



Anagenesis
Capital Partners

Form ADV Part 2A: Firm Brochure

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This brochure provides information about the qualifications and business practices of Anagenesis Capital Partners, LLC (“ACP” or the “Adviser”). If you have any questions about the contents of this brochure, please contact Avery DeBiasi, Chief Compliance Officer, at 646-492-5210 or Avery DeBiasi ADeBiasi@anagenesiscp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

ACP 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 the Anagenesis Capital Partners, LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure dated January 4, is our initial application for registration as an investment adviser with the United States Securities and Exchange Commission (SEC). Because this is our first brochure, we have no material changes to disclose.

In the future, this Item 2 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 ACP. Currently, our brochure may be requested by contacting Avery DeBiasi, Chief Compliance Officer, at 646-492-5210 or Avery DeBiasi ADeBiasi@anagenesiscp.com.

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Item 4 – Advisory Business

Anagenesis Capital Partners, LLC (“ACP” or the “Adviser”, “we”, “us” or “our”) is a limited liability company organized under the laws of Delaware. ACP’s principal owners, Gerald Chaney and Melanie Brensinger (“Managing Partners”), formed our firm and commenced our operations in 2017.

ACP currently provides discretionary investment advisory services to Anagenesis Capital Partners SBIC Fund, L.P., a small business investment company licensed under the Small Business Investment Act of 1958 (the “SBIC Fund”). In addition, ACP was recently appointed to provide discretionary investment advisory services to co-investment vehicle that invests in certain investments also made by the SBIC Fund (the “Co-investment Fund,” and, together with the SBIC Fund, the “Funds”). While we are technically operating as a private fund adviser to private funds with less than \$150 million in aggregate assets under management, we anticipate our SEC registration under Investment Advisers Act Rule 203A-2(c) will become effective prior to the deadline for submitting an exempt report on Form ADV.

In the future, ACP intends to provide investment advisory services to additional private funds operating under exclusions available under the Investment Company Act of 1940, as amended (“ICA”). Additionally, ACP intends to provide investment advisory services on either a direct or a sub-advisory basis for separate account clients. ACP expects with respect to any future nondiscretionary accounts, ACP will have discretionary authority over their investments once made.

ACP’s specific advisory services with respect to the Funds, and in the future with respect to future fund clients, are detailed in the applicable private placement memoranda (or similar offering documents), investment management agreements, limited partnership agreements, other operating agreements, as applicable (together “Governing Documents”). The Funds have relied on certain registration exemptions available under the ICA, and the Securities Act of 1933, as amended. Therefore, this brochure is designed solely to provide information about ACP and should not be considered to be an offer of interests in the Funds or in any other investment vehicle managed by ACP or its affiliates. The general partner of the SBIC Fund is an affiliate of, and controlled by, ACP. ACP is the Manager of the Co-investment Fund.

The Funds are private credit investment funds focused on the healthcare sector. The SBIC Fund received its Small Business Administration (“SBA”) license in 2018 to gain access to SBA Leverage in the form of debentures. The investment objective of the SBIC Fund is to generate an attractive total rate of return with significant current income through a portfolio of private investments primarily in healthcare companies, which will primarily consist of secured and unsecured senior debt, unitranche, and subordinated debt, but may also include preferred stock, equity co-investments and other investments in established U.S. small businesses throughout the United States (as described in further detail within Section 8: Methods of Analysis, Investment Strategies and Risk of Loss.)

ACP presently provides investment advice only to the Funds and, as such, does not tailor its advisory services or investment objectives or strategies to the requests or needs of individual investors in the Funds, nor does it generally accept underlying investment restrictions from investors in the Funds, although it may enter into side letter or similar agreements with investors

agreeing not to invest in certain types of companies based upon legal, regulatory or policy restrictions or limitations applicable to an investor.

The Governing Documents describe the investment strategy and guidelines for the Funds inclusive of any applicable restrictions and the ability to vary therefrom. ACP then seeks to locate assets for the Funds that are within such guidelines and consistent with the overall portfolio needs of the Funds. For more detailed information regarding such restrictions, investors should refer to the Funds' Governing documents.

As of December 8, 2020, ACP has approximately \$209,743,000 in regulatory assets under management, all of which are managed on a discretionary basis for the SBIC Fund. ACP has filed its initial registration with the SEC in reliance on the Investment Advisers Act Rule 203A-2(c) exemption which allows a firm to register initially with the SEC if it has a reasonable expectation that it would be eligible to register with the SEC within 120 days after the date the firm's registration with the SEC becomes effective.

Item 5 – Fees and Compensation

The SBIC Fund

For the five years following the date on which the SBIC Fund makes its first portfolio company investment or receives its SBIC license, whichever is earlier (the "Initial Management Fee Period"), ACP will receive a management fee equal to two percent (2%) of the sum (a) the aggregate Management Fee Unreduced Regulatory Capital (as defined in the SBIC Fund's Governing Document) of the limited partners (other than the principals, members of the Executive Advisory Board and employees of ACP (collectively, the "GP Related Partners")), plus (b) an amount equal to the product of the Assumed Leverage (as defined in the SBIC Fund's Governing Document), multiplied by a fraction, the numerator of which is the aggregate Management Fee Unreduced Regulatory Capital of the limited partners (other than GP Related Partners) and the denominator of which is the aggregate Management Fee Unreduced Regulatory Capital of all of the partners.

After the end of the Initial Management Fee Period, ACP will receive a management fee equal to two percent (2%) of the product of (a) the Fund's cost basis of loans and investments in active portfolio companies, multiplied by (b) a fraction, the numerator of which is the aggregate capital contributions of the limited partners (other than the principals, members of the Executive Advisory Board and employees of ACP (collectively, the "GP Related Partners")) and the denominator of which is the aggregate capital contributions of all of the partners. The SBIC Fund will not pay any management fees with respect to any fiscal year in excess of the amount of management fees approved by SBA.

The management fees will be paid in advance on the first day of each fiscal quarter or a portion thereof in cash. The management fees will be prorated for partial periods.

Management fees will be offset by 100% of the amount of any transaction fees, or advisory fees, break-up fees, commitment, and other similar fees received by ACP in connection with the SBIC Fund investments; provided, however, if the SBIC Fund were to invest alongside an affiliated Fund(s), the SBIC Fund management fees would not be offset if transaction fees, or advisory fees, break-up fees, commitment, and other similar fees received by the SBIC Fund and the affiliated

Fund(s) if they each receive their proportional share of the aggregate fees received based on the relative amounts of investments by the SBIC Fund and such affiliated Fund(s) in the portfolio company paying the fees.

Additionally, the general partner of the SBIC Fund is entitled to receive a 20% carried interest on distributions, subject to return of capital, an 8% preferred return and clawback provisions in accordance with the Governing Documents.

The general partner has and may, on its own behalf or on behalf of the SBIC Fund, without the approval of any investor or other person, but subject to the written approval of SBA, enter into side letter agreements or similar agreements with one or more investors that have the effect of establishing rights under, or altering or supplementing the terms of, the SBIC Fund's limited partnership agreement ("Side Letters"). However, no Side Letter may modify the obligation of a partner to contribute its commitment in a manner not permitted by SBA. All Side Letters must be approved by SBA. ACP has entered into an arrangement with certain anchor investors in the SBIC Fund whereby those investors have supplemental rights, including the right to receive a portion of the fees earned by ACP and its affiliates related to the SBIC Fund and similar advisory clients.

The SBIC Fund will pay organizational and offering expenses in an amount not to exceed \$500,000, including, without limitation legal fees, printing fees, travel costs, entertainment costs, and other expenses incidental to the formation and fund raising of the SBIC Fund and the general partner and the licensing of the SBIC Fund as an SBIC ("Organizational and Offering Expenses"). The general partner may elect to have the SBIC Fund pay all or any portion of the Organizational and Offering Expenses in excess of \$500,000 (such excess amount, the "Excess Organizational and Offering Expense Amount") if amount so paid by the SBIC Fund is credited against the Management Fee.

The general partner and its affiliates may engage placement agents on the SBIC Fund's behalf in connection with the offer and sale of SBIC Fund's limited partnership interests, but the fees and expenses payable to such placement agents (the "Placement Agent Fee and Expense Amount") will be paid by ACP, the general partner or their affiliates (other than the SBIC Fund); provided, that the general partner may elect to have the SBIC Fund pay such Placement Agent Fee and Expense Amount if the amount so paid by the SBIC Fund is credited against the Management Fee. ACP does not have any supervised persons who act as solicitors or receive additional compensation for referrals to the SBIC Fund.

The SBIC Fund will pay the following expenses ("SBIC Fund Expenses"): (i) all (x) fees, costs and expenses of the SBIC Fund relating to the annual audit of the SBIC Fund and the preparation of the Federal and state tax returns of the SBIC Fund and K-1s and (y) other accounting and fund administration fees, costs and expenses of the SBIC Fund, including without limitation, the preparation of the annual and interim financial statements of the SBIC Fund and the preparation of portfolio financing reports and capital certificates; provided that the fees, costs and expenses described in this clause (y) shall be included in SBIC Fund expenses only to the extent that the SBIC Fund's payment of such fees, costs and expenses will not result in the sum of the management fees paid by the SBIC Fund, plus aggregate amount of such fees, costs and expenses, to exceed the maximum management fees an SBIC is permitted to pay under the SBIC Act; (ii) all amounts payable to SBA under the SBIC Act (including, without limitation, SBA examination fees), and all amounts payable in connection with any leverage commitment, leverage issuance,

and outstanding leverage; (iii) taxes payable by the SBIC Fund to Federal, state and local and other governmental agencies; (iv) management fees; (v) reasonable costs and expenses associated with meetings of the investors of the SBIC Fund, communications with investors and preparation of SBIC Fund status reports; (vi) reasonable costs and expenses associated with formal and informal meetings of investors with the general partner and of committees of the SBIC Fund; including costs and expenses of the Advisory Committee; (vii) reasonable fees, costs and expenses incurred in the actual or proposed acquisition or disposition of assets (including for transactions not consummated), including without limitation, accounting fees, brokerage fees and commissions, legal fees, transfer taxes and costs related to the registration or qualification for sale of assets; (viii) reasonable legal fees, costs and expenses of the SBIC Fund; (ix) Organization Expenses not to exceed \$500,000; provided, that the SBIC Fund may pay the Excess Organization Expense Amount if and to the extent so elected by the general partner; (x) Placement Agent Fees and Expenses if and to the extent so elected by the general partner; (xi) interest and other expenses relating to any SBIC Fund indebtedness; (xii) fees or dues in connection with membership in any trade association for small business investment companies, including the Small Business Investor Alliance; (xiii) bonding expenses; (xiv) premiums for insurance protecting the SBIC Fund, the general partner, ACP and the SBIC Fund and other persons entitled to indemnification from the SBIC Fund from liabilities to third parties for activities on behalf of the SBIC Fund; (xv) to the extent permitted, indemnifiable costs; (xvi) all reasonable fees, costs and expenses incurred by the SBIC Fund for special third party advisory or consulting services; (xvii) securities filing fees related to a portfolio company; (xviii) all reasonable fees, costs and expenses incurred to persons who are not affiliates of the general partner or ACP in connection with the SBIC Fund's acquiring, owning, holding, providing for the custody of, distributing and disposing of assets (including without limitation, reasonable travel and other out-of-pocket expenses); (xix) all reasonable fees, costs and expenses incurred in connection with the obtainment of waivers, consents or approvals pursuant to the limited partnership agreement and all reasonable fees, costs and expenses incidental to the preparation of amendments to the limited partnership agreement; (xx) all reasonable fees, costs and expenses incidental to the preparation and dispatch to the partners of all disbursements and distributions (such as checks and wire transfers), reports, circulars, forms and notices and any other documents in connection therewith; and (xxi) all reasonable fees, costs and expenses incidental to the dissolution, winding-up and termination of the SBIC Fund.

The Co-investment Fund

No direct or indirect management fee, carried interest, profits interest or other remuneration is payable by the Co-investment Fund to the Manager (ACP) or any affiliate of the Manager as compensation for the Manager's performance of its services as the manager or in any other capacity for and on behalf of the Co-investment Fund; provided that, the Manager or its affiliates will be entitled to be reimbursed by the Co-investment Fund for expenses incurred or advanced by the Manager or any such affiliate for the Co-investment Fund's benefit.

To the extent reasonably practicable, the Manager will seek to have charged to the applicable portfolio company all transaction expenses relating to each prospective co-investment opportunity (whether or not consummated) and consummated individual co-investment. Neither the Co-investment Fund nor any of its members will bear any transaction expenses with respect to any co-investment opportunity (whether or not consummated), except that the Co-investment Fund will bear any transaction expenses that are expressly incurred due to the status of any Member as an indirect participant in any co-investment opportunity or any specific requests or comments raised

by any of its members in respect of any co-investment opportunity other than in connection with the preparation of the diligence list (“Member Deal Expenses”).

The Co-investment Fund will pay for all reasonable and documented out-of-pocket costs, fees and expenses incurred in connection with the Co-investment Fund’s formation, organization, issuance of the Co-investment Fund’s limited liability company interests, maintenance, operations and activities that are not Manager (i.e., ACP) expenses, including: (i) all fees, costs and expenses of the Co-investment Fund relating to the annual accounting/financial audit of the Co-investment Fund and the preparation of the Federal and state tax returns of the Co-investment Fund and K-1s and other accounting and fund administration fees, costs and expenses of the Co-investment Fund including without limitation, the preparation of the annual and interim financial statements of the Co-investment Fund; (ii) all taxes payable by the Co-investment Fund to Federal, state and local and other governmental agencies; (iii) all reasonable costs and expenses associated with meetings of the members, communications with members and preparation of Co-investment Fund status reports; (iv) all Member Deal Expenses; (v) filing fees payable by the Co-investment Fund with respect to its formation and qualification to do business; (vi) all Losses (as defined in the Co-investment Fund’s Operating Agreement) and all reasonable legal fees, costs and expenses of the Co-investment Fund that are not transaction expenses; (vii) all premiums for insurance protecting the Company, the Manager and other persons entitled to indemnification from the Co-investment Fund from liabilities to third parties for activities on behalf of the Co-investment Fund (including any insurance); (viii) all reasonable fees, costs and expenses incurred by the Co-investment Fund for special third party advisory or consulting services that are not transaction expenses; (ix) all securities filing fees related to Co-Invest Securities that are not transaction expenses; (x) all reasonable fees, costs and expenses incurred to persons who are not affiliates of the Manager in connection with the Co-investment Fund’s owning, holding, and providing for the custody of, Co-Invest Securities; (xi) all reasonable fees, costs and expenses incurred in connection with the obtainment of waivers, consents or approvals pursuant to the Operating Agreement and all reasonable fees, costs and expenses incidental to the preparation of amendments to the Operating Agreement; (xii) all reasonable fees, costs and expenses incidental to the preparation and dispatch to the Members of all disbursements and distributions (such as checks and wire transfers), reports, circulars, forms and notices and any other documents in connection therewith; and (xiii) all reasonable fees, costs and expenses incidental to the dissolution, winding-up and termination of the Co-investment Fund. However, the Co-investment Fund’s expenses (with certain exceptions) will not exceed a specified annual cap during any fiscal year.

All financing fees, monitoring fees, advisory fees, transaction fees, or similar fees (excluding fees paid to the Manager or any of its affiliates in the capacity as agent for the investors with respect to the applicable financing) payable by a portfolio company in respect of any individual co-investment will be paid to the Co-investment Fund.

Administrative Agent Fees

Advisory clients appoint ACP as the administrative agent with respect to certain debt investments. In consideration for serving as the administrative agent, ACP receives from the borrowers an annual administration fee, payable in advance at the first closing of the loan and each anniversary thereafter.

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

As stated in Item 5 above, ACP may receive performance-based fees or allocations from certain clients. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 thereunder.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee.

ACP may manage clients with similar investment strategies on a side-by-side basis. As a result, ACP, its principal(s), and/or affiliate(s) may have conflicts of interest in: (i) allocating their time and activity among clients; (ii) allocating investments among clients; and (iii) effecting transactions among clients, including ones in which ACP, its principal(s), and/or affiliate(s) may have a greater financial interest. These conflicts of interest may create an incentive for ACP to favor a client in which ACP, its principal(s), and/or affiliate(s) have a greater financial interest with respect to allocation of time and activity, limited investment opportunities, or investments that ACP regards as more attractive or better performing investments.

To address these conflicts of interest, ACP and its affiliates have implemented policies and procedures to ensure that all clients receive equitable and fair treatment over time, including treatment with respect to the allocation of investment opportunities. These policies and procedures require ACP to at all times allocate investments among the clients in a manner which it believes to be fair and equitable and prohibit ACP from basing an allocation decision on any of the following, or similar, reasons: (i) to generate higher fees paid by one client over another, or to produce greater fees to ACP or any of its affiliates; (ii) to develop a relationship with an existing or potential investor in a client; (iii) to compensate an investor for past services or benefits rendered to ACP or any affiliate; or (iv) to induce future services or benefits to be rendered to ACP or any affiliate.

Item 7 – Types of Clients

Currently, ACP provides investment advice to the Funds. Future Funds may include funds or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the ICA. The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of ACP and its affiliates and members of their families, or other service providers retained by ACP.

The Funds require each investor to certify that it is an “accredited investor” within the meaning of Rule 501(a) of Regulation D under the Securities Act and a “qualified client” within the meaning of Rule 205-3 under the Investment Advisers Act. The SBIC Fund also requires each investor to certify that it is an “institutional investor” within the meaning of the Small Business Investment Act of 1958 (the “SBIC Act”).

ACP intends to seek separate account arrangements with clients who are insurance companies, endowments, universities, family offices and other institutional investors. ACP does not expect to impose a minimum account maintenance requirement for managed account clients.

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

Methods of Analysis. ACP focuses on investments primarily in healthcare companies, which primarily consist of secured and unsecured senior debt, unitranche, and subordinated debt, but may also include preferred stock, equity co-investments and other investments in established U.S. small businesses throughout the United States. ACP believes that prospective portfolio companies must demonstrate a strong and sustainable business model, long track record of cash flow generation in their core businesses, and proven management team. ACP places particular emphasis on limiting the downside risk of each investment as the underlying focus is on cash flow generation and the repayment of principal.

ACP will focus on the following fundamental criteria in evaluating a prospective portfolio company:

- Profitable track record
- Leading and secure market position
- Stable and defensible sector
- Cash generative and historically reliable cash flows
- Capable and experienced management team
- Products or services with proven market acceptance and low risk of technological obsolescence that are not subject to demand fluctuations resulting from changing tastes or other factors of rapid change
- High quality shareholders
- Realistic exit opportunity by way of strategic or financial sale, public equity market offering, or recapitalization within three to five years

Conversely, ACP will generally not pursue investment opportunities in early-stage companies and seeks to avoid investing in businesses operating in highly cyclical sectors. ACP believes the parameters they have established for investment will provide risk mitigation for its portfolio, while achieving strong returns.

ACP's transaction screening and due diligence process generally consists of the following stages:

- *Stage One:* The initial assessment of a potential investment opportunity is conducted by the transaction team, which consists generally of two or more members of the investment team. At this stage, the transaction team is focused on understanding the attractiveness of the company and the opportunity, with particular emphasis on the consistency of performance and potential investment risks.

If the transaction team considers an investment opportunity worth pursuing after conducting its initial analysis, the opportunity is reviewed by the Investment Committee (“IC”), which consists of ACP’s Managing Partners.

- *Stage Two:* If the investment opportunity receives IC approval at Stage One, the transaction team performs a detailed analysis to build their understanding of the company and the opportunity before submitting a more comprehensive report to the IC for approval. The IC provides the deal team with clear guidelines on structure and pricing along with areas to focus its due diligence efforts with the sponsor and/or company management team.
- *Stage Three:* The transaction team's due diligence is focused on (i) ensuring the safety of principal and interest, and (ii) assessing the future value of any equity-like element in the proposed investment. The team runs extensive financial models and downside cases of any company’s projections to ensure the company has the capabilities to service its anticipated debt in various market conditions. Additionally, ACP also runs a sensitivity analysis on the potential equity valuation to assess potential total return. The transaction team reviews the reports of advisors engaged by the sponsor (if any) and, in addition, undertakes its own independent due diligence.
- *Stage Four:* Following the completion of ACP’s due diligence in Stage Three, the transaction team presents its findings and investment rationale to the IC for final approval. Unanimous approval is required from IC members in order to proceed with transaction structuring and documentation.
- *Stage Five:* If an investment is approved, the transaction team works with the lawyers, the management of the company, and any other key stakeholders to structure the investment.

In managing portfolio investments, ACP monitors a wide range of metrics including operating performance (revenue, EBITDA, margins – actual vs. budget), liquidity and solvency, notable changes to market conditions, business or sector specific key performance indicators or KPIs (for example, reimbursement rates for healthcare companies), and management team performance.

Investment Strategies. ACP’s investment strategy is focused on providing the attractive returns through a high level of current income and downside protection, while maintaining additional upside return potential through equity participation in each investment. ACP will seek to invest across the capital structure and will structure its investments to maximize risk-adjusted returns and preserve capital. The majority of ACP’s transactions are structured as debt investments and a minority are structured as minority equity alongside a debt investment to provide upside returns.

Investment Risks. Investment in the Funds are subject to risk of loss and, in particular, those specific risks described more fully in the Governing Documents.

While a complete discussion of the material risks is included in the Governing Documents, the following information furnishes a representative summary of the associated risks of making investments in the Funds.

The Funds’ success depends on ACP’s ability to implement its investment strategy. Any factor that would make it more difficult to execute timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Funds will be successful under all or any market conditions.

No Assurance of Investment Return. No Fund can provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. Investment in any Fund requires a long-term commitment, with no certainty of return. Most of each Fund's Investments will generally be in private, subordinated, illiquid securities, which are typically subject to restrictions on resale. There can be no assurance that any Fund will be able to generate returns for its investors, that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein or that the ACP's methodology for evaluating risk-adjusted return profiles for investments will achieve its objectives. There may be little or no near-term cash flow available to the investors from the Fund and there can be no assurance that the Fund will make any distribution to its investors. During the early years of the SBIC Fund's operations, the SBIC Fund will incur organizational expenses, management fees, interest on SBA debenture leverage and other operating expenses that are unlikely to be offset by the current income the SBIC Fund realizes. Thus, distributions in such early years are unlikely. Moreover, partial or complete sales, transfers, or other dispositions of Investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. In some cases, the Funds may be legally, contractually or otherwise prohibited from selling such securities for a period of time or otherwise be restricted from disposing of them, and illiquidity may also result from the absence of an established market for such securities. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. In addition, certain types of investments made by the Funds may require a substantial length of time to liquidate. As a result, the Funds may be unable to realize their investment objectives by sale or other disposition at attractive prices; thus, there can be no assurance that the Funds will be able to implement their investment strategy and investment approach, achieve its investment objective or complete any exit strategy. The Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment. Past performance of investment entities associated with the principals of ACP, or ACP is not necessarily indicative of future results and provides no assurance of future results.

Reliance on Portfolio Company Management. Although ACP will monitor the performance of each Investment and Portfolio Company, it is the responsibility of a Portfolio Company's management to operate a Portfolio Company on a day-to-day basis. There can be no assurance that the management team of a Portfolio Company or any successor will be able to operate the Portfolio Company in accordance with the applicable Fund's expectations or ACP's suggestions, or that the invested Fund will be able to recover on its Investments. Additionally, Portfolio Companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that Portfolio Companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

Risks of Portfolio Company-Specific Events. Before making Investments, ACP will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each Investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of Investment. Such

involvement of third-party advisors or consultants may present a number of risks primarily relating to ACP's reduced control of the functions that are outsourced. In addition, if ACP is unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an Investment, ACP will rely on the resources available to it, including information provided by the target of the Investment and, in some circumstances, third-party investigations. The due diligence investigation that ACP carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the Investment being successful. Additionally, among the other risks inherent in Investments, particularly so in companies experiencing financial distress, is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. There can be no assurance that attempts to provide downside protection with respect to Investments will achieve their desired effect and potential investors should regard an investment in the Fund as being speculative and having a high degree of risk.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an Investment in a Portfolio Company, a Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business and may be responsible for the content of disclosure documents under applicable securities laws. A Fund also may be required to indemnify the purchasers of such Investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities. These arrangements may result in the incurrence of contingent liabilities, which shall be borne by the Fund and for which the general partner or manager, as applicable, may establish reserves or escrow accounts. In that regard, investors may be required to return amounts distributed to them to fund certain obligations, including indemnity obligations, subject to certain limitations set forth in the Governing Documents. Furthermore, as provided in the Governing Documents, each investor may, under certain circumstances, be obligated to recontribute such distribution to the Fund.

Expedited Transactions. Investment analyses and decisions by ACP will often be undertaken on an expedited basis in order for the Funds to take advantage of investment opportunities. In such cases, the information available to ACP at the time of the investment decision may be limited, and the ACP may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, the financial information available to ACP may not be accurate or provided based upon accepted accounting methods. In addition, ACP may rely upon independent consultants in connection with its evaluation of proposed investments (See also “—Risks of Portfolio Company-Specific Events” above). There can be no assurance that these consultants will accurately evaluate such investments.

Litigation. Each Fund's investment activities may include activities that will subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Fund designates an individual to serve on the board of directors (or other similar governing body) of a Portfolio Company or exercises control or significant influence over a Portfolio Company's direction (e.g., as a result of governance rights the Fund may negotiate for in advance of making an Investment or which the Fund may obtain in the event a Portfolio Company violates a financial covenant). Although we expect that any individual the Fund may designate to serve on the board of directors (or other similar governing body) of a Portfolio Company would be entitled to indemnification from such Portfolio Company, such indemnification may be unavailable or

insufficient to cover all expenses, settlements and liabilities. In such cases, the Fund could be required to indemnify such individual. The expense of defending against claims against the Fund by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Fund and would reduce net assets and could require Partners to return distributed capital and earnings to the Fund. ACP, any of its respective affiliates and the directors, officers, partners, members, employees, agents and legal representatives of any of them will be indemnified by the Fund in connection with such litigation, subject to certain conditions.

Nature of Investments Generally. The Funds will seek to make investments in secured and unsecured senior debt, unitranche, subordinated debt, preferred stock, equity co-investments and other Investments in various industries in the United States, and intends to invest in middle-market companies and obtain structural and contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. Certain investments of the Funds may not have all of the characteristics targeted by the Funds. In addition, ACP expects that approximately 80% of the SBIC Fund's investments in dollar amount will be invested in debt instruments. The tax legislation enacted on December 22, 2017 limits the deduction for net business interest in excess of 30% of a business' adjusted taxable income. This limitation may make debt less attractive for the SBIC Fund's targeted portfolio companies and adversely affect the SBIC Fund's ability to implement its investment strategy as expected.

Fund investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a Fund earlier than expected. SBA regulations and policies require that the SBIC Fund permit prepayments of debt investments, but do allow the SBIC Fund to charge a prepayment premium equal to prepayment premiums of up to 5%, 4%, 3%, 2% and 1% of the amount being prepaid in years 1, 2, 3, 4 and 5, respectively, of the debt's term. This may happen when there is a decline in interest rates or on a sale of the portfolio company. Early repayments of the SBIC Fund's investments may have a material adverse effect on the SBIC Fund's investment objectives and the multiple of invested capital earned through the SBIC Fund's investments. In addition, depending on fluctuations of the equity markets and other factors, preferred stock and other equity securities may become worthless.

ACP expects to make investments which generate current income; however, the return of capital and the realization of gains, if any, from an Investment generally will occur only upon the partial or complete disposition of such investment, as to which there can be no certainty. The Funds' Investments are speculative in nature. Because of the SBIC Fund's expected use of SBA debenture leverage, there can be no assurance that current income received by the SBIC Fund will be sufficient to service the SBIC Fund's debt under the debentures issued or that any investor will receive a return of invested capital or any distribution from the SBIC Fund. While an investment may be sold at any time, this will occur typically a number of years after the investment is made, and investors should expect that they may not receive a return of capital for a long period of time even if the Fund's Investments prove successful. The Funds will generally not be able to sell their investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited by contract from selling certain securities for a period of time.

Investments in Subordinated Debt Securities. Investments in subordinated debt securities are expected generally to be unsecured and will rank behind the borrower's senior indebtedness.

While such subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions and security over the Portfolio Company's assets, some or all of such terms may not be part of particular investments. For example, under typical subordination terms, senior creditors are able to block the acceleration of the debt or the exercise by debt holders of other rights they may have as creditors. In addition, the debt securities in which the Funds will invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and are not expected to be rated by a credit rating agency. Further, upon any distribution to a borrower's creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such borrower'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 a Fund's subordinated debt securities. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to a borrower, the Funds will participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). A borrower 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 borrower or the holders of indebtedness that is not subordinated.

Investments in Senior Loans. The assets of the portfolio may include first lien senior secured debt, and may also include selected second lien senior secured debt, which involves a higher degree of risk of a loss of capital. The loans invested by the Fund may include term loans and revolving loans and may pay interest at a fixed or floating rate.

The Funds may acquire interests in senior secured loans by way of sale or assignment. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if a Fund acquires loans pursuant to an assignment it is possible that the Fund's claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferor. Some of the senior secured loans acquired by the Funds may be below investment grade. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity for the Funds' investments therein.

The factors affecting an issuer's first and second lien leveraged loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve first liens only on specified assets of an issuer (e.g., excluding real estate). Issuers of first lien loans may have two tranches of first lien debt outstanding each with first liens on separate collateral. Furthermore, the liens referred to herein generally only cover domestic assets and non-U.S. assets are not included (other than, for example, where a borrower pledges a portion of the stock of first-tier non-U.S. subsidiaries). In the event of Chapter 11 filing by an issuer, the United States Bankruptcy Code ("Bankruptcy Code") authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a prior lien on its property, senior even to liens that were first in priority prior to the filing, as long as the issuer provides what the presiding bankruptcy judge considers to be "adequate protection," which may

but need not always consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The imposition of prior liens on a Fund's collateral would adversely affect the priority of the liens and claims held by the Fund and could adversely affect the Fund's recovery on its leveraged loans.

Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk. Although the amount and characteristics of the underlying assets selected as collateral may allow a Fund to withstand certain assumed deficiencies in payments occasioned by the borrower's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to the Fund in respect to its investment.

Further, loans may become non-performing for a variety of reasons. Upon a bankruptcy filing by an issuer of debt, the Bankruptcy Code imposes an automatic stay on payments of its pre-petition debt. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. If an issuer were to file for Chapter 11 reorganization, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met.

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

Senior secured loans are also subject to other risks, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations, (v) environmental liabilities that may arise with respect to collateral securing the obligations, and (vi) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality. Decisions in bankruptcy cases have held that a secondary loan market assignee can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination. Additionally, adverse credit events with respect to any Portfolio Company, such as missed or delayed payment of interest and/or principal bankruptcy, receivership or distressed exchange can significantly diminish the value of a Fund's Investment in any such company. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Fund.

Risks Associated with Publicly-Traded Investments. Certain investments may be in securities that are or become publicly traded and are therefore subject to the risks inherent in investing in public securities. Such investments may involve economic, political, interest rate and other risks, any of which could result in an adverse change in the market price. These factors are outside ACP's control, and could adversely affect the liquidity and value of the investments, and may reduce the ability of a Fund to make attractive new investments. In addition, in some cases the Funds may be prohibited by contract or other limitations from selling such securities for a period of time so that the Funds are unable to take advantage of favorable market prices. Moreover, the Funds will be unable to obtain financial covenants or other contractual rights, including management rights, by investing in public securities that it might otherwise be able to obtain in making a private debt investment. The Funds may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to a private debt investment. Furthermore, it may be expected that the Funds will be limited by federal and state securities laws in its ability to make investments, and to sell existing investments, in public securities because, among other things, ACP may be deemed to have material, non-public information regarding the issuers of those securities or as a result of other internal policies. Accordingly, there can be no assurance that the Funds will be able to make investments in public securities or, if it does, as to the amount it will so invest. Moreover, the inability to sell public securities in these circumstances could materially adversely affect the investment results of the Funds.

Nature of Private Equity Investments. Private equity securities generally represent the most junior position within an issuer's capital structure and are therefore subject to the greatest risk of loss. Targeted returns will reflect the assumed level of risk but there can be no assurance that the Funds will be adequately compensated for risks taken. The timing of ultimate realization is highly uncertain, as there can be no assurance that the issuer will be able to generate sufficient cash to redeem them, and these securities will have no readily available market for liquidity. As a result, the holding period for these securities may be lengthy. Further, in the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to an issuer of preferred stock or equity, the Funds will participate with all other equity holders of such issuer in the assets remaining after the issuer has paid all of its indebtedness, including subordinated indebtedness.

Investments in Restructurings; Distressed Debt. The Funds may make investments in restructurings that involve, or otherwise invest in the debt securities of, Portfolio Companies 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 to become subject to bankruptcy proceedings. As such, these investments could subject the Funds to certain additional potential liabilities that may exceed the value of a Fund's original investment therein. Under certain circumstances, payments to a Fund and distributions by a Fund to its investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. In addition, under certain circumstances, a lender that has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed, or may be found liable for damages suffered by parties as a result of such actions. Furthermore, such investments could also subject the Funds to litigation risks or prevent the Funds from disposing of securities. In any reorganization or liquidation proceeding relating to a company in which the Funds invests, the Funds may lose their entire investment, may be required to accept cash or securities with a value less than the Funds' original investment and/or may be required to

accept payment over an extended period of time. As more fully discussed below, in a bankruptcy or other proceeding, the Funds as creditors may be unable to enforce their rights in any collateral or may have its security interest in any collateral challenged or disallowed, and its claims may be subordinated to the claims of other creditors.

Bankruptcy and Other Proceedings. When a company seeks relief under the U.S. Federal Bankruptcy Code (or has a petition filed against it), an automatic stay prevents all entities, including creditors, from foreclosing or taking other actions to enforce claims, perfect liens or reach collateral securing such claims. Creditors who have claims against the company prior to the date of the bankruptcy filing must petition the court to permit them to take any action to protect or enforce their claims or their rights in any collateral. Such creditors may be prohibited from doing so if the court concludes that the value of the property in which the creditor has an interest will be “adequately protected” during the proceedings. If the bankruptcy court’s assessment of adequate protection is inaccurate, a creditor’s collateral may be wasted without the creditor being afforded the opportunity to preserve it. Thus, even if a Fund holds a secured claim, it may be prevented from collecting the liquidation value of the collateral securing its debt, unless relief from the automatic stay is granted by the court. If relief from stay is not granted, a Fund may not realize a distribution on account of its secured claim until a plan of reorganization or liquidation for the debtor is confirmed. Bankruptcy proceedings are inherently litigious, time consuming, highly complex and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges (as more fully described below) also can result in uncertainty as to the ultimate resolution of claims.

Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a variety of reasons. For example, security interests may be set aside because, as a technical matter, they have not been perfected properly under the Uniform Commercial Code or other applicable law. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will be more likely to experience a significant loss of its investment. There can be no assurance that the security interests securing the Funds’ claims will not be challenged vigorously and found defective in some respect, or that the Funds will be able to prevail against the challenge.

Moreover, debt may be disallowed or subordinated to the claims of other creditors if the creditor is found guilty of certain inequitable conduct resulting in harm to other parties with respect to the affairs of a company filing for protection from creditors under the U.S. Federal Bankruptcy Code. In addition, creditors’ claims may be treated as equity if they are deemed to be contributions to capital, or if a creditor attempts to control the outcome of the business affairs of a company prior to its filing under the Bankruptcy Code. If a creditor is found to have interfered with the company’s affairs to the detriment of other creditors or shareholders, the creditor may be held liable for damages to injured parties. While the Funds will attempt to avoid taking the types of action that would lead to equitable subordination or creditor liability, there can be no assurance that such claims will not be asserted. In addition, if representation on an unsecured creditors’ committee of a company causes the Funds, ACP or the SBIC Fund’s General Partner to be deemed a fiduciary for all general unsecured creditors, the securities of such company held by the applicable Fund may become restricted securities, which are not freely tradable.

Certain debt investments could be subject to federal bankruptcy law and state fraudulent transfer laws, which may vary from state to state, if the securities relating to such Investments were issued with the intent of hindering, delaying or defrauding creditors or, in certain circumstances, if the issuer receives less than reasonably equivalent value or fair consideration in return for issuing such securities. If the debt is used for a buyout of shareholders, this risk is greater than if the debt proceeds are used for day-to-day operations or organic growth. If a court were to find that the issuance of the securities was a fraudulent transfer or conveyance, the court could void the payment obligations under the securities, further subordinate the securities to other existing and future indebtedness of the issuer or require the Funds to repay any amounts received by them with respect to the securities. In the event of a finding that a fraudulent transfer or conveyance occurred, the Funds may not receive any repayment on the securities. The aforementioned consequences could also result from actions brought by other creditors, shareholders or even the debtor itself, outside of bankruptcy and fraudulent transfer proceedings. There can be no assurance that such claims will not be asserted or that the Funds will be able successfully to defend against them. To the extent that a Fund assumes an active role in any legal proceeding involving the debtor, the Fund may be prevented from disposing of securities issued by the debtor due to the Fund's possession of material, non-public information concerning the debtor.

Non-Controlling Investments; Investments with Third Parties. In most instances, ACP expects the Funds to hold non-controlling interests in Portfolio Companies and, therefore, will have a limited ability to protect their positions in such Portfolio Companies, although as a condition of investment in a Portfolio Company, ACP expects that appropriate rights generally will be sought to protect the Funds' interests. However, ACP take a more active role with such Portfolio Company in order to enhance the value of the Funds' investment. The Funds may also co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Investments in Less Established Companies. The Funds may invest a portion of their assets in the securities of less established companies. Investments in such early stage companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure, the risk of which is currently heightened given present market conditions. Such companies tend to have shorter operating histories by which to judge performance. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Funds invest, the Funds may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized the applicable Fund's other investments.

Investments in Portfolio Companies in Regulated Industries. Certain industries, such as the healthcare industry, are heavily regulated. The Funds may make investments in Portfolio

Companies operating in industries that are subject to greater amounts of regulation than other industries generally. Investments in Portfolio Companies that are subject to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a Portfolio Company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. A Portfolio Company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations that could impact a Portfolio Company's business and governments may be influenced by political considerations and may make decisions that adversely affect a Portfolio Company's business. Portfolio Companies operating within the healthcare industry are subject to a significant degree of federal and state regulations. Changes to these regulations frequently occur and can adversely affect a Portfolio Company's business model. Importantly, these Portfolio Companies are subject to reimbursement rates set for their services by various commercial and government payors (such as health insurers and the Centers for Medicare and Medicaid Services (CMS)). Those rates can change periodically, thereby putting a Portfolio Company commercializing those affected services at risk of reduced revenues. Additionally, certain Portfolio Companies may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such Portfolio Company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a Portfolio Company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such Portfolio Company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such Portfolio Company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally may bring scrutiny and attention to a Fund itself, which could adversely affect the Fund's ability to implement its investment objectives.

Credit Risk. One of the fundamental risks associated with the Funds' investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. A Fund's return to investors would be adversely impacted if an issuer of debt in which the Fund invests becomes unable to make such payments when due.

Many of the investments are expected to be in subordinated debt securities, leveraged loans, marketable and non-marketable common and preferred equity securities and other unsecured Investments, each of which involves a higher degree of risk than senior secured loans. There are varying sources of statistical default and recovery rate data for leveraged loans and numerous methods for measuring default and recovery rates. The historical performance of the leveraged loan market is not necessarily indicative of its future performance.

The Funds may also make some investments that ACP believes are secured by specific collateral the value of which may initially exceed the principal amount of such investments or the applicable Fund's fair value of such investments, although there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of

scheduled interest or principal payments with respect to such Investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Funds could experience delays or limitations with respect to their ability to realize the benefits of the collateral securing an investment. Under certain circumstances, collateral securing an investment may be released without the consent of the applicable Fund. Moreover, investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, the Funds may not have priority over other creditors as anticipated. Furthermore, a Fund's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of the senior lender. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment.

With respect to investments in any number of credit products, if the borrower or issuer breaches any of the covenants or restrictions under the indenture governing notes or the credit agreement that governs loans of such issuer or borrower, it could result in a default under the applicable indebtedness as well as the indebtedness held by the applicable Fund. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. This could result in an impairment or loss of the Fund's investment or result in a pre-payment (in whole or in part) of the Fund's investment.

Similarly, while the Funds will generally target investing in companies ACP believes are of high quality, these companies could still present a high degree of business and credit risk. Companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, companies that ACP expected to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

Portfolio Company Insolvency Risks. If a court in a lawsuit brought by a creditor or representative of creditors (such as a trustee in bankruptcy) of a Portfolio Company were to find that (i) the Portfolio Company did not receive fair consideration or reasonably equivalent value for incurring the indebtedness evidenced by the securities that the company issued to a Fund and (ii) after giving effect to such indebtedness and the use of the proceeds thereof, the Portfolio Company (a) was insolvent, (b) was engaged in a business for which its remaining assets constituted unreasonably small capital or (c) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the Portfolio Company to the Fund in satisfaction of such indebtedness.

In addition, upon the insolvency of a Portfolio Company, payments that it made to a Fund may be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year in the case of payments made to "insiders" under the Bankruptcy Code) before insolvency. There can be no assurance as to what standard a court would apply in order to determine whether the company was "insolvent" or that, regardless of the method of valuation, a

court would not determine that the company was “insolvent,” in each case, after giving effect to the indebtedness evidenced by the securities held by the Fund and the use of the proceeds thereof.

In general, if payments are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Funds) or from subsequent transferees of such payments, including the investors.

Illiquid and Long-Term Investments. It is anticipated that there will be a significant period of time before the Funds will have completed their investments in Portfolio Companies. Many of such investments are currently expected to take at least three to five years (or potentially longer) from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Although investments may generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. Therefore, no assurance can be given that, if the Funds are determined to dispose of a particular investment, the disposal of such investment at a prevailing market price, and there is a risk that disposition of such Investments may require a lengthy time period or may result in distributions in-kind to investors. The Funds will generally not be able to sell their investments through the public markets unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. Additionally, there can be no assurances that the investments can be sold on a private basis. In addition, in some cases the Funds may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time and as a result may not be permitted to sell an investment at a time it might otherwise desire to do so.

Fraud. A concern in investments in loans is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Funds to perfect or effectuate a lien on any collateral securing the loan. The Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable when it makes investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Use of Leverage by Portfolio Companies. The Funds expect to invest in Portfolio Companies whose capital structures may already have significant leverage (including substantial leverage senior to their investment, a considerable portion of which may be secured and/or may be at floating interest rates), which may impair these companies’ ability to finance their future operations and capital needs. While investments in leveraged companies offer the potential opportunity for capital appreciation, such investments also involve a higher degree of risk as a result of recessions, operating problems and other general business and economic risks that may have a more pronounced effect on the profitability or survival of such companies. Moreover, rising interest rates may significantly increase Portfolio Companies’ interest expense, causing losses and/or the inability to service debt levels. Leverage magnifies gains and losses attributable to other investment policies and practices, such as investing in below investment grade instruments. Such investments are inherently more sensitive to declines in revenues, competitive pressures and

increases in expenses and interest rates. The leveraged capital structure of such Portfolio Companies will increase their exposure to adverse economic factors such as downturns in the economy or deterioration in the condition of the Portfolio Company or its industry, and such companies may be subject to restrictive financial and operating covenants. This leverage may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies. If a Portfolio Company cannot generate adequate cash flow to meet debt obligations, the Portfolio Company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring of the company's capital structure or liquidation of the company and the applicable Fund may suffer a partial or total loss of capital invested in the Portfolio Company. The debt securities acquired by the Fund may be the most junior in what will typically be a complex capital structure. Furthermore, to the extent companies in which the Fund has invested become insolvent the Fund may determine, in cooperation with other debt holders or on its own, to engage, at the Fund's expense in whole or in part, counsel and other advisors in connection therewith.

Regulatory Approvals. The Funds may invest in Portfolio Companies it believes have obtained all material U.S. federal, state, local or non-U.S. approvals required to operate. In addition, the consent or approval of certain regulatory authorities may be required in order for the Funds to acquire or hold instruments related to certain Portfolio Companies. Portfolio Companies could be adversely affected to the extent regulations or applicable laws change or become increasingly stringent as a result of judicial or administrative interpretations with respect thereto. Moreover, additional regulatory approvals may become applicable in the future as a result of the foregoing or for other reasons. There can be no assurance that the Portfolio Companies will be able to obtain all required regulatory approvals or once obtained to maintain such approvals in accordance with the requirements applicable thereto. Failure or delay in obtaining any applicable regulatory approvals could adversely affect the business of the Funds and impede the Funds' ability to effectively achieve their investment objective.

General Economic and Market Conditions. The market for private debt and other investments generally, and the success of the Funds' investment activities in particular, will be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and national and international political and socioeconomic circumstances in respect of the countries in which the Fund may invest. These conditions and opportunities may include, among others, the continued reduction in the availability of second lien funding, the continued increase in equity contribution percentages for leveraged buyouts, the continuation of high levels of private equity fundraising, the continued demand for non-investment grade debt by financial sponsors and the expansion of the leveraged buyout market. No assurance can be given that such conditions, trends or opportunities will arise or continue, as applicable, or that private debt can be acquired or disposed of at favorable prices or that the market for such investments will either remain stable or, as applicable, grow or improve, since this will depend upon events and factors outside the control of the General Partner. These factors may affect the level and volatility of securities prices and the liquidity of the investments, which could impair the Funds' profitability or result in losses. In addition, general fluctuations in the market prices of securities and interest rates may affect the Funds' investment opportunities and the value of the investments.

ACP's financial condition may be adversely affected by a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a

material adverse effect on ACP's businesses and operations and thereby could impact the Funds. Moreover, a recession, slowdown and/or sustained downturn in the U.S. or global economy (or any particular segment thereof) could have a pronounced impact on the Funds and could adversely affect the Funds' profitability, impede the ability of the Portfolio Companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively deploy capital or realize investments on favorable terms. These concerns are highlighted by recent events in the global economy.

While ACP expects that the current environment will yield attractive investment opportunities for the Funds, there can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of the investments, access to capital for leverage, a Portfolio Company or the Funds' overall performance. As more fully described above, the Funds' investment strategy and the availability of opportunities satisfying the Funds' risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the market for investments (e.g., the inability of certain companies to obtain financing solutions from traditional lending sources or otherwise access the capital markets) and the broader financial markets as a whole and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by ACP will prove correct and actual events and circumstances may vary significantly. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a Portfolio Company's capital structure.

Financial Market and Interest Rate Fluctuations. General fluctuations in the market prices of securities and interest rates may adversely affect the value of the investments. Volatility and instability in the securities markets may also increase the risks inherent in the investments. The ability of companies or businesses in which the Funds may invest to refinance debt securities may depend on their ability to sell new securities in the high yield debt or bank financing markets, which at certain points over the last several years have been extraordinarily difficult to access at favorable 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 rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. The Funds may also invest in floating-rate debt securities, for which decreases in interest rates may have a negative effect on value. In addition, SBA's "cost of money" regulations impose limits on the maximum amount of interest and other consideration that the SBIC Fund can receive from its Portfolio Companies with respect to its debt investments.

Coronavirus and Public Health Emergency Risks. There is an outbreak of a novel and highly contagious form of coronavirus ("**COVID-19**"), which the World Health Organization has declared to constitute a pandemic. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have

reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having an adverse impact on healthcare companies as well as in other industries. The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases (including, without limitation, those similar to COVID-19, SARS, H1N1/09 flu or MERS), or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Funds, the pricing and fair value of their Investments, and could adversely affect the Funds' ability to fulfill their respective investment objectives. It is difficult to predict the impact a prolonged period of economic uncertainty could have on loans to private middle market companies generally and companies in transition specifically.

The extent of the impact of any public health emergency on the operational and financial performance of the Funds and the Portfolio Companies in which the Funds invest will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the development and distribution of treatments and vaccines, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence, unemployment and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact (i) the value and performance of the Funds, their Investments and the Portfolio Companies in which the Funds invest, (ii) the ability of the Funds and/or the Portfolio Companies in which the Funds invest to continue to meet loan covenants or repay loans on a timely basis or at all, (iii) the ability of the Funds and/or the Portfolio Companies in which the Funds invest to repay their debt obligations, on a timely basis or at all, or (iv) the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their respective investment objectives, all of which could result in significant losses to the Funds.

With respect to any revolving or delayed draw loans made by a Fund to a Portfolio Company in which the Fund invests, a portfolio company may be incentivized for liquidity or other reasons to draw on most, if not all, of the unfunded portion of such loan and the Fund may not have the ability under the applicable credit agreement to refuse to fund such draw without the Fund being in default and suffering financial penalties.

In response to the crisis, ACP's personnel has worked remotely and travel is restricted. Although ACP has implemented its business continuity plan to permit personnel to work remotely and effectively, there is no assurance that this will work effectively at all times. Also, although ACP will continue to perform due diligence and monitor the Portfolio Companies in which the Funds invest, COVID-19 and resulting limitations on travel will affect the ability of ACP to meet in person with the companies in which the Funds invest. In addition, the operations of the Funds, their respective portfolio investments and ACP and its affiliates may be significantly impacted, or even

temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Unavailability of SBA Debenture Leverage. Becoming licensed as an SBIC does not automatically assure that the SBIC Fund will receive SBA debenture funding. Receipt of SBA debenture funding is dependent upon the SBIC Fund continuing to be in compliance with SBA regulations and policies and there being funding available. The amount of SBA debenture funding available to SBICs is dependent upon annual Congressional authorizations and in the future, may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient SBA debenture funding available at the times desired by the SBIC Fund. The SBIC Act, as currently in effect, limits the total amount of SBA debenture leverage available to any single SBIC to \$175 million and to any two or more SBICs under common control to \$350 million. The inability of the SBIC Fund to obtain the anticipated amount of SBA debenture funding could have a material and adverse effect on the SBIC Fund's ability to implement its investment strategy and ultimate returns.

Use of SBA Debenture Leverage. The use of SBA debenture leverage will magnify the potential for both gains and losses with respect to investments made by the SBIC Fund. As a result of the commitment fees, repayment obligations and semi-annual interest payments and principal repayments to which the SBA is entitled, the SBIC Fund's investors may realize a lower return than they otherwise would have realized if they had made an investment in a fund that did not use SBA debenture leverage, and may realize no return when they would have realized a positive return if they had made their investment in such a fund. There can be no assurance that the SBIC Fund will generate returns that exceed the crossover point for return enhancement attributable to SBA debenture leverage. The payments to which the SBA is entitled may reduce or entirely eliminate returns to the Investors if the Fund does not generate sufficient returns in excess of such payments. Further, if the SBIC Fund does not produce significant positive investment returns, interest payable on SBA debenture leverage could reduce the amount of the investment recovered by an investor to an amount less than the capital contributed to the SBIC Fund by such investor.

Force Majeure. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that have significant impacts on issuers, industries, governments and other systems, including the financial markets. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events, if these events adversely impact the operations and effectiveness of ACP or key service providers or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

Item 9 – Disciplinary Information

Neither ACP nor members of our management have ever been the subject of any legal or disciplinary event that would be material to a client's or a prospective client's evaluation of the ACP's business or the integrity of ACP's management.

Item 10 – Other Financial Industry Activities and Affiliations

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

Neither ACP 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 ACP entity.

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. ACP is affiliated with ACP SBIC Fund GP, LP, a Delaware limited partnership that has been formed for the purpose of serving as the general partner of the SBIC Fund.

ACP organized and sponsors the Funds and intends to sponsor future Funds, which, in each case, are private partnerships or limited liability companies. These pooled investment vehicles managed by ACP are controlled by ACP or affiliated general partner or manager entities. ACP is (or will be, with respect to future Funds) responsible for all decisions regarding portfolio transactions of the Funds and has (or will have, with respect to future Funds) full discretion over the management the Funds' investment activities. Employees and persons acting on behalf of the general partners and managers are (or will be, with respect to future Funds) subject to the supervision and control of ACP. Thus, the general partners and managers would be "persons associated with" ACP such that the SEC could enforce the requirements of the Investment Advisers Act on them.

ACP does not receive any compensations for the recommendation of other investment advisers to its clients.

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

In order to detect and prevent potential conflicts of interest and mitigate risks posed by such conflicts, ACP has adopted a written Code of Ethics (the "Code") with written policies and procedures designed to identify, detect and prevent conflicts of interest between ACP, its affiliates or any affiliated employees, and its clients. The Code addresses ethical issues such as: ACP's fiduciary obligation to its clients, personal trading and prevention of misuse of material nonpublic information, conflicts of interest posed by the giving and receipt of gifts or entertainment by ACP or affiliates, political contributions, charitable donations, outside business activities, and other important ethical scenarios which could, either consciously or unconsciously, create conflicts of interest. Procedures have been adopted to ensure compliance with the provisions of the Code, including pre-approval of certain personal securities transactions, annual affirmations of compliance, and reviews of holdings and transactions. The Code is predicated on the belief that Adviser's clients and its investors shall be treated with honesty and good faith, and that ACP shall put the interests of its clients and its investors ahead of its employees and principals, particularly where ACP's interests conflict with those of its clients and its investors. To that end, the Code, among other things, requires supervised persons to comply with all applicable federal and state laws and regulations, and further imposes certain transaction restrictions on persons who are likely to know about ACP's transaction activity.

ACP, its affiliated and respective employees, or a related entity each may have an investment in the Funds. Generally, ACP and its related persons do not participate in transactions in which clients have a direct or indirect interest, with the exception of instances where the Funds invest together on a co-investment basis. From time to time a Fund may engage in transactions with other ACP clients following full disclosure and consent in accordance with the Investment Advisers Act.

A copy of Adviser's Code of Ethics shall be provided to any investor or prospective investor upon request by contacting ACP's Chief Compliance Officer, Avery DeBiasi, at (646) 646-5210 or Avery DeBiasi ADeBiasi@anagenesiscp.com.

ACP follows a policy of restricting trading activity when ACP or its employees is exposed to what it knows as or believes to be material non-public information. In the course of conducting its investment business, ACP or its affiliates may come into possession of material non-public information, either intentionally (via participation in a private transaction or a debt holding) or unintentionally (via industry or familial contact). In the event ACP or its affiliates is in possession of material nonpublic information, ACP will not be able to use such information for the benefit of any client. Thus, ACP's possession of such information may cause a client to be unable to engage in a transaction in a certain position or positions until such time that the information is made public or ACP determines a cleansing event has occurred.

Item 12 – Brokerage Practices

ACP advises its clients on securities transactions of private companies and, generally, the purchases and sales of such companies are conducted through privately negotiated transactions. ACP therefore anticipates conducting trades in public markets on an infrequent basis. In the event that ACP utilizes a broker-dealer for any listed securities transaction, orders will be directed to broker-dealers and clients will incur brokerage and other transaction costs. Transactions could involve specialized services on the part of a broker-dealer, which may justify higher commissions (and mark-ups or mark-downs) than would be the case for more routine services. For such securities transactions, ACP will seek to obtain best execution of transactions. In assessing whether that standard is met, ACP will consider the full range and quality of a counterparty's services when placing orders, including, among other things, execution capability, commission rate or spread, financial responsibility, responsiveness and the value of any research services provided. The Chief Compliance Officer will monitor and review such public trades, as well as, if applicable, order allocations, on an ongoing basis. Trade aggregation opportunities are not expected to be applicable given the nature of ACP's business.

ACP does not use of "soft dollars," which may be used by registered investment advisers to receive research or other products or services other than execution in connection with client securities transactions.

While ACP will seek to manage potential conflicts of interest in good faith, the portfolio strategies employed by ACP in managing its future client accounts could conflict with the transactions and strategies employed by ACP in managing the Funds and may affect the prices and availability of the securities and instruments in which the Funds invest. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the Funds and other client accounts. Nevertheless, investment and/or sale opportunities may be allocated other than on a pro rata basis, if ACP deems in good faith that a different allocation among the Funds and the other client

accounts is appropriate, taking into account, among other considerations (i) risk-return profile of the proposed investment; (ii) the Funds' or the other client accounts' objectives, whether such objectives are considered solely in light of the specific investment under consideration or in the context of the portfolio's overall holdings; (iii) the potential for the proposed investment to create an industry, sector or issuer imbalance in the Funds' and the other client accounts' portfolios; (iv) liquidity requirements of the Funds and other client accounts, including during a wind-down of the Funds or such other client account; (v) tax consequences; (vi) regulatory restrictions; (vii) the need to re-size risk in the Funds' or other client accounts' portfolios; (viii) redemption or withdrawal requests from other client accounts and anticipated future contributions into the Funds and other client accounts; (ix) proximity of another client account to the end of its specified term/commitment period; (x) when a pro rata allocation could result in de minimis or "odd lot" allocation; (xi) availability of leverage and any requirements or other terms of any existing leverage facilities; (xii) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to the Funds or such other client accounts; and (xiii) other considerations deemed relevant by ACP.

Subject to SBA regulations and policies applicable to the SBIC Fund, from time to time, the Funds and the other client accounts may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. While these conflicts cannot be eliminated, ACP, when practicable, will cause the Funds and the other client accounts to hold investments in the same levels of an issuer's capital structure in the same proportion at each level; provided, however, that neither the Funds nor any other client account will be required to hold an investment if holding such investment would result in a violation of the provisions of the organizational documents of, or legal or regulatory requirements applicable to, the Funds or the other client account, as applicable, or constitute a breach of, or default or debt repayment event with respect to, any credit facility or other debt instrument or obligation (each such event, a "Restrictive Event"). If a Restrictive Event exists, ACP will use reasonable efforts to cause the Funds to hold investments in each level of an issuer's capital structure in the same proportion as that held by the other client accounts, but will only do so to the extent permissible by the Restrictive Event. In some circumstances, investments may be made at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities or on a disproportionate basis, even though no Restrictive Event would result if ACP deems in good faith that such investments among the Funds and the other client accounts are appropriate. It is possible that certain portfolio companies of the other client accounts may compete with the Funds for one or more investment opportunities.

Item 13 – Review of Accounts

ACP's Investment Team perform daily, weekly or monthly reviews of the Funds (and will for future client accounts) as they deem appropriate or as otherwise required. In addition to periodic reviews, client account reviews may be triggered by changes in market conditions, changes of security positions, changes in investment objectives or policies, capital inflows/outflows and other reasons.

Investors in the Funds will receive (a) annual audited financial statements for the Fund prepared in accordance with generally accepted accounting principles (GAAP), including a statement of Fund

investments and valuations and a statement of changes in partners' capital, within 90 days following the end of each fiscal year (or, if information is not provided by portfolio companies on a timely basis, as soon as reasonably practicable thereafter), (b) unaudited quarterly reports during the first three quarters of any fiscal year within 60 days following the end of such quarter, and (c) annual tax information necessary for completion of an investor's tax returns within 90 days after the end of each fiscal year (as may be extended by the general partner or manager, as applicable, for such period as may be necessary in the general partner's or manager's reasonable judgment for the Fund to complete its federal and state income tax returns).

Item 14 – Client Referrals and Other Compensation

ACP does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to clients. ACP may enter into additional arrangements in the future in compliance with SEC Rule 206(4)-3 to secure new clients. In doing so, ACP will take reasonable steps to ensure that the use of solicitors is done in compliance with Rule 206(4)-3 of the Investment Advisers Act, including, reviewing individual's regulatory history to ensure they are not ineligible from operating as a solicitor for a registered investment adviser. In such cases, compensation will be negotiated and paid by ACP consistent with industry practice.

ACP and its related persons have entered into arrangements to compensate firms or individuals (together "Solicitors") that are independent of and unaffiliated with ACP for referrals that result in a prospective investor becoming an investor in the SBIC Fund and successor funds. (See Item 5 above for more information.)

Item 15 – Custody

ACP is the manager of the Co-investment Fund and is deemed to have custody of the Co-investment Fund's funds and securities under the Investment Advisers Act. An affiliate of ACP is the general partner for the SBIC Fund. As the SBIC Fund's general partner is under common control with ACP, ACP is deemed to have custody of the SBIC Fund's funds and securities under the Investment Advisers Act.

The Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the PCAOB, and the audited financial statements are distributed to each Fund investor. The audited financial statements will be prepared in accordance with GAAP and distributed within 120 days after the end of the Fund's fiscal year end. Investors are urged to carefully review these financial statements.

Item 16 – Investment Discretion

ACP, by virtue of its affiliation with the SBIC Fund general partner and due to the fact that these entities are under common control, maintains full discretionary authority over the portfolio selection, transactional activities, and overall operations of the SBIC Fund. This discretionary authority is subject only to any restrictions or limitations, where applicable, that are memorialized in the Governing Documents of the SBIC Fund, including a management services agreement between ACP, the SBIC Fund and its general partner. Under the terms of the Governing Documents, the general partner must make the final determinations with respect to all purchases and sales of portfolio securities and SBIC Fund valuations.

ACP's authority with respect to the Co-investment Fund is set forth in the Co-investment Fund's Governing Documents; provided, however, the terms of the Governing Documents, the Co-investment Fund generally cannot make any investments other than investments that have been approved by a member representative.

Item 17 – Voting Client Securities

Whereas ACP has not engaged in transactions for the Funds involving publicly-traded securities, it does not anticipate being called upon to vote proxies given the nature of the portfolio assets in which the Funds invest. In the event ACP does own a security that requires voting of a proxy, it will vote such proxy in the Funds' best interest, taking into account any potential conflicts of interest.

ACP will also act in the best interest of its clients when voting arises with respect to consent rights relating to fixed-income securities, including but not limited to, plans of reorganization, waivers and consents under applicable indentures. ACP will, subject to any requirements set forth in the Governing Documents, exercise its voting and/or consent rights in a manner reasonably expected to ensure that voting and consent rights are exercised in the best interests of its clients.

For the voting of fixed-income securities, ACP believes the potential for material conflicts of interest between clients and ACP is limited. However, potential conflicts may arise where ACP or its related persons or entities are named parties to, or are participating in, a bankruptcy workout or similar committee. In such instances, ACP will consider potential conflicts of interest and any applicable requirements set forth in the Governing Documents prior to casting any decision on behalf of clients.

Item 18 – Financial Information

ACP does not require prepayment of management fees more than six months in advance and does not have any other events requiring disclosure under this item.