

Item 1- Cover Page

AIP, LLC

450 Lexington Avenue, 40th Floor
New York, NY 10017
(212) 627-2360

<http://www.aipartners.com>

<http://www.americanindustrial.com>

<http://www.lightshipcapital.com>

<https://www.linkedin.com/company/american-industrial-partners>

<https://www.linkedin.com/company/american-industrial-partners/jobs>

March 31, 2021

This brochure (the “Brochure”) provides information about the qualifications and business practices of AIP, LLC. If you have any questions about the contents of this brochure, please contact Stan Edme, our Chief Compliance Officer (“CCO”) at (212) 916-8181, or by email at stan@americanindustrial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

From time to time in this and other documents AIP, LLC may refer to itself as a “registered investment adviser” by virtue of its registration with the SEC. This title does not imply any level of training or skill.

Additional information about AIP, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This amendment to the Brochure, dated March 27, 2020 contains the following material changes from AIP, LLC's previous Form ADV, which was filed as an annual amendment on March 27, 2020:

- Item 4: Assets under management has been updated.
- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) and Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) have been updated to reflect risk factors and conflicts consistent with the offering documents for the Funds.

This brochure also contains routine updates throughout the brochure to improve and clarify the description of AIP, LLC's business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

Item 3 – Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	5
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9	Disciplinary Information	16
Item 10	Other Financial Industry Activities and Affiliations.....	17
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	18
Item 12	Brokerage Practices	20
Item 13	Review of Accounts	21
Item 14	Client Referrals and Other Compensation	22
Item 15	Custody	23
Item 16	Investment Discretion	24
Item 17	Voting Client Securities	25
Item 18	Financial Information	26
Item 19	Requirements for State-Registered Advisers	27

Item 4 – Advisory Business

- A. AIP, LLC (“American Industrial Partners” or the “Firm”), a Delaware limited liability company, is an investment adviser located in New York, NY, founded in 2006. American Industrial Partners serves as the sole investment adviser to pooled investment vehicles (each a “Fund” or “Client”). The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) of the Investment Company Act. Interests in the Funds are privately offered generally to qualified investors. For purposes of this brochure, “American Industrial Partners” or the “Firm” also includes (where the context permits), affiliated general partners of the Funds.

Currently, American Industrial Partners has 48 employees, 43 of whom perform investment advisory functions.

John Becker, Kim Marvin and Dino Cusumano are the principal owners of the Firm.

- B. American Industrial Partners generally provides discretionary investment advisory services to the Funds. In certain limited circumstances, the Firm provides non-discretionary investment advice. American Industrial Partners’ investment objective is to provide its Clients long-term capital appreciation and generate significant risk adjusted returns. As a general matter, the Funds, seek to acquire control positions in North American headquartered industrial companies with revenues greater than \$300 million that are underperforming their profit potential. Certain of the Funds also seek to make investments in secured and unsecured loans, notes, bonds and debt, equity and equity-related securities (including without limitation common, preferred, convertibles, options and warrants) and other obligations of such companies, as well as short sales, derivatives and other hedges (collectively, “Credit Opportunity Investments”).

American Industrial Partners is affiliated with entities that serve as the general partners to each of the Funds (each, a “General Partner” and, collectively, the “General Partners”) and each of the Funds is controlled by its respective General Partner.

The advisory services of American Industrial Partners and each of the General Partners, as affiliated investment advisers, are described in this brochure. Each General Partner is deemed registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to American Industrial Partners’ registration in accordance with SEC guidance and the information set forth herein regarding the investment advisory services provided by American Industrial Partners shall also apply in respect of the General Partners.

- C. American Industrial Partners generally utilizes a similar strategy for all its Funds, as outlined above; however, some Funds may differ slightly in their particular investing approach, as specified in each Fund’s offering memoranda. American Industrial Partners may also tailor the advisory services it provides to the Funds to the extent that certain investments cannot be held by certain Funds for legal, tax or investment mandate purposes.
- D. American Industrial Partners does not participate in wrap fee programs.
- E. As of December 31, 2020, American Industrial Partners managed \$8,097,391,876 in assets on a discretionary basis and \$76,368,964 in assets on a non-discretionary basis.

Item 5 – Fees and Compensation

- A. The Funds are offered only to “qualified purchasers”, as defined in the Investment Company Act. American Industrial Partners generally charges a management fee (the “Management Fee”) of 2% on committed capital during the investment period, and a Management Fee of 1.5% on remaining invested capital less write downs for the remaining life of the Funds.

American Industrial Partners also generally charges a 20% performance-based fee (the “Carried Interest Distribution”) on realized gains net of expenses and write downs.

Please refer to each Fund’s offering documents for specific information related to the fees associated with an investment in such Fund.

- B. American Industrial Partners deducts Management Fees directly from the Clients’ assets on a quarterly basis. As American Industrial Partners is structured primarily as a private equity firm, the Carried Interest Distributions are deducted as investments come to fruition and not on any set schedule. Carried Interest distributions relating to Credit Opportunity Investments are deferred until the end of the investment period and thereafter as investments come to fruition for the applicable Fund.
- C. In addition to the Management Fees and Carried Interest Distributions described above, each Fund bears its own operating expenses, including, but not limited to, investment-related expenses (including expenses incurred in connection with transactions not consummated (“Broken Deal Expenses”), including custodial fees, interest expense, consulting and professional fees relating to particular investments or contemplated investments, investment-related travel and lodging expenses, which have in the past and may in the future include expenses for chartered or first class travel, and research-related expenses; legal expenses; accounting; audit and tax preparation expenses; organizational expenses; expenses relating to the offer and sale of interests in the Funds; expenses related to the maintenance of the Funds’ registered office; extraordinary expenses and other similar expenses relating to the Funds.

In cases where co-investors participate in an investment, such co-investors will bear their pro-rata share of any expenses associated with such investment. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary, ultimately is not consummated, all Broken Deal Expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors who were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-invest or other vehicle in connection with such transaction, such vehicle may bear its share of such Broken Deal Expenses. Such co-investments typically do not pay advisory fees or allocate any carried interest to American Industrial Partners.

American Industrial Partners may receive certain fees from portfolio companies, such as “transaction” fees or “monitoring” fees pursuant to monitoring agreements, in connection with activities performed on behalf of clients (collectively, “Other Fees”). The terms of a monitoring agreement may include (among other things) annual automatic renewals and the payment of monitoring fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric). In some instances, such fees paid to American Industrial Partners, net of

expenses related to the activities leading to the receipt of such fees, will reduce the management fee paid by the Funds. The amount and timing of such fees are generally specified in the agreement or other documentation governing the applicable transaction.

Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto) or otherwise. The payment of Other Fees and reimbursements by portfolio companies and prospective portfolio companies will, in some, but not all, circumstances create a conflict of interest between American Industrial Partners and its affiliates, and the Funds and their investors because the amounts of these Other Fees and reimbursements are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. American Industrial Partners determines the amount and timing of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions. Generally, the amount of such fees and reimbursements will not (except in connection with the reductions described herein) be disclosed to investors in the Funds.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company and therefore the fees are not subject to a market check. A conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company by virtue of American Industrial Partners acting on behalf of both parties.

To the extent an Other Fee relates to more than one Fund participating (or expecting to participate) in an investment, the Other Fee is generally allocated among such Funds pro-rata based on the capital commitments of such participating Funds (or for an unconsummated investment, the proposed commitments of the Funds), or on such other basis that American Industrial Partners determines to be fair and reasonable in its sole discretion. To the extent an Other Fee relates to a Fund, co-investment vehicle or third-party investor that does not pay Management Fees, the portion of such Other Fee allocable to the non-fee paying party will be retained by American Industrial Partners and such amounts will not offset any Management Fees paid to American Industrial Partners.

In the event that American Industrial Partners uses a third-party placement agent, the management fee payable to American Industrial Partners is reduced by 100% of any such placement agent fees, expenses or commissions paid by the Funds.

Please refer to the relevant Fund's governing documents for a complete understanding of each Fund's fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's offering memoranda.

From time to time American Industrial Partners will be required to decide whether certain fees, costs and expenses should be borne by American Industrial Partners, a Fund, a portfolio company, co-investors and/or a third-party (each, an "Allocable Party") and if so, how such fees costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. American Industrial Partners allocates fees, costs and expenses in accordance with a Fund's

Organizational Documents. To the extent not addressed in the governing documents of a Fund, American Industrial Partners will make allocation determinations among Allocable Parties on a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by American Industrial Partners in its sole discretion). American Industrial Partners will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

Certain of the Clients will incur brokerage costs. See Item 12 – Brokerage Practices.

- D. Management Fees are paid quarterly in advance. In the unlikely event American Industrial Partners does not provide services for the full period, a pro rata portion of the Management Fee is typically required to be returned to investors in the applicable Fund. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.

Carried Interest Distributions are not paid in advance.

- E. Neither American Industrial Partners nor any of American Industrial Partners' supervised persons accepts compensation for the sale of securities or other investment products.

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

American Industrial Partners is generally entitled to receive a Carried Interest Distribution, which is based on realized gains from investments above a performance threshold, as specified in each Fund’s offering memoranda.

All Carried Interest Distributions are structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act permitting performance-based fee arrangements with “qualified clients”. Accordingly, American Industrial Partners seeks to ensure that the Funds’ investors satisfy the qualifications of Rule 205-3, and have been advised of the terms of such performance-based fees and the associated risks.

The payment by some, but not all, Funds of Carried Interest Distributions or the payment of Carried Interest Distributions at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for American Industrial Partners to disproportionately allocate time, services or functions to Funds paying Carried Interest Distributions or Funds paying Carried Interest Distributions at a higher rate. Carried Interest Distributions may create an incentive for American Industrial Partners to cause the Funds to make investments that may be riskier or more speculative than those which would be made under a different fee arrangement. However, the Firm is committed to fulfilling its fiduciary duty to the Funds to act at all times in the best interests of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance based fees, as more fully described in each Fund’s offering memorandum.

Item 7 – Types of Clients

As described in Item 4, American Industrial Partners provides investment advice to the Funds, which are private investment vehicles that are exempt from registration under the Investment Company Act. These Funds are typically limited to individuals and entities that meet the criteria of “accredited investors” and “qualified purchasers”. The Funds are marketed exclusively to institutional investors and high net worth individuals.

American Industrial Partners does not have a minimum size for a Fund but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the governing documents of such Fund.

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

American Industrial Partners' investment objective is to provide its Clients with above average positive absolute returns. As a general matter, the Firm seeks to acquire control positions in U.S.- and Canada-headquartered industrial companies ("Portfolio Companies") with revenues greater than \$300 million that are underperforming their profit potential and improve these companies through the implementation of a comprehensive operating agenda (the "Operating Agenda") developed in collaboration with Portfolio Company management.

American Industrial Partners seeks Portfolio Companies where both the operating opportunities and risks are familiar to the Firm's investment professionals. In particular, American Industrial Partners will pursue Portfolio Companies that enjoy favorable competitive positions, proprietary capabilities or leading market shares yet have the potential for significant value enhancement through operating improvements, add-on investments or other strategic initiatives. American Industrial Partners seeks investments in Portfolio Companies with a high degree of predictability with respect to revenue growth, product life cycles and profit margins. American Industrial Partners places special emphasis on companies with global marketing and sourcing opportunities and those with significant aftermarket sales opportunities.

For certain of its Clients, American Industrial Partners also seeks to make investments in Credit Opportunity Investments. For deals sourced through American Industrial Partners' credit opportunities channel, the Firm seeks distressed investments in U.S.- and Canada-headquartered industrial enterprises where American Industrial Partners has the potential for developing actual or effective control (in some cases in conjunction with other investors) and where American Industrial Partners can leverage its operating capabilities and change the value of assets by implementing an Operating Agenda in partnership with management. American Industrial Partners seeks investments with financial restructuring process dynamics that lend themselves to speedy and consensual resolutions. In addition, American Industrial Partners' Credit Opportunity Investments include a wide variety of investments in securities and other instruments, issued by a wide variety of issuers in a wide variety of industries, where control by American Industrial Partners is highly unlikely or impossible. American Industrial Partners believes that having a credit opportunity platform that is a market participant will increase the probability that American Industrial Partners will have the opportunity to make control investments at favorable valuations. In addition, the Credit Opportunity Investment strategy has included in the past, and may include in the future, opportunistic short-term investment in publicly traded debt instruments.

American Industrial Partners' investment program is speculative and entails substantial risks, including risk of loss of the entire investment. There can be no assurance that American Industrial Partners' investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Investors should be prepared to bear these risks.

The descriptions contained below are a brief overview of the material risks related to the strategies employed by American Industrial Partners; however, this is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management of, or an investment in, the Clients. Please refer to the respective Funds' offering documents for further detail thereto.

Risks in Effecting Operating Improvements. The activity of identifying and implementing potential operating improvements at Portfolio Companies entails a high degree of uncertainty. There can be no assurance that American Industrial Partners will be able to successfully identify and implement such improvements.

Past Performance Not Indicative of Future Results. Performance of prior Funds managed by American Industrial Partners and its affiliates is not necessarily indicative of future results. There can be no assurance that the future Funds will generate investment returns commensurate with American Industrial Partners' past performance.

Distressed Companies. The Funds may invest in companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization or liquidation proceedings. Although investments in distressed companies may result in significant returns to the Funds, they involve a substantial degree of risk and may not show any return for a considerable period of time, if at all. Given the nature of the targeted companies, American Industrial Partners anticipates that there is a likelihood that one or more investments of the Funds may fail to yield any returns. In addition, such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investments therein. On a selective basis, the Funds intend to invest in distressed companies with the intention of influencing the restructuring of the company, through a work-out, bankruptcy proceeding or otherwise. However, even where the Funds invest in distressed securities with the intention of gaining control of the company, there can be no assurance that the Funds will obtain such control, and without control, they may be unable to preserve the value of their investment.

Use of Leverage. The Funds' investments involve varying degrees of leverage, which will increase the exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of a Portfolio Company or its industry (as well as particular risks associated with investing in the industries targeted by the Funds). Moreover, rising interest rates may significantly increase Portfolio Companies' interest expense, causing losses and/or the inability to service debt levels. In the event a Portfolio Company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Fund's equity investment in such company could be significantly impaired or even eliminated.

Unspecified Investments. Investors in the Funds must rely upon the ability of the General Partner and the Firm to identify structure and implement investments consistent with the Fund's investment objectives and policies. The Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives.

Illiquid and Long-Term Investments. An investment in the Funds requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to investors. Many of the Funds' investments will be highly illiquid and there can be no assurance that the Fund will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to investors. 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. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended ("Securities Act"), or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Funds

hold freely tradable publicly traded securities, the Funds' positions may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when a Fund wishes to dispose of or reduce its position in such company by selling shares into the market.

Highly Competitive Market for Investments. American Industrial Partners expects to encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been formed (and many such existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General Partner, American Industrial Partners and their affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which investments can be made. There can be no assurance that American Industrial Partners will be able to identify or consummate investments satisfying its investment criteria. Likewise, there can be no assurance that the Funds will be able to realize upon the values of their investments or that it will be able to invest its committed capital. To the extent that the Funds encounter competition for investments, returns to investors may decrease.

Reliance on Portfolio Company Management. Although it is American Industrial Partners' intent to invest in companies with strong and stable management, there can be no assurance that the existing management team of a Portfolio Company, or a new one, will be able to operate such company successfully. Furthermore, although the General Partner will monitor the performance of each Portfolio Company, company management will have primary responsibility for operating the business on a day-to-day basis.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies. Before making investments, the Firm 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 risks primarily relating to the General Partner's reduced control of the functions that are outsourced. When conducting due diligence and making an assessment regarding an investment, the General Partner and/or the Firm 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 the General Partner and/or the Firm 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. 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 Funds as being speculative and having a high degree of risk.

There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis. Conduct occurring at portfolio companies, even activities that occurred prior to the Funds' investment therein, could have an adverse impact on the Funds. In the event of fraud by any portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation

or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Funds' securities and/or instruments in such portfolio company. The Funds will rely upon the accuracy and completeness of representations made by portfolio companies and/or their former owners in the due diligence process to the extent reasonable when it makes its 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.

Fund Valuation. Because of the illiquidity of certain positions that may be held by the Funds, the liquidation values of the Funds' investments may differ significantly from the interim valuations of such investments made by the General Partner. Such differences may be further affected by the time frame within such liquidation occurs. Third-party pricing information may not be available regarding certain of the Funds' investments.

Reliance on Valuation Information. In order to value the assets and liabilities of the Funds, the General Partner may rely on information provided by outside parties, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. The Funds have implemented procedures that endeavor to safeguard against the use of inaccurate information. To the extent the information received by the Funds is inaccurate or unreliable, the valuation of the Funds' assets and liabilities may be inaccurate.

Risk of Investment Concentration. The Funds may participate in a limited number of investments and, in addition, certain of these investments may require equity investments that are larger than were required in American Industrial Partners' historical transactions. A significant portion of the Funds' portfolio companies may be concentrated in a few industries. Other than as set forth in the Fund documents, investors have no assurance as to the degree of diversification of the Funds' investments, either by geographic region, asset type or sector. To the extent the Funds concentrate investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions with respect thereto. Furthermore, if the Funds co-invest with other private equity funds, a Limited Partner may have exposure to investments through more than one fund. In circumstances where the General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Funds having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification. Finally, the exposure of the Funds to financially troubled or distressed companies may be significant, and the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of the overall distressed sector. Concentration in financially troubled or distressed companies may subject the Funds to greater volatility than a more diversified portfolio of investments.

Investments with Third Parties. The Funds may co-invest with third parties, thereby acquiring non-controlling interests in or sharing control of certain portfolio companies. The Funds may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third-party partners or co-investors. For example, in connection with the sale of a portfolio company, the Funds and such third-party partners or co-investors may be required to indemnify the purchasers of such portfolio company for any

representations about the business and financial affairs of such portfolio company made to the purchaser turn out to be inaccurate, for tax obligations for pre-closing periods or for other liabilities, and in such cases the Funds may be primarily liable for such indemnification obligations and may be unable to receive reimbursement from such third-party partners or co-investors.

Non-U.S. Investments. The Funds may invest outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (iv) foreign statutory and regulatory requirements; (v) differences between U.S. and foreign market contract terms; (vi) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (vii) less developed corporate laws regarding fiduciary duties and the protection of investors.

Contingent Liabilities on Disposition of Portfolio Companies. In connection with the disposition of an investment, the Funds may be required to make representations about the business and financial affairs of the Portfolio Company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such company if those representations or disclosures ultimately prove to be inaccurate. The General Partner expects to establish reserves for the Funds as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of the Fund, such Fund's investors may be required to repay to the Fund all or a portion of distributions previously received by them in respect of such investment.

Investments in Smaller or Less Established Companies. The Funds' Credit Opportunity Investments may invest a portion of their assets in the securities of smaller or less established companies. Investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure.

Troubled Companies. The Funds may invest in Portfolio Companies that are in various stages of correcting previous operational or regulatory problems. Some or all of these companies may operate at a loss or with substantial variation in operating profits and losses from period to period, and may have a need for substantial additional capital to support expansion or to achieve or maintain a stable operating position. If turnarounds are not achieved, these portfolio companies could experience failures or substantial declines in value, and the Funds may not be able to divest themselves of such unprofitable investments in a timely fashion or at all.

Investments in Restructurings and Distressed Debt. The Funds' Credit Opportunity Investments may make investments in (i) restructurings that involve Portfolio Companies that are experiencing or are expected to experience financial difficulties or (ii) distressed debt securities and instruments. These financial difficulties may never be overcome and may cause such Portfolio Companies to become subject to

bankruptcy or liquidation proceedings. Such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investments therein. For example, under certain circumstances, a lender who has inappropriately exercised control over 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. In addition, 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, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances voidable preferences lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition. Distressed companies may have further inability to service their debt obligations during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. The value of distressed debt securities and instruments tends to be more volatile and may have an increased sensitivity to changing interest rates and adverse economic and business developments than other securities and instruments.

Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased as part of the Funds' Credit Opportunity Investments will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Investments in High Yield and Distressed Securities. There is no minimum credit standard that is a prerequisite to the Funds' Credit Opportunity Investments in any instrument, and a significant portion of the assets in a portfolio may constitute "below investment grade" securities across different segments of the credit markets, encompassing high-yield, stressed and distressed credits, and investment grade credits and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. The Funds' Credit Opportunity Investments may consist of non-investment grade senior secured loans, notes and bonds (or interests in non-investment grade senior secured loans) that are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. These risks could be exacerbated to the extent that a portfolio is concentrated in one or more particular types of the Funds' investments. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. The level of analytical sophistication, both financial and legal, necessary for successful

investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that these assets will result in a successful reorganization or similar action.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there is a risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security in respect to which such distribution was made. To the extent that the Firm becomes involved in a liquidation or reorganization proceeding, the Funds may have a more active participation in the affairs of an issuer than that assumed generally by an investor. In addition, involvement by the Firm in an issuer's reorganization proceedings could result in the imposition of restrictions limiting the Funds' ability to liquidate its position in the issuer.

A non-investment grade senior secured loan or debt obligation, or an interest in a non-investment grade senior secured loan or debt obligation, is generally considered speculative in nature and may become a defaulted loan or obligation for a variety of reasons. Upon any such loan or obligation becoming a defaulted loan or obligation, such loan or obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such loan or obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such loan or obligation. The liquidity for defaulted loans or obligations may be limited, and to the extent that defaulted loans or obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

Follow-On Investments. The Funds may be presented with the opportunity, or may be required, to make additional, "follow-on" investments in its existing Portfolio Companies, either for regulatory reasons, because the company's performance and/or liquidity have been below expectations or because additional capital is required to fund growth. There can be no assurance that the Funds will desire to make follow-on investments or that it will have sufficient funds to do so. Any decision by American Industrial Partners not to make follow-on investments or its inability to make them may have a substantial negative impact on a Portfolio Company in need of such an investment and may dilute the Funds' existing investment and/or may diminish American Industrial Partners' ability to influence the Portfolio Company's future development.

Bridge Financings. From time to time, the Funds may lend to Portfolio Companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Funds' control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

Hedging Policies/Risks. In connection with certain investments of the credit opportunity strategy, the Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency

exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.

Investments in Public Companies. As part of Credit Opportunity Investments, the Funds may make investments in the securities of portfolio companies that have gone public and in the securities of other publicly traded companies. Such public company securities may be thinly traded, relatively illiquid or may cease to be publicly traded after the Funds invest. Such investments may also be in PIPE investments that the Funds will generally not be able to sell or distribute unless the securities are registered under applicable securities laws or an exemption from such registration is available. In addition, the Funds' sales of thinly traded securities could depress the market value of such securities. These circumstances or events could reduce the Funds' returns. General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments.

Broker or Dealer Insolvency. While great care is taken in selecting brokers or dealers who will maintain custody of certain of the assets of the Funds, there is a residual risk that any of such brokers or dealers could become insolvent. It is expected that all securities and other assets deposited with brokers or dealers will be clearly identified as being assets of the Funds and hence such entity should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this and there may be practical or timing problems associated with enforcing the rights of the Funds to its respective assets in the case of an insolvency of any such party.

Counterparty Risk. The Funds are exposed to the risk that third parties that may owe the Funds or the portfolio companies money, securities or other assets will not perform their obligations. These parties include trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations to the Funds or the portfolio companies, due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into revolving credit lines or swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Funds or the portfolio companies, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Also, any practice of rehypothecation of securities of the Fund or the investments held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties.

Alternative Investment Fund Managers Directive and the UK Alternative Investment Fund Managers Regulations. The EU Alternative Investment Fund Managers Directive (including any implementing national laws, rules or regulations (the "AIFMD")) and the United Kingdom Alternative Investment Fund Managers Regulations 2013 (as amended pursuant to sections 2 and 3 of the European Union (Withdrawal) Act 2018 and the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018 (the "AIFM Law")) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA") and the United Kingdom ("UK").

If a Fund is marketed to investors domiciled or having their registered office in the EEA or the UK: (a) such Fund and the General Partner will be subject to certain reporting, disclosure (including information relating to a Fund's investments) and other compliance obligations under the AIFMD or the AIFM Law which may result in the Fund incurring additional costs and expenses; (b) the Fund and the General

Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, including the requirement to appoint a depositary in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses, delay the Fund's capital raising process and in turn reduce the speed with which the Firm can deploy the capital raised, or otherwise affect the management and operation of the Fund; (c) the Firm or the General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (d) the AIFMD or the AIFM Law will also restrict certain activities of such Fund in relation to EEA or UK portfolio companies including, in some circumstances, such Fund's ability to recapitalize, refinance or potentially restructure an EEA or UK portfolio company within the first two years of ownership, which may in turn affect the operations of such Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those EEA jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of capital commitments.

The AIFMD or the AIFM Law does not apply where an investor approaches the Firm, the General Partner and a Fund to invest in, or request information on, such Fund at its own initiative (known as reverse solicitation). There is a risk that an EEA member state or UK regulatory authority or government may reach a different conclusion to MDP or the General Partner as to whether reverse solicitation applies and find that the AIFMD or the AIFM Law did apply to the Firm, the General Partner or such Fund. Such a finding may result in a regulatory or governmental authority or court in the relevant EEA member state or the UK requiring the Firm, the General Partner or the Fund to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against the Firm, the General Partner and/or the Fund. This may result in a reduction in the overall amount of capital available to the Fund, which limits, in turn, the range of investment strategies and investments that the Fund is able to pursue and make or otherwise result in a loss to the Fund. The costs and expenses incurred in connection with complying with AIFMD or the AIFM Law or otherwise marketing the Fund to investors in the EEA or the UK will be expenses of the applicable Fund and thus be borne by all investors in the Fund.

United Kingdom Exit from the European Union. The UK left the European Union ("EU") on 31 January 2020 (commonly referred to as "Brexit"). During an 11 month transition period, the UK and the EU agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the EU and the UK from 1 January 2021. The Trade and Cooperation Agreement does not provide the UK with the same level of rights or access to all goods and services in the EU as the UK previously maintained as a member of the EU and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the UK and the EU.

From 1 January 2021, EU laws ceased to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the UK on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Fund and its investments. Such changes could be materially detrimental to investors.

The uncertainty caused by the UK's departure from the EU could lead to prolonged political, legal, regulatory, tax and economic uncertainty and wider instability and volatility in the financial markets of

the UK and more broadly across Europe. It may also lead to weakening corporate and financial confidence in such markets as the UK renegotiates the regulation of the provision of financial services within and to persons in the EU. Brexit could lead to market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Firm, the General Partner and their affiliates to manage, operate and invest in the Fund and increased legal, regulatory or compliance burden for the Firm, the General Partner, their affiliates and/or each Fund, each of which may have a negative impact on the operations, financial condition, returns or prospects of each Fund.

General Economic and Market Conditions. The success of the Funds' investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political, environmental and socioeconomic circumstances. The Funds' 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 the Funds' business and operations and thereby could impact the Funds. Moreover, a downturn in the U.S. or global economy (or any particular segment thereof) 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 exit investments on favorable terms. 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 an investment's capital structure.

Business, Terrorism and Catastrophe Risks. - Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on American Industrial Partners' business and Clients' portfolios including investments made by American Industrial Partners.

Forward Trading. As part of Credit Opportunity Investments, the Funds may invest in forward contracts and options. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Firm would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

Short Selling. As part of Credit Opportunity Investments, the Funds may engage in short selling. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit

from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales depends upon the Firm's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Cyber Security Breaches and Identity Theft. American Industrial Partners' and portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although American Industrial Partners has implemented, and portfolio companies will likely implement, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, the Funds and/or a Portfolio Company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in American Industrial Partners', the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Firm's, the Fund's and/or a Portfolio Company's reputation, subject the any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Travel Restrictions. In addition, the operations of the Firm and the Funds in certain jurisdictions could be adversely impacted, including through quarantine measures and travel restrictions imposed in particular on key personnel of the Firm. The Funds' operations could also be disrupted if any key personnel of American Industrial Partners contracts COVID-19 and/or any other infectious disease. Any of the foregoing events could materially and adversely affect the Funds' ability to source, manage and divest its investments and its ability to fulfill its investment objectives. Similar consequences may arise with respect to other comparable infectious diseases.

Reliance on Valuation Information. In order to value the assets and liabilities of the Funds, American Industrial Partners may rely on information provided by outside parties, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. American Industrial Partners intends to implement procedures that endeavor to safeguard against the use of inaccurate information. To the extent the information received by the Firm is inaccurate or unreliable, the valuation of the Fund's assets and liabilities may be inaccurate.

Risk of Investment Concentration. The Funds may participate in a limited number of investments and, in addition, certain of these investments may require equity investments that are larger than were required in American Industrial Partners' historical transactions. A significant portion of the Funds' portfolio

companies may be concentrated in a few industries. To the extent the Funds concentrate investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions with respect thereto. Furthermore, if a Fund co-invests with other private equity funds, a limited partner may have exposure to investments through more than one Fund. In circumstances where the Firm intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification. Finally, the exposure of the Funds to financially troubled or distressed companies may be significant, and the aggregate return of such Funds may be substantially adversely affected by the unfavorable performance of the overall distressed sector. Concentration in financially troubled or distressed companies may subject the Funds to greater volatility than a more diversified portfolio of investments.

Foreign Investment Controls. Foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by a Fund, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Funds invest or in other jurisdictions.

Contingent Liabilities on Disposition of Portfolio Companies. In connection with the disposition of an investment, the Funds may be required to make representations about the business and financial affairs of the Portfolio Company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such company or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate or continue to be liable for tax obligations for pre-closing periods. The Firm expects to establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of a Fund, such Fund's Limited Partners may be required to repay to the Fund all or a portion of distributions previously received by them in respect of such investment.

Minority Positions in Portfolio Companies. As part of its overall investment strategy, a Fund may hold a minority position in one or more Portfolio Companies, and as such it may not be able to exercise control over such companies. In such cases, the Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund.

Investments in Debt. The Funds may invest in certain debt investments, which can create various risks for the Fund. For example, debt investments will typically not provide the holders with any governance rights, and so a Fund's ability to influence the success of such investment may be significantly limited; further, the Firm typically would not be able to implement an Operating Agenda for a company in which the Fund solely invests in debt. In addition, the market for selling debt may not be as liquid as the market for selling equity securities, which may impair the ability of a Fund to sell investments in debt at the opportune time. A Fund's

investment may be in debt that is subordinate to other outstanding indebtedness of a Portfolio Company, which exacerbates the risk that the value of such investment will be impaired if the Portfolio Company does not perform. Finally, one of the fundamental risks associated with the Funds' debt 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 its Limited Partners would be adversely impacted if an issuer of debt securities in which the Fund invests becomes unable to make such payments when due.

Credit and Market Risks. The Funds' investments in debt securities and instruments entail normal credit risks (i.e., the risk of non-payment of interest and principal) and market risks (i.e., the risk that certain market factors will cause the value of the instrument to decline). Loans and other debt instruments may be subject to fluctuations due to changes in the issuer's credit quality. Also, a default on a debt instrument that is held by a Fund or a sudden and extreme increase in prevailing interest rates may cause a decline in the value of the Fund's investment in such debt instrument.

Non-Performing Nature of Debt. It is anticipated that certain debt securities and instruments acquired by the Funds will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt securities and instruments.

Unsecured Loans and Collateral Impairment. In the event of a default by a borrower, a Fund may not receive payments to which it is entitled and thereby could experience a decline in the value of its investment in a borrower. If a Fund invests in debt securities or instruments that are not secured by collateral, in the event of such default the Fund will have only an unsecured claim against the borrower. In the case of debt securities or instruments that are secured by collateral, the value of the collateral may be equal to or less than the value of such debt or may decline below the outstanding amount of such debt subsequent to the Fund's investment. The ability of a Fund to have access to the collateral may be limited by bankruptcy and other insolvency laws. Under certain circumstances, the collateral may be released pursuant to the terms of the underlying debt agreement with a borrower. There is no assurance that the liquidation of the collateral securing a debt would satisfy the borrower's obligation in the event of nonpayment of scheduled interest or principal, or that the collateral could be readily liquidated. As a result, the Fund might not receive full payment on a secured debt investment to which it is entitled and thereby may experience a decline in the value of, or a loss on, such debt investment.

Investments with Third Parties. The Funds co-invest with third parties, thereby acquiring non-controlling interests in or sharing control of certain Portfolio Companies. The Funds may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to a Fund's investment objectives. In addition, a Fund may in certain circumstances be liable for the actions of its third-party partners or co-investors. For example, in connection with the sale of a Portfolio Company, a Fund and such third-party partners or co-investors may be required to indemnify the purchasers of such Portfolio Company for any representations about the business and financial affairs of such Portfolio Company made to the purchaser turn out to be inaccurate, for tax obligations for pre-closing periods or for other liabilities, and in such cases the Fund may be primarily liable for such indemnification obligations and may be unable to receive reimbursement from such third-party partners or co-investors.

Controlling Investments. The Fund may own a significant portion of the securities of its Portfolio Companies, including ownership positions which may represent a majority of a Portfolio Company's voting securities. These investments may entitle a Fund to elect substantially all of a Portfolio Company's directors and exert significant influence over a Portfolio Company's business, operations, affairs and transactions. Additionally, officers and employees of the Firm may serve as directors of Portfolio Companies in which a Fund invests. These capabilities could lead such Fund to be viewed as controlling a Portfolio Company or being considered a controlling stockholder. The exercise of control over a company through a control position, or the service of an officer or employee of the Firm as a director of such company, could (i) expose the assets of the Fund to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. In the event any such claims were successful, the Fund may be held liable for any damages that are awarded or be required to fund any settlement with such parties. Even if such claims, lawsuits or investigations prove to be without merit, the Fund may be required to expend significant resources defending itself and its affiliates. In addition, the Fund's reputation and goodwill may be harmed if it is considered a controlling stockholder of a Portfolio Company that is subject to negative publicity.

In addition, a Fund's acquisition of more than 10% of the equity securities of certain companies or the service by officers or employees of the Firm as directors may subject a Fund to liability for "short-swing profits" under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under Section 16(b) of the Exchange Act, holders of more than 10% of any class of equity securities of a company registered under Section 12 of the Exchange Act and certain officers and directors of such an issuer are prohibited from any purchase and sale, or any sale and purchase, of any equity or derivative security of such issuer within any period of less than six months. If a Fund engages in a transaction that results in short-swing profits, the Fund may be required to return the amount of such profit to the issuer, which could adversely affect the overall return on investment realized by the Fund. Measures to avoid short-swing liability may limit the ability of the Fund to buy or sell securities of target companies.

Bridge Financings. From time to time, the Funds may lend to Portfolio Companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within a Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

Hedging Policies/Risks. In connection with the financing of certain investments, the Funds may employ hedging techniques, including, but not limited to, put and call options, designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks or costs. Thus, while a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions. For example, to complete a short sale, a Fund generally must borrow the securities from a third party in order to make delivery to the buyer. Such Fund will be obligated to return securities equivalent to those borrowed at any time on demand of the lender of the securities borrowed by purchasing them at the market price at the time of replacement. Theoretically, short selling may be subject to unlimited risk of loss because there may be no limit on how much the price of a security may appreciate before the short position is closed. As a hedging technique, the Funds may also purchase

exchange-listed and over-the-counter put and call options on specific securities or write and sell covered or uncovered call and put option contracts. Use of put and call options may result in losses to the Funds, force the sale or purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Funds can realize on their investments or cause the Funds to hold a security it might otherwise sell. In addition, a Fund may determine not to employ such hedging techniques with respect to certain investments and in such cases, unanticipated changes in interest rates, securities prices, or currency exchanges may also result in poorer overall performance for the Fund than if it had entered into such hedging transactions.

OFAC, FCPA and Similar Considerations. Economic sanction laws in the United States and other jurisdictions may prohibit the Firm, its professionals, and the Funds from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders, and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities, and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers, and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at www.treas.gov/ofac. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. Similar sanction lists are maintained by the United Kingdom, including the consolidated list of financial sanctions targets, and the European Union, including the consolidated list of persons, groups and entities subject to EU financial sanctions. These types of sanctions may restrict the Funds' investment activities.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. The Firm, its professionals and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA") and other anti-corruption laws and regulations and anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Fund may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Funds to act successfully on investment opportunities and for investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. While the Firm has developed and implemented policies and procedures designed to ensure strict compliance by the Firm and its personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of the Firm's policies and procedures, affiliates of Portfolio Companies, particularly in cases where a Fund or another the Firm-sponsored fund or vehicle does not control such Portfolio Company, may engage in activities that could result in FCPA violations. Any determination that the Firm has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject the Firm and/or the Fund to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Firm's business prospects and/or financial position, as well as the Fund's ability to achieve its investment objective and/or conduct its operations.

Financial Market Fluctuations and Increased Regulation of Financial Markets. General fluctuations in interest rates and the market prices of securities may affect the value of the investments held by the Funds. Instability in interest rates and the securities markets may also increase the risks inherent in a Fund's investments. The ability of Portfolio Companies to refinance debt securities will depend on their ability to sell new loans or securities in the public high-yield debt market or otherwise. Additionally, the deterioration of the global credit markets in the aftermath of the financial crisis made it more difficult than it had been in the past for financial sponsors like the Firm to obtain favorable financing for investments. A global reduction in liquidity, coupled with the deterioration of the sub-prime and global debt markets, led to reduced investor demand for leveraged credit, which in turn led some investment banks and other lenders to be less willing or unwilling to finance new private equity investments, or to only offer committed financing for these investments on less favorable terms than had been previously been available. This phenomenon could occur again or be more pronounced. In addition, increased and/or emerging regulations applicable to banks and other lending institutions may limit the ability of a Fund to obtain leverage in amounts, and/or on terms, historically available to Funds. A Fund's ability to generate attractive investment returns for its Limited Partners may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events occur, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which a Fund has invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Fund may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Fund's returns. Such marketplace events also may restrict the ability of the Fund to sell or liquidate investments at favorable times or for favorable prices. Additionally, the Fund may be required to pay break-up, termination or other fees or expenses even if the Fund is willing to close on an investment if it is ultimately unable to close on such investment due to a lender's unwillingness to provide previously committed financing. In addition, a downturn in the performance of the public equity markets may limit the ability to exit investments through initial public offerings, subsequent follow-on offerings and/or block trades.

Assumption of Contingent Liabilities. In connection with an investment, a Fund may assume, or acquire a Portfolio Company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions or payment of indebtedness, among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a Portfolio Company. In addition, if a Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Fund, including the unfunded commitments of Limited Partners.

Investments Longer than Term. The Funds may make investments which may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that the Funds will be dissolved, either by expiration of a Fund's term or otherwise. Although the Firm and the General Partners generally expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, a Fund may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund, its General Partner will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as the General Partner shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

Data Protection. Data privacy and cybersecurity are receiving increased amounts of attention and scrutiny from regulators. The framework legislation at a European Union (“EU”) level with respect to data protection currently is the General Data Protection Regulation 2016/679 (“GDPR”), which came into effect on May 25, 2018 and is directly applicable in all EU member states. This created a single legal framework and resulted in a more uniform application of data privacy laws across the EU. To the extent that a Fund, its General Partner or the Firm is established in the United Kingdom or is not established in the EU, but offers services to, or monitors the behavior of, natural persons resident in the EU (“EU Data Subjects”), they will be required to comply with the provisions of the GDPR, which are extensive and require consistent and thorough application.

The GDPR imposes stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, requiring expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities. Controllers must put in place the necessary mechanisms to allow EU Data Subjects to exercise their data subject rights, such as the right to access and rectify their personal data, the right to impose restrictions on processing, and in certain circumstances the right to request the deletion of personal information, to request the transfer of such information to another controller or to object to the processing of their personal information. The GDPR provides that EU member states may make their own additional laws and regulations in relation to certain data processing activities, and may impose stricter governance requirements, which could limit a Fund’s or its General Partner’s or the Firm’s ability to use and share personal data or could require localized changes to a Fund’s or its General Partner’s or the Firm’s operating model.

Under the GDPR, fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, may be imposed for non-compliance. An assessment by a competent authority in the EU of failure to comply with the requirements of the GDPR could result in serious financial and reputational damage to a Fund. These new laws also could cause a Fund’s and its investments’ costs to increase and result in further administrative costs, which is likely to reduce capital that can be deployed for making investments.

The provisions of the GDPR may also apply to the Portfolio Companies, to the extent that they are established in the EU, or offer goods or services to, or monitor the behavior of, EU Data Subjects. In addition, global data protection laws are evolving and as the Portfolio Companies may be continually subject to new laws, regulations or standards or new interpretations of existing laws, regulations, or standards, these laws could affect the value of the Portfolio Companies if they incur additional costs and restrict business operations. Failure by the Portfolio Companies to comply with applicable requirements may result in governmental enforcement actions, litigation, (actual or contingent) fines and penalties or adverse publicity, which could have an adverse effect on the Portfolio Company and the Fund with an interest in such Portfolio Company’s reputation and adversely affect the business and the value of such Fund’s investments.

Change of Law Risks. In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of a Portfolio Company’s operations, or implement laws or regulations affecting such Portfolio Company’s operations, separate from any contractual rights it may have. 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, including, for example, the possible imposition or increase of taxes on income earned by or from a Portfolio Company or gains recognized by the Funds on its investment in such Portfolio Company, which could impact a Portfolio Company's business.

Material Non-Public Information. By reason of their responsibilities in connection with their other activities, the Firm (or its employees) may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

An officer, employee or other representative of the Firm may serve as a director of a Fund's Portfolio Companies. As a result, such Fund (through its representatives or otherwise) may receive or be deemed to receive information that would restrict its ability to cause the Fund to buy or sell securities of a company for substantial periods of time when profit could otherwise be realized or loss avoided, which may adversely affect the ability of the Fund to buy or sell securities.

Force Majeure Risk. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism and labor strikes. Some force majeure events may adversely affect a party's ability to perform its obligations, under a contract or otherwise, until it is able to remedy the force majeure event. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are incapable of, or costly to, cure may also have a permanent adverse effect on the Fund or a Portfolio Company.

Availability of Insurance for Certain Catastrophic Losses. Certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, hurricanes, terrorist attacks, floods or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property, if decided to be obtained. As a result, all investments may not be insured against terrorism or certain other risks. If a major uninsured loss occurs, the Fund could lose both invested capital in and anticipated profits from the affected investments. In general, the General Partner will have discretion as to the type and level of coverage to obtain, or whether to obtain insurance at all.

Pay-to-Play Laws, Regulations and Policies. In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a governmental plan investor for two years after the adviser or certain of its executives or employees make a contribution

to certain elected officials or candidates. If the General Partner, the Firm or their respective affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on the Funds by, for example, providing the basis for the withdrawal of the affected governmental plan investor.

Coronavirus Outbreak Risks. The global outbreak of the 2019 novel coronavirus (“COVID-19”), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. COVID-19 has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already, and will continue to, adversely affect the Fund’s investments and the industries in which they operate. Furthermore, the Firm’s ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the Funds’ investment strategies and objectives and the Firm’s business and to satisfy its obligations to the funds, their investors, and pursuant to applicable law, has been, and will continue to be, impaired. The spread of COVID-19 among the Firm’s personnel and its service providers would also significantly affect the Firm’s ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Fund’s investment activities or operations. The full effects, duration and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Firm, service providers to the Firm or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Firm has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Firm will be able to identify or prevent such misconduct.

Environmental Social and Governance. While ESG is only one of the many factors American Industrial Partners will consider in making an investment, there is no guarantee that American Industrial Partners will successfully implement and make investments in companies that creates positive environmental, social or governance (“ESG”) impact while enhancing long-term shareholder value and achieving financial returns. To the extent that American Industrial Partners engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement

efforts on the part of American Industrial Partners will depend on American Industrial Partners' skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on American Industrial Partners' view of certain ESG-related and other factors, carries the risk that American Industrial Partners may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by American Industrial Partners.

Consideration of ESG factors may affect American Industrial Partners' exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact American Industrial Partners' performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by American Industrial Partners or any judgment exercised by American Industrial Partners will reflect the beliefs or values of any particular investor. In evaluating a company, American Industrial Partners is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause American Industrial Partners to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or American Industrial Partners' assessment of such practices may change over time.

Item 9 – Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving either American Industrial Partners or any of its management persons that would be material to the evaluation of American Industrial Partners' advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither the Firm nor any management persons are registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither American Industrial Partners nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. As disclosed in Item 4, American Industrial Partners organizes and sponsors the Funds, which are private investment companies. Each investment vehicle managed by American Industrial Partners is controlled by a General Partner. Although American Industrial Partners provides advisory services to each American Industrial Partners fund, the General Partner is responsible for all decisions regarding portfolio transactions of an American Industrial Partners fund and have full discretion over the management of such American Industrial Partners Fund's investment management activities. While the General Partner and American Industrial Partners are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules promulgated thereunder. Neither American Industrial Partners nor any of its management persons have affiliations with broker-dealers, municipal securities dealers, government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commission merchants, registered commodity pool operators, registered commodity trading advisors, banking or thrift institutions, accountants or accounting firms, lawyers, law firms, insurance agencies or companies, pension consultants, real estate brokers or dealers or other sponsors or syndicators of limited partnerships.

Additionally, American Industrial Partners personnel, and/or their family members or relatives may have ownership or other economic or other interests in certain service providers. These relationships can influence American Industrial Partners in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. Although the firm selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

- D. American Industrial Partners does not recommend or select other investment advisers for its Clients.

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

- A. American Industrial Partners has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Clients, requires that the Firm’s employees act in the best interests of Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. American Industrial Partners’ employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by American Industrial Partners or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of American Industrial Partners’ employees. The Code prohibits personal securities transactions of issuers who have been placed on the Firm’s restricted list, requires pre-clearance for all reportable securities, initial-public offerings and private placements, requires employees to report all securities transactions on at least a quarterly basis and provide a summary of securities holdings on at least an annual basis. The Code also addresses, among other things, outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. American Industrial Partners will provide a complete copy of its Code to any Client, investor or prospective investor upon request to Stan Edme at Stan@americanindustrial.com.
- B. Although unlikely, from time to time, consistent with a Fund’s investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Funds’ governing documents and applicable law, American Industrial Partners may recommend that a Fund acquire or sell an investment which an American Industrial Partners employee has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested American Industrial Partners employee could benefit from such a purchase or sale of the applicable investment by a Fund. However, the Code is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that the Firm fulfills its role as a fiduciary to the Funds. In particular, the Code requires that American Industrial Partners and its employees act in the best interests of the Funds, in good faith and in an ethical manner. Certain terms of the Funds’ governing documents and the equity participation of American Industrial Partners related persons in the Funds further mitigate such conflicts.
- C. Neither American Industrial Partners nor any of its related persons invests in the same securities that are recommended to American Industrial Partners’ Clients, other than through the Clients’ General Partners and the Funds.
- D. (See Item 11 B.) In the unlikely event that American Industrial Partners recommends to a Client an investment in which an American Industrial Partners employee has a preexisting or direct interest, the Fund and the employee may sell their interest simultaneously, depending on the relevant facts and circumstances. Should this occur, the simultaneous sale would be unlikely to affect the sale price for the Fund due to the nature of the Firm’s investments. However, if such a sale could adversely impact the sale price received by the Fund, such employee would be required to wait until the Fund completed its transaction before selling his or her interest. Additionally, as disclosed in each Fund’s offering memoranda, the Firm’s partners are permitted to invest their own capital, up to a maximum of 5% cumulatively, in any investment acquired by a Fund.

Valuation. The Firm is primarily responsible for valuing the assets of its Funds and does so internally; the Firm may also utilize a third party for valuation purposes. Due to the nature of its investments strategy, many of the Fund assets are priced in the absence of a readily available market and are priced on determinations of fair value, which may prove to be inaccurate. The valuation of Fund investments in Portfolio Companies is determined internally by the Firm based on, to the extent possible, the most currently available data. On a regular, ongoing basis, the Firm obtains updates on each Portfolio Company's financial performance, as well as information on economic and industry trends and other operational issues. Conflicts of interest may arise with the presentation or reporting of valuations to investors or otherwise.

Carried Interest. As described in Item 6, carried interest may create an incentive for the Firm to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement.

Pursuant to the governing documents, the general partner may be required to return excess amounts of carried interest as a "clawback". This clawback obligation may create an incentive for the general partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the general partner.

Time Management. Personnel of the Firm devote such time as, in their discretion, deemed necessary to carry out the operations of the Funds effectively. Certain personnel also work on other projects; conflicts of interest may arise in allocating management time, services or functions among responsibilities.

Allocation of Personnel. The Firm and its affiliates will devote such time as necessary to conduct the business and operational affairs of the Funds in an appropriate manner and as provided by their governing documents. American Industrial Partners personnel may work on other projects, including other Funds or vehicles. Such personnel may also serve as members of the boards of directors of various entities other than Portfolio Companies. Conflicts may arise as a result of such other activities. The possibility exists that such entities could engage in transactions that would be suitable for a Fund, but in which such Fund might be unable to invest. In addition, it is expected that employees of the Firm responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Firm, including funds raised in the future or to proprietary investments made by American Industrial Partners and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and American Industrial Partners personnel. American Industrial Partners personnel have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds.

Compensation of Portfolio Company Advisors. Operating executives, executive advisors and similar persons are typically compensated by Portfolio Companies and not by American Industrial Partners and are not considered American Industrial Partners employees, except in limited circumstances where operating executives, executive advisors and similar persons may be American Industrial Partners employees on a part-time basis. Accordingly, any compensation received by operating

executives, executive advisors and similar persons, in their capacity as such, is not subject to any Management Fee offset provisions. Furthermore, any costs or expenses of or otherwise relating to operating executives, executive advisors or similar persons that are not otherwise paid by the Portfolio Companies will generally be treated as Fund Expenses and therefore borne by the Fund.

Side Letters. The Firm and the General Partners have entered into other written agreements (“Side Letters”) with one or more Limited Partners in a Fund. These Side Letters may entitle such Limited Partner(s) to make an investment in the Funds on terms other than those described herein. The Firm and the General Partners will not be required to notify any or all of the other Limited Partners of any such Side Letters or any of the rights or terms or provisions thereof, nor will they be required to offer such additional or different rights or terms to any or all of the other holders of Interests. Any such terms, including with respect to (i) opting out of particular investments, (ii) reporting obligations of a Fund, (iii) transfer to affiliates, (iv) co-investment opportunities, (v) withdrawal rights due to adverse tax or regulatory events, (vi) consent rights to certain governing agreement amendments or (vii) any other matters described herein, may be more favorable than those offered to any other Limited Partners. If the Firm or a General Partner enter into a Side Letter entitling a Limited Partner to opt out of a particular investment or withdraw from a Fund, any election to opt out or withdraw by such Limited Partner may increase any other Limited Partners’ pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal).

Conflicting Investor Interests. Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with recommendations made by the Firm or decisions made by a General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Firm generally will consider the investment and tax objectives of each Fund and its Limited Partners as a whole, not the investment, tax or other objectives of any single Limited Partner.

Indemnification. The Fund is required to indemnify the Firm, General Partner, affiliates of the General Partner and their respective members, partners, officers, employees, directors and shareholders and members of the Investor Advisory Committee for liabilities incurred in connection with the affairs of the Funds and otherwise as provided in their governing documents. Such liabilities may be material and have an adverse effect on the returns to the Limited Partners. For example, in their capacity as directors of Portfolio Companies, the members or affiliates of the General Partner may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds. If the assets of the Funds are insufficient, the General Partner may recall distributions previously made to the Limited Partners (subject to certain limitations set forth in the governing documents). Such liabilities of the Funds may not be resolved prior to the date that the Fund will be dissolved.

Placement Agents. One or more parties may act as placement agents (each, a “Placement Agent”, and together, the “Placement Agents”). Potential investors must independently evaluate the offering and make their own investment decisions. The General Partner will pay each Placement Agent a placement fee in connection with commitments from investors that each such Placement Agent introduces to the General Partner. For the avoidance of doubt, the Placement Agents will

not offer Interests to or act on behalf of non-institutional investors as defined by Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 2111. Potential investors should also note that at various times, the Placement Agents may act as placement agents for other fund sponsors and funds, including fund sponsors and funds unaffiliated with American Industrial Partners, which fund sponsors and funds may offer interests that are similar to the Interests. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from a Fund, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to a Fund. Each potential investor should consider these issues in making its investment decision.

Effect of Carried Interest. The existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangement. In addition, if distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the Funds' governing documents. An independent appraisal generally will not be required and is not expected to be obtained. In addition, the manner in which the General Partner's entitlement to carried interest is determined may result in a conflict between its interests and the interests of Limited Partners with respect to the sequence and timing of disposals of investments. For example, the ultimate beneficial owners of the General Partner are generally subject to U.S. federal and local income tax (unlike certain of the Limited Partners). The General Partners may be incentivized to operate the Funds, including to hold and/or sell investments, in a manner that takes into account the tax treatment of its carried interest. Investors should note in this regard that recently passed tax reform legislation relating to the taxation of carried interest provides for a lower capital gains tax rate in respect of investments held for at least three years. While the Firm generally intends to seek to maximize pre-tax returns for a Fund as a whole, the Firm may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on its carried interest.

Fund Leverage and Borrowing – Conflicts. The Firm will likely cause the Funds to borrow funds or enter into other financing arrangements from time to time. Repayment of such borrowings may not be made by the relevant Funds for such time as deemed appropriate by its General Partner, subject to the time limitations set forth in a Fund's governing documents. Such borrowings will increase the exposure of a Fund to adverse economic factors, such as rising interest rates or economic downturns. In addition, the interest expense and other costs of any such borrowings will be Fund expenses and, accordingly, may decrease net returns of such Fund. Gains realized with borrowed funds may cause the Fund's returns to increase at a faster rate than would be the case without borrowings, which in turn may be subject to conflicts of interest.

Borrowings by the Funds are secured by the capital commitments of Limited Partners as well as by the Fund's assets and the documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the payments made to the Limited Partners by the Fund may be subordinated to such borrowing. Moreover, to the extent the Fund uses borrowed funds in advance or in lieu of capital contributions or a Portfolio Company borrows funds directly through a Fund revolving credit facility, the Limited Partners will generally make correspondingly later capital contributions. As a result, the Fund's use of borrowed funds will impact the calculation of gross and/or net performance metrics (e.g., IRR and MOIC) (as these calculations generally

depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed) and may make gross and/or net IRR and gross and/or net MOIC calculations higher than they otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed. In addition, where a Portfolio Company borrows funds directly through a Fund's revolving credit facility, the Fund may charge the Portfolio Company borrower higher interest rates than the interest rate the Fund pays pursuant to such financing facility, among other things, to help offset origination and other facility costs and to effect arm's length cost of capital, as determined by its General Partner. The Fund may also incur indebtedness and guarantee obligations together with other Funds on a joint and several or cross-collateralized basis (which may be on an investment-by-investment or portfolio-wide basis). While such arrangements may be joint and several with respect to the Fund, such arrangements may not necessarily impose reciprocal joint and several obligations on such other Funds. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Fund may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such funds or vehicles are unable to repay their pro rata share of such indebtedness. Moreover, the Fund could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments. As a result, the Firm and its General Partners have an incentive to fund the acquisition and ongoing capital needs of investments and the Funds with the proceeds of such borrowings in lieu of drawing down capital commitments.

To the extent that the Fund is unable to obtain a revolving credit facility, or if such a facility would not be appropriate for the Fund or otherwise determines not to use such facility or if access to such facility otherwise becomes unavailable, the Firm and its General Partners may decide to draw down capital commitments of the Limited Partners in advance and hold them in reserve in order to make investments and satisfy Management Fees, Fund expenses and other capital needs as such needs arise in the future.

Capital Calls and Use of Revolving Credit Facilities. The General Partner generally causes a Fund to make investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, one or more assets of a Fund (i.e., asset-backed facilities) or the unfunded commitments of the investors (i.e., subscription lines)) prior to calling capital commitments. Further, for administrative convenience, capital calls, including those used to pay interest on such indebtedness, may from time to time be "batched" together into larger, less frequent capital calls or closings, with a Fund's interim capital needs being satisfied by the Fund borrowing money from such credit facilities. In particular, it is expected that capital needs of the Fund during the fundraising period may be met through drawdowns from such revolving credit facilities rather than capital calls. In addition, the batching of capital calls may amplify the magnitude of potential defaults by Limited Partners as a result of there being fewer but larger capital calls. To the extent a revolving credit facility is due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on Limited Partners and/or Limited Partners facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Finally, the existence of a revolving credit facility may impair a Limited Partner's ability to transfer its interest in the Fund as a result of restrictions imposed on such transfers by the lender.

Allocation of Investment Opportunities Among Other Investment Vehicles. The Firm may, from time to time, be presented with investment opportunities that fall within the investment objective of one or more Funds, either ones already formed or ones that might be formed in the future, and in such circumstances, it will allocate such opportunities among the Funds on a basis that it reasonably determines in good faith to be fair and reasonable, taking into account the sourcing of the transaction, the nature of the investment focus of each such other fund (including, without limitation, the equity size of an investment), the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals, any requirements contained in the governing documents of such other funds and other considerations deemed relevant by the Firm in good faith.

In the event the Funds hold different securities (including with respect to their relative seniority, and whether such securities are purchased contemporaneously or otherwise), the Firm may be presented with decisions when the interests of the two funds are in conflict. For example, with a Portfolio Company in which a Fund has an equity investment and in which another Fund has a debt investment, American Industrial Partners may have conflicting loyalties between its duties to the Funds and to other affiliates. In that regard, actions may be taken for the one Fund that are adverse to another Fund.

In addition, future Funds may invest in securities of publicly traded companies that are actual or potential Portfolio Companies. The trading activities of those vehicles may differ from or be inconsistent with activities which are undertaken for the account of a Fund in such securities or related securities. In addition, such Fund may not pursue an investment in a Portfolio Company as a result of such trading activities by other Funds.

In addition, General Partner and its affiliates may, on a transaction by transaction basis, establish co-investment funds, accounts or vehicles (“Co-Investment Vehicles”), which entities may invest alongside a Fund in one or more investment opportunities. Such Co-Investment Vehicles generally will be contractually required, as a condition to investment, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the Fund and may pay reduced or no Management Fees or Carried Interest Distributions. In general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Firm or other participants in the applicable transaction, such as co-sponsors, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in a Fund, in the sole discretion of the Firm, (iv) certain persons other than investors in a Fund may be offered co-investment opportunities, in the sole discretion of the Firm, and (v) co-investors may purchase their interests in a Portfolio Company at the same time as a Fund or may purchase their interests from another Fund after the Fund has consummated its investment in such Portfolio Company (also known as a post-closing sell down or transfer). The Firm may charge (or may decide not to charge) a co-investor interest costs for the time period between the closing of the Fund’s investment in a Portfolio Company to the date of the transfer of interests in such Portfolio Company to the applicable co-investor.

Participation in Co-Investments. Prospective investors should note that while the Firm may offer co-investment opportunities in its sole discretion, it is not expected to offer co-investment with respect to all investments made by a Fund. Moreover, transaction-specific returns, and a Limited Partner’s overall returns from its exposure to a Fund’s investments, may be affected significantly

by the extent to which Limited Partners are offered and choose to participate in co-investment opportunities. The actual number of co-investment opportunities made available to any Limited Partner may be higher or lower than those made available in connection with such Limited Partner's investment in any other Fund. The Firm and its General Partners may present co-investment opportunities to certain Limited Partners and other third-party potential co-investors at any time and with respect to any particular co-investment opportunity, at different times. Thus, one or more Limited Partners and/or other third-party potential co-investors may have a longer period of time to evaluate a co-investment opportunity relative to other potential co-investors being offered the same opportunity. In addition, certain Firm employees and their affiliates may co-invest with a Fund. There is no guarantee or projection of the availability of future co-investment opportunities. Investing in a Fund does not give Limited Partners any rights, entitles or priority to co-investment opportunities. The performance of co-investments is not aggregated with that of the Funds, including for purposes of determining Carried Interest Distribution or Management Fees.

There may be circumstances where an amount that would have otherwise been invested by a Fund is instead offered to co-investors (e.g., due to a determination by the Firm that allocating such portion to co-investors is in the Firm's best interests, for instance in order to increase diversification), which may include, without limitation Co-Investment Vehicles, certain Firm employees and their affiliates or third-parties, and there is no guarantee for any Limited Partner that it will be offered any co-investment opportunities. In exercising the Firm's discretion to decide how to allocate investment opportunities, the Firm and its General Partners may consider certain factors, which may include, but are not limited to (i) the size and financial resources of a potential co-investor and the Firm and its General Partners' perception of the ability of such potential co-investor (in terms of, for example, staffing, expertise, and other resources) to efficiently and expeditiously participate in the investment opportunity with a Fund without harming or otherwise prejudicing the Fund, in particular when the investment opportunity is time-sensitive in nature, as is typically the case, (ii) any confidentiality concerns the Firm and its General Partners may have that may arise in connection with providing a potential co-investor with specific information relating to the investment opportunity in order to permit such potential co-investor to evaluate the investment opportunity, (iii) the evaluation of its past experiences and relationships with a potential co-investor, such as the willingness or ability of such potential co-investor to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Firm, (iv) the evaluation of whether the investment opportunity may subject a potential co-investor to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that such potential co-investor would act upon the investment opportunity if offered, (v) the evaluation of whether the profile or characteristics of a potential co-investor may have an impact on the viability or terms of the proposed investment opportunity and the ability of a Fund to take advantage of such opportunity (for example, if a potential co-investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of such potential co-investor, or the jurisdiction in which such potential co-investor is based, may affect the likelihood of such Fund being able to capitalize on a potential investment opportunity) and (vi) the evaluation of whether potential co-investor is able to provide strategic perspectives and/or credibility or otherwise add value to the investment at the operational level. Prospective investors should also note that, except as may be otherwise agreed in advance with a Limited Partner, Limited Partners are not required to participate in co-investments offered by the Firm. The allocation of co-investment opportunities will in many or all cases involve a benefit to the Firm including, without limitation, Carried Interest Distribution or Management Fees from the co-

investment opportunity, capital commitments to the Fund and capital commitments to other Funds.

There can be no assurances with respect to the amount of any investment opportunity that will be allocated to the Fund. Co-investors, including without limitation Co-Investment Vehicles, may purchase their interests in a Portfolio Company at the same time as the Fund or may purchase their interests from a Fund after such Fund has consummated its investment in such Portfolio Company (also known as a post-closing sell down or transfer). The Firm may charge (or may decide not to charge) a co-investor interest costs for the time period between the closing of a Fund's investment in a Portfolio Company to the date of the transfer of interests in such Portfolio Company to the applicable co-investor. In addition, co-investors, including without limitation Co-Investment Vehicles, generally will not share in broken deal expenses (all of which may be borne by the Fund, even if a portion of such investment would have been or was offered for co-investment).

Investor Advisory Committee Approvals. The Funds governing documents generally contain certain protections for investors against conflicts of interest faced by the Firm, but will not purport to address all types of conflicts that may arise. Under the governing documents, certain transactions that involve conflicts of interest between the Firm and the Fund may be submitted to the Fund's Investor Advisory Committee for resolution. However, the Investor Advisory Committee will not necessarily represent the interests of all the Limited Partners and the members of the Investor Advisory Committee may themselves be subject to various conflicts of interest (including as investors in other entities related to members of the General Partner). In general, the Limited Partners will not be entitled to control the selection of members of the Investor Advisory Committee.

Service Providers. Certain service providers or their affiliates (including any accountants, administrators, lenders, brokers, attorneys, consultants and investment or commercial banking firms) of the Firm, the Fund and the General Partners or any of their affiliates may be investors in a Fund, affiliates of one or more General Partners and/or sources of investment opportunities and co-investors or counterparties therewith. This may influence the Firm in deciding whether to select such a service provider. In certain circumstances, services providers or their affiliates may charge different rates or have different arrangements for services provided to the Firm, the General Partners, or their affiliates (other than the Funds) as compared to services provided to the Funds or its Portfolio Companies, which may result in more favorable rates or arrangements than those payable by the Funds or such Portfolio Companies.

Allocation of Fees and Expenses. From time to time, American Industrial Partners will be required to decide whether certain fees, costs and expenses should be borne by a Portfolio Company or a Fund, on the one hand, or the Firm, another Fund or other party, on the other hand. In exercising its discretion to allocate fees and expenses, the Firm is faced with a variety of conflicts of interest. Any such conflict will be resolved as required by a Fund's or Funds' governing documents, the Firm's allocation policies or, if not addressed therein, otherwise in a fair and equitable manner as determined by the Firm in its sole discretion. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to inherent biases in the process. For example, the Firm may, from time to time in the future, caused one or more funds to purchase, and/or bear premiums, fees, costs and expenses (including, without limitation, expenses or fees of insurance brokers) for insurance to insure multiple Funds, the applicable General Partner, the Firm and/or their respective directors, officers, employees, agents, representatives, members of investor

advisory committees and other indemnified parties, against liability in connection with the activities of the funds. The Firm will make judgments about the allocation of such premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds and/or the Firm, in its reasonable discretion and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies. In addition, as such umbrella policies cover all Funds a single large claim with respect to one Fund may reduce the remaining coverage available for other Funds under such policies.

If more than one Fund evaluate a potential investment that is not consummated, the Firm generally allocates the broken deal expenses among such funds based on the anticipated investment of each fund. Where a Co-Investment Vehicle is created, and would generally not have been established were an investment not consummated, such fees and expenses would not generally be allocated to such a Co-Investment Vehicle. However, if the potential investment is not consummated and co-investors have entered into binding commitments to invest in the potential transaction (either directly or indirectly through a Co-Investment Vehicle), broken deal expenses may, subject to negotiation with co-investors, be borne solely by the funds anticipated to participate in such investment as well as such co-investors based on their anticipated investment in the potential transaction. Generally, certain fees and expenses that are not specifically related to a Co-Investment Vehicle or to an investment made by a Co-Investment Vehicle are payable by the Funds, and not the Co-Investment Vehicles themselves.

Business with Portfolio Companies and Investors. Certain Portfolio Companies may be counterparties or participants in agreements, transactions or other arrangements with other Portfolio Companies or portfolio companies of other Funds or investment vehicles or with the Firm that, although the Firm determines to be consistent with the requirements of the governing documents of such Funds, may not have otherwise been entered into but for the affiliation with the Firm, and which may involve fees, commissions, servicing payments and/or discounts to the Firm, an affiliate, or a portfolio company that are not subject to management fee offset. The benefits received by a Portfolio Company providing a service may be greater than those received by the Portfolio Company receiving the service, or vice versa, and in some cases, the benefit received by the Firm or its affiliates may be greater than the benefit received by a Portfolio Company. These arrangements may impact the operations of one or more Portfolio Companies. In some cases, the Firm representatives may sit on the board of one or more Portfolio Companies subject to such arrangements.

The Firm may have an incentive to recommend the products or services of certain investors Firm-sponsored funds, certain third parties, or their related businesses to the Funds or their Portfolio Companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the Portfolio Companies. The Firm may have a conflict of interest in making such recommendations, in that it has an incentive to maintain goodwill between it and existing and prospective Portfolio Companies and investors, while the products or services recommended may not necessarily be the best available to the Funds or their Portfolio Companies.

Portfolio Companies controlled by a Fund may provide services to certain investors in Firm-sponsored funds. The Firm may have an incentive to attempt to influence the Portfolio Company

to favor those investors relative to other Portfolio Company clients or customers in terms of pricing or otherwise, which could adversely affect the Portfolio Company's profitability to a Fund. Additionally, the Portfolio Company could recommend to its clients or customers that they invest in a Fund.

The Firm and/or its affiliates may engage in business opportunities arising from a Fund's investment in a Portfolio Company (for example, without limitation, entering into a joint venture with a Portfolio Company or making a proprietary investment in a Portfolio Company). This creates a conflict of interest, as such interests are a benefit arising from such Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to a Fund).

In certain instances, one Fund's Portfolio Company may compete with, be a customer of, or be a service provider to, another Fund's Portfolio Company. In providing advice to a Portfolio Company's business, the Firm is not obligated to, and need not, take into consideration the interests of other relevant Portfolio Companies or funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Firm to one Fund's Portfolio Company may have adverse consequences to a Portfolio Company owned by another Fund.

Certain members of a Fund's Investor Advisory Committee or Firm personnel are, or in the future may be, officers or directors of, serve on the investment committees of, or otherwise be affiliated with, investors in a Fund. The Firm will from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

Diverse Limited Partner Group. The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests of individual Limited Partners may relate or arise from, among other things, the nature of investments made by such Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the Firm and/or its General Partners, including with respect to the nature or structuring of investments that may be more beneficial for one investor, including the General Partner, than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the General Partner and the Firm will consider the investment and tax objectives of the Fund and its Limited Partners as a whole, not the investment, tax or other objectives of any Limited Partner individually.

Conflicts of interest not described herein may also exist. The Firm can give no assurance that any conflicts of interest will be resolved in favor of a particular Fund or investors in such Fund. In the case of all conflicts of interest which are not managed pursuant to a contractual obligation, policy or procedure, the Firm's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment but in its sole discretion. In resolving conflicts, the Firm considers various factors, including the short- and long-term interests of the applicable Funds. Conflicts of interest relating to the Funds will typically be presented for review by the relevant Fund's investor advisory committee or limited partner advisory committee.

Item 12 – Brokerage Practices

- A. Due to the nature of the Firm’s investment strategy, American Industrial Partners does not generally utilize broker-dealers in connection with its Clients’ investments in Portfolio Companies. To the extent the Firm uses a broker-dealer to facilitate the sale of a Portfolio Company, the Firm will select a broker-dealer for such transaction based on relevant factors to the specific situation due to the unique and highly fact-specific nature of such transactions.

In connection with the its investments in Credit Opportunity Investments, the Firm will select broker-dealers on the basis of obtaining the best overall terms available, which the Firm will evaluate based on a variety of factors, including the reputation, financial strength and stability of the broker; the quality of execution, including the accurateness and timeliness of execution, clearance and dispute resolution; error correction capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; ongoing reliability; overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads; the quality, comprehensiveness and frequency of available research and related services or other services or facilities provided by the broker or dealer that the Firm considers to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Funds’ overall selection criteria.

1. Currently, the Firm does not, on behalf of any Funds, directly enter into any soft dollar arrangements by which it receives research or services other than execution in exchange for commissions. To the extent that the Firm uses soft dollars in the future, the Firm’s general policy is to use Fund commissions to pay only for products or services that qualify as eligible “brokerage and research services” under the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934.
 2. American Industrial Partners does not consider Client referrals when selecting or recommending a broker-dealer.
 3. American Industrial Partners does not engage in directed brokerage at this time.
- B. The Firm employs an investment structure whereby no two Funds managed by American Industrial Partners require aggregation.

Item 13 – Review of Accounts

The Funds' Portfolio Companies and Credit Opportunity Investments are continuously monitored and reviewed by American Industrial Partners' senior managing partners and other investment professionals. American Industrial Partners' senior managing partners, John Becker, Kim Marvin and Dino Cusumano are primarily responsible for portfolio and risk management. Portfolio Companies and Credit Opportunity Investments are reviewed in the context of each Client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as a Client's individual circumstances, or the market, political or economic environment.

Within 30 days after the completion of each year's audit of the Funds' books and records, or as soon as reasonably practicable thereafter (and within 120 days of the Funds' fiscal year end), audited financial statements, prepared in accordance with generally accepted accounting principles ("GAAP"), will be distributed to investors in the Funds. American Industrial Partners may also provide periodic unaudited performance information for the Funds, no less frequently than quarterly, to their respective investors.

Item 14 – Client Referrals and Other Compensation

- A. No one other than American Industrial Partners' Clients provide an economic benefit to American Industrial Partners for providing investment advice or other advisory services to the Clients.
- B. Neither American Industrial Partners nor any related person directly or indirectly compensates any person who is not a supervised person for Client referrals. However, as noted in Item 5(c) above, American Industrial Partners may use an unaffiliated third-party placement agent for investor referrals.

Item 15 – Custody

American Industrial Partners is deemed to have custody of Client assets by virtue of it having affiliates serve as general partners of its Clients. Therefore, American Industrial Partners is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

In accordance with the Custody Rule, American Industrial Partners' Chief Financial Officer ("CFO") is responsible for ensuring that the Funds' securities, other than cash and "privately offered securities," are held only with a qualified custodian. American Industrial Partners' CFO is also responsible for arranging for annual independent audits of the Funds by an accounting firm registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, within 120 days of the Funds' fiscal year end and for obtaining audited financial statements prepared in accordance with GAAP. American Industrial Partners arranges for the delivery of such audited financial statements to investors of the Clients within 120 days of the Funds' fiscal year end, which is December 31.

Item 16 – Investment Discretion

American Industrial Partners generally accepts discretionary authority to manage assets and securities on behalf of its Clients. In such instances, American Industrial Partners accepts discretion through the investment management agreements with such Clients subject to the limitations as described in the respective governing documents, including the partnership agreement.

Item 17 – Voting Client Securities

- A. American Industrial Partners generally has discretionary authority over the securities held by the Funds, and therefore has proxy voting authority. Accordingly, American Industrial Partners is subject to Rule 206(4)-6 under the Advisers Act (the “Proxy Voting Rule”). To meet the Firm’s obligations under the Proxy Voting Rule, American Industrial Partners has adopted proxy voting policies and procedures to ensure that any proxy voted on behalf of the Funds is voted in a manner that is in the best interest of the Funds. American Industrial Partners typically votes proxies in accordance with management’s recommendation. However, under circumstances in which the Firm believes that company management’s proposal will not maximize value for the Funds, the Firm will vote against company management. In such cases, the reason for the decision, along with a record of the vote, will be retained by the Firm.

Occasions may arise in which the Firm is required to vote a proxy while having an actual or potential conflict of interest with a Fund. To protect the Funds against a breach of the Firm’s duties to them, on any occasion when a proxy vote presents an actual or potential conflict of interest, American Industrial Partners’ CCO will present any such actual or potential conflict of interest to the Firm’s senior management (and potentially appropriate legal counsel) for consultation on the matter and conduct a conflict analysis accordingly.

Clients may obtain information about how proxies were voted or a copy of the Firm’s proxy voting policies by contacting Stan Edme at Stan@americanindustrial.com.

- B. Not applicable.

Item 18 – Financial Information

- A. American Industrial Partners does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore has not included a balance sheet.
- B. American Industrial Partners does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to its Clients.
- C. American Industrial Partners has never been the subject of a bankruptcy petition.

Item 19 – Requirements for State-Registered Advisers

Not applicable.