to such selling Fund.

Item 12. Brokerage Practices

With respect to the portfolio companies in which the Accounts and the Funds are invested, the securities of such portfolio companies are generally purchased through private placement transactions, without the

assistance of a broker or dealer and without the payment of a brokerage commission. Although the Adviser does not anticipate utilizing the services of a broker or dealer through which to effect investments, it may in certain limited circumstances acquire mezzanine debt securities or other assets or loans from or through a broker or dealer designated by the agent of the tranche of securities or loans or by the seller thereof.

Aggregation of orders is not applicable to the Adviser.

Item 13. Review of Accounts

All accounts are reviewed on a quarterly basis by the Adviser's investment team and approved by the Adviser's Investment Committee. The Adviser reviews the business, affairs, operations and financial condition of portfolio companies in which the Accounts are invested on a more frequent basis as is warranted by interim financial reporting required by the terms of such investment or disclosed voluntarily, discussions with management of portfolio companies and other factors or situations that arise from time to time.

Written reports are provided to the Accounts and the Funds on a quarterly basis, which include a report from the Adviser (and/or, in the case of the Funds, from the General Partner of such Fund) describing investment activities, pending and closed transactions and an overall general outlook. Reports also provide information regarding the use of broker-dealers, if any, including expenses incurred, as set forth in Item 12 above. In addition, an annual audited report is provided to each Fund.

Additionally, the Adviser assists the Funds in furnishing all investors with (i) audited written financial statements prepared in accordance with generally accepted accounting principles, accompanied by the report of its independent certified public accountants, (ii) unaudited financial information and updated on the Funds' investment activities on a quarterly basis (in accordance with the governing documents of the Funds) and (iii) tax information necessary for the completion of tax returns.

Item 14. Client Referrals and other Compensation

The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Clients.

The Adviser has not compensated any third party for sales of interests by any Fund. The Adviser may enter into one or more solicitation agreements with registered broker-dealers in compliance with SEC Rule 206(4)-3 to secure Accounts and/or investors for any successor private investment fund or parallel investment vehicle to the Funds. In such cases, compensation will be negotiated and paid by the Adviser, consistent with industry practice. The Adviser had one such agreement in place for each of Funds 3 and 4 which terminated without any compensation being paid.

Item 15. Custody

The Adviser has custody of all assets of the Funds. Certain of the Accounts co-invest with the Funds through equity special purpose vehicles ("SPVs") which are controlled by affiliates of the Adviser.

The Funds and the SPVs are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Fund and/or SPV investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's and/or SPV's fiscal year end. Fund and SPV investors are urged to carefully review these financial statements.

Item 16. Investment Discretion

Except as discussed above regarding the Non-Discretionary Accounts, all Client Assets in Accounts are managed by the Adviser on a discretionary basis, subject only to the investment limitations set forth in the related management agreement and/or other governing documents. In addition, all Fund assets are managed by the Adviser on a discretionary basis, subject only to investment limitations set forth in the Funds' limited partnership agreements. See Item 4 above.

Item 17. Voting Client Securities

The Adviser holds a power-of-attorney to vote the securities held by the Accounts over which it holds discretionary authority. Similarly, the General Partners, on the advice of the Adviser, votes the securities held by the Funds. The Adviser's and the General Partners' policy is to vote securities with the aim of furthering the best economic interests of the Accounts and the Funds. The Adviser does not hold a power of attorney and/or vote the securities owned by the Non-Discretionary Accounts.

Due to the nature of the Adviser's business and structure, the Adviser does not believe it is likely that material conflicts of interest will arise in voting securities of portfolio companies. However, as noted in Item 10, there are certain situations where the Adviser taking actions on behalf of a Client invested in a Senior Asset could be in conflict with the interests of a Client invested in a Mezzanine Asset or vice versa. In addition, conflicts of interest could arise in certain circumstances, such as, for example, where an investor in the Funds is associated with the company soliciting a vote, or where an executive officer of the Adviser has personal or business relationships with participants in a vote (such as a company director). The Adviser will take steps to identify the existence of any material conflicts related to the securities to be voted and/or the issues at hand. For example, the Adviser's employees must disclose to the CCO any potential personal conflicts of interest known to them and potential conflicts based on business relationships or dealings. In considering whether a material conflict of interest exists, the CCO may consult with other executive officers of the Adviser and other persons he deems relevant in making a determination.

Clients that wish to obtain information about how the Adviser voted their securities or a copy of the Adviser's proxy voting policies and procedures may contact Daniel Tamkin, Chief Operating Officer and Chief Compliance Officer, at (212) 235-2163 or dan.tamkin@freedom3.com.

Item 18. Financial Information

The Adviser does not require or solicit prepayment of more than \$1,200, six months or more in advance.

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to the Funds or the Accounts.

The Adviser has not been the subject of a bankruptcy proceeding at any time during the past ten years.