

ITEM 1. COVER PAGE

**Carlyle Global Credit Investment Management
L.L.C.**

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This Brochure provides information about the qualifications and business practices of Carlyle Global Credit Investment Management L.L.C. (“CGCIM” or the “Adviser”). If you have any questions about the content of this Brochure, please contact Catherine Ziobro at (202) 729-5626. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about CGCIM also is available on the SEC’s website at www.adviserinfo.sec.gov (click on the link “Investment Adviser Search” and then select “Firm” and type in our advisory firm name “Carlyle Global Credit Investment Management”).

CGCIM is an investment adviser registered with the SEC (a “registered investment adviser”). This registration does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This Brochure is intended to provide potential and existing clients with an overview of CGCIM. It also contains important disclosures regarding items such as certain practices of CGCIM, potential material conflicts that may arise and key potential investment risks. While these may not be material, in certain sections, including conflicts of interest, investment risks (including public health and current market conditions risk factors) and fees and expenses, additional clarification and detail has been provided as part of our annual updates.

The following is a discussion of the material changes to CGCIM's Brochure since the last update filed October 15, 2020.

Historically, Carlyle has conducted its operations through four business segments: Corporate Private Equity, Real Assets, Global Credit, and Investment Solutions. In the fourth quarter of 2020, in connection with Carlyle's transition to a sole chief executive officer, senior management began re-evaluating its operating structure. As a result, Carlyle has revised its operating segments by combining Corporate Private Equity and Real Assets into a single segment called Global Private Equity to reflect how senior management manages and assesses the performance of the business and allocates resources. No changes were made to the Global Credit and Investment Solutions segments. Carlyle now operates through three business segments: Global Private Equity, Global Credit and Investment Solutions.

In addition, on February 25, 2021, BentallGreenOak agreed to acquire Metropolitan Real Estate Equity Management, LLC ("Metropolitan"), a separately registered investment adviser and part of the Investment Solutions business segment along with AlpInvest. The transaction is expected to close on or around April 1, 2021. Specific references to Metropolitan have been removed from this Brochure.

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ITEM 4. ADVISORY BUSINESS

The Carlyle Group

Carlyle, founded in 1987, is one of the world's largest and most diversified multi-product global investment firms, offering specialized investment funds and other investment vehicles that invest across a range of industries, geographies, asset classes and investment strategies. Carlyle operates its business, through CGCIM, Carlyle Investment Management L.L.C. ("CIM") and several other Carlyle-affiliated investment advisers, across three segments: (i) Global Private Equity, (ii) Global Credit (which includes CGCIM), and (iii) Investment Solutions.

Various entities affiliated with The Carlyle Group, Inc. (the "Public Company") (Nasdaq: CG), an affiliate of CGCIM, directly and indirectly own and control CGCIM. On January 1, 2020, The Carlyle Group, L.P. completed its conversion (together with related restructuring steps and transactions, the "Conversion") from a Delaware limited partnership to a Delaware corporation named The Carlyle Group, Inc. Pursuant to the Conversion, each common unit of The Carlyle Group, L.P. converted into one share of common stock of the Public Company ("Common Stock") and each special voting unit and general partner unit was canceled for no consideration. In addition, holders of the partnership units in Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P. (collectively, "Carlyle Holdings") exchanged such units for an equivalent number of shares of Common Stock and certain other internal restructuring steps occurred. In connection with the Conversion, senior Carlyle professionals and certain of the other former limited partners of Carlyle Holdings who became holders of shares of Common Stock in connection with the Conversion were generally required to grant an irrevocable proxy to Carlyle Group Management L.L.C., which is wholly owned by Carlyle's founders and other senior Carlyle professionals. This proxy entitles Carlyle Group Management L.L.C. to vote such shares of Common Stock until the earlier of (i) such time as Carlyle Group Management L.L.C. ceases to have voting power over shares of Common Stock representing at least 20% of the total voting power of all the then outstanding shares of capital stock of the Public Company entitled to vote in the election of directors and (ii) January 1, 2025. Consequently, Carlyle Group Management L.L.C. currently controls a majority of the voting power of the Public Company's outstanding common stock and may be deemed to indirectly control the Public Company's business for regulatory purposes. CGCIM does not hold any economic interest in the Public Company, although certain of its officers and supervised persons hold Common Stock. From and after the consummation of the Conversion, the Public Company holds directly and indirectly all of the outstanding equity interests in Carlyle Holdings, whose subsidiaries operate and control all of the business and affairs of Carlyle and its affiliates.

On September 30, 2020, Glenn A. Youngkin retired as Co-Chief Executive Officer of the Public Company, and also stepped down from the Board of Directors of the Public Company. Kewsong Lee has been appointed as sole Chief Executive Officer of the Public Company.

Carlyle has formed a group of senior management professionals that establishes the management structures and policies and procedures for the operation and development of the firm, guided by the strategic direction set by the Board of Directors. Kewsong Lee, Carlyle's Chief Executive Officer, Curtis L. Buser, Carlyle's Chief Financial Officer, Peter J. Clare, Chief Investment Officer for Corporate Private Equity, Jeffrey W. Ferguson, Carlyle's General Counsel, Christopher Finn, Carlyle's Chief Operating Officer and Bruce Larson, Carlyle's Chief Human Resources Officer, comprise this group of executives.

Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to CGCIM do not include Carlyle, the Public Company or any of Carlyle's other affiliated entities.

Carlyle Global Credit Investment Management L.L.C.

CGCIM is a Delaware limited liability company that is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). CGCIM was formed in 2012 and commenced operations in 2013.

CGCIM is wholly owned and controlled by CIM, an affiliated advisory entity that is separately registered with the SEC as an investment adviser and provides investment advisory services to various investment vehicles and managed accounts sponsored by Carlyle.

CGCIM currently provides investment advisory services with respect to certain products within Global Credit, including direct lending, opportunistic credit, energy credit, distressed credit, infrastructure credit and certain structured credit investment vehicles (each an "Advisory Client"¹), as discussed below. The Global Credit team includes investment professionals located in the United States, Europe and Asia.

Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to CGCIM do not include Carlyle, CIM, Carlyle Aviation Securities Partners LLC ("CASP"), Carlyle Aviation PDP Management LLC ("CAPDP"), the Public Company or any of Carlyle's other affiliated entities.

DESCRIPTION OF ADVISORY SERVICES WITHIN GLOBAL CREDIT

Global Credit, established in 1999 with Carlyle's first high yield fund, advises a group of advisory clients that pursue investment strategies including loans and structured credit, direct lending, opportunistic credit, energy credit, distressed credit, aviation finance, infrastructure credit, and insurance and reinsurance opportunities. CGCIM is one of a group of affiliated investment advisers that provide advisory services to Global Credit advisory clients. Primary areas of focus for the Global Credit platform include:

Illiquid Credit

- *Direct Lending:* This strategy includes (i) two non-diversified closed-end investment companies, TCG BDC, Inc. ("TCG BDC") and TCG BDC II, Inc. ("TCG BDC II"), each of which has elected to be regulated as a business development company ("BDC") under the Investment

¹ "Advisory Client" means any fund, pooled investment vehicle or account for which CGCIM directly or indirectly provides investment advice and/or places trades on a discretionary or nondiscretionary basis. The investors and other persons who invest in Advisory Clients are generally referred to in this Brochure as "investors." Unless otherwise expressly stated herein, the term "Advisory Clients" does not include "investors", and the term "investors" does not reference public stockholders of the Public Company.

Company Act of 1940, as amended (the “1940 Act”) (TCG BDC closed its initial public offering on June 19, 2017, and shares of its common stock started trading on the Nasdaq Global Select Market under the ticker symbol “CGBD”); (ii) Carlyle Direct Lending CLO 2015-1R LLC (“CDL CLO”)², a private investment vehicle that is a collateralized loan obligation (“CLO”) fund, to which CGCIM serves as the collateral manager; (iii) Middle Market Credit Fund LLC (“MMCF”), a strategic joint venture between TCG BDC and a large Canadian pension fund, and Middle Market Credit Fund II LLC (“MMCF II”), a strategic joint venture between TCG BDC and a large asset manager (TCG BDC, such pension fund, and such large asset manager are each an “MMCF Member” and collectively, the “MMCF Members”) where CGCIM provides investment advisory services on a non-discretionary basis, and (iv) certain other private investment vehicles. Direct Lending invests primarily in directly originated senior secured debt instruments, including first-lien loans and second-lien loans, of U.S. middle-market companies, defined as companies with approximately \$25 million to \$100 million of earnings before interest, taxes, depreciation and amortization (“EBITDA”).

CGCIM also acts as the adviser to a registered investment company, Carlyle Tactical Private Credit Fund, a registered investment company (formerly known as OFI Carlyle Private Credit Fund) (“Private Credit RIC”), a Delaware statutory trust that is registered under the 1940 Act, as a non-diversified, closed-end management investment company and that is operated as an “interval fund” pursuant to Rule 23c-3 under the 1940 Act, and generally offers retail investors access to certain credit strategies across Global Credit.

- *Opportunistic Credit:* Carlyle’s opportunistic credit team invests primarily in highly-structured and privately-negotiated capital solutions supporting corporate and other borrowers through secured loans, senior subordinated debt, mezzanine debt, convertible notes, and other debt-like instruments, as well as preferred and common equity in such borrowers. The opportunistic credit team also considers investing in special situations and market dislocations, including primary and secondary market investments.
- *Distressed Credit:* The distressed credit investment team focuses on investments in liquid and illiquid securities and obligations, including secured debt, senior and subordinated unsecured debt, convertible debt obligations, preferred stock and public and private equity of financially distressed companies in defensive and asset-rich industries. In certain investments, these funds may seek to restructure pre-reorganization debt claims into controlling positions in the equity of reorganized companies.

Liquid Credit

- *Loans and Structured Credit:* This strategy includes the Carlyle Structured Credit fund, which seeks to generate returns through investments in CLOs backed by U.S. and/or European senior secured loans and the Carlyle Revolving Loan Fund, which seeks to generate returns through investments in senior secured revolving credit facilities of non-investment grade issuers in the U.S. and Europe.

² Carlyle Direct Lending CLO 2015-1R LLC was formerly named Carlyle GMS Finance MM CLO 2015 1 LLC (“MM CLO”).

Global Credit's loans and structured credit strategies also include structured credit CLO advisory clients managed by CIM and its relying advisor, Carlyle CLO Management L.L.C. ("Carlyle CLO"). Global Credit's European structured credit CLO advisory clients are independently advised by CELF Advisors LLP ("CELF"), an affiliated investment adviser authorized and regulated by the UK Financial Conduct Authority. CELF is an "Exempt Reporting Adviser" under the exemption from the SEC's investment adviser registration requirements set forth in Rule 203(m)-1 under the Advisers Act. The U.S. and European structured credit investment teams focus on investments primarily in performing senior secured bank loans through structured vehicles and other investment vehicles.

Real Assets Credit

- *Aircraft Financing and Servicing:* Carlyle Aviation Partners is a multistrategy investment platform that is engaged in commercial aviation aircraft financing and investment and providing investment management services related to the commercial aviation industry. Carlyle Aviation Partners includes CASP and CAPDP, investment advisers registered with the SEC, and Carlyle Aviation Management Limited ("CAML"). CAML is an "Exempt Reporting Adviser" under the exemption from the SEC's investment adviser registration requirements set forth in Rule 203(m)-1 under the Advisers Act.
- *Infrastructure Credit:* Carlyle's infrastructure credit team invests primarily in directly originated and privately negotiated debt and debt-related investments across both investment grade and below investment grade strategies involving global infrastructure and infrastructure-related assets, primarily in the power, energy, transportation, water/waste, digital infrastructure and social infrastructure sectors. The team focuses primarily on senior, subordinated, and mezzanine debt and seeks to invest primarily in developed markets within the Organization for Economic Cooperation and Development (the "OECD").
- *Energy Credit:* The energy credit team seeks to invest primarily in privately-negotiated mezzanine debt investments in North American energy and power projects and companies.

Other Credit

- *Global Capital Markets:* Global Capital Markets ("GCM") is a loan syndication and capital markets business that Carlyle launched in 2018. The primary focus of GCM is to arrange, place, underwrite, originate and syndicate loans and underwrite securities of third parties and Carlyle portfolio companies including underwriting private offerings and participating in the underwriting syndicate for public offerings, through TCG Capital Markets L.L.C. ("TCG Capital Markets"), and TCG Senior Funding (an advisory client of CGCIM, established to underwrite, originate and syndicate loans). GCM may also act as the initial purchaser of such loans and securities. TCG Capital Markets is registered with the SEC (and in 49 states and the District of Columbia) as a broker-dealer and is a member of the Financial Industry Regulatory Authority ("FINRA"). In addition to the activities described above, TCG Capital Markets engages in U.S.-based marketing and fundraising for Global Credit. Please see Items 5, 8 and 10 for additional information regarding GCM.

- *Insurance Solutions*: Carlyle Insurance Solutions (“CIS”) provides comprehensive liability funding and reinsurance, asset management and advisory solutions for (re)insurance companies and fund investors. The CIS team oversees the investment held by Carlyle and an advisory client in Fortitude Re (defined and discussed in more detail in Item 8). CIM acts as investment advisor to CIS advisory clients.

TAILORED ADVISORY SERVICES

In providing its services to each Advisory Client, CGCIM provides advice with respect to the investment and reinvestment of each Advisory Client’s assets, and may assist in coordinating reports to investors. CGCIM provides tailored investment advisory services to its Advisory Clients in accordance with each Advisory Client’s investment objectives, strategies, restrictions and guidelines, including, where applicable, restrictions under the 1940 Act and the U.S. Internal Revenue Code of 1986, as amended (the “IRS Code”).

Interests in Advisory Clients, other than TCG BDC and Private Credit RIC, are privately offered only to eligible investors pursuant to exemptions available under the Securities Act of 1933, as amended (the “Securities Act”), and the regulations promulgated thereunder and, if applicable, pursuant to exemptions from registration under the 1940 Act. Typically, interests in such investment vehicles are offered to institutional investors and high net worth individuals. Interests in MMCF and MMCF II are offered only to the MMCF Members.

ADVISORY CLIENT ASSETS MANAGED

As of December 31, 2020, the regulatory assets under the management of CGCIM amounted to approximately \$20.4 billion on a discretionary basis and \$1.8 billion on a non-discretionary basis for a total of \$22.1 billion.

ITEM 5. FEES AND COMPENSATION

CGCIM or its affiliates³ generally receive management fees, incentive fees, carried interest or similar profit allocations from Advisory Clients. Advisory Clients, excluding the BDCs and Private Credit RIC, frequently also indirectly incur or generate other fees payable to CGCIM or its affiliates, depending on the nature of their portfolio activities. CGCIM or its affiliates, for example, earn fees and other compensation from prospective and actual portfolio companies, purchasers, sellers and other parties as compensation for services (collectively, “Service Fees”). These Service Fees can include project, structuring, topping, termination, break-up, directors’, organizational, set-up, investment banking, underwriting, syndication, closing, commitment, advisory, consulting, and other similar fees in connection with the purchase, monitoring, or disposition of underlying investments or from unconsummated transactions. In general, the specific legal and/or organizational documents of the

³ For the purposes of this Brochure, references to “CGCIM or its affiliates” or “CGCIM and its affiliates” do not include references to Carlyle-affiliated advisers, such as CIM, Carlyle CLO, CELF, CASP, CAPDP, CAML, and AlpInvest, unaffiliated advisers, such as Atlas NV and NGP Energy Capital Management, LLC, or any Carlyle portfolio companies, including portfolio companies that are investment advisers registered with the SEC (e.g., Content Partners LLC, or the separately registered investment advisers affiliated with TCW Group, Inc.).

relevant Advisory Client, the investment management agreement between CGCIM (or an affiliate) and such Advisory Client or the agreements in respect of the portfolio investments describe the basic fee structure relevant to the investors in such Advisory Client. To the extent provided in such organizational documents or investment management agreement, CGCIM's management fees from Advisory Clients generally are reduced (offset) by a specified portion of the Service Fees that arise out of such Advisory Client's investment activities. The Service Fees can be and often are substantial, and if not fully offset pursuant to organizational documents will be indirectly borne by investors.

Certain fees are excluded from the definition of "Service Fees" and not subject to a management fee offset. For certain Advisory Clients, capital markets fees earned by GCM (which includes broker-dealer affiliates of CGCIM who are U.S.-registered broker-dealers and other affiliates providing similar services with respect to loans) conducting a financial services, loan origination, structuring, placement or other similar business as a broker, dealer, distributor, syndicator, arranger or originator of securities or loans are not considered "Service Fees" subject to any management fee offset. As described in more detail below, these capital markets fees include offering, placement, financing, syndication, capital markets advisory, turnaround, workout, underwriting, solicitation, currency, hedging, structuring, loan agent, loan servicing, rating advisory or similar fees in connection with the activities of an Advisory Client and its portfolio companies, including with respect to an initial public offering or private placement, the arranging or provision of credit facilities for an Advisory Client or one of its portfolio companies and other vehicles managed or controlled by Carlyle, the distribution or placement of loans or equity securities of an Advisory Client portfolio company or otherwise arranging or providing financing for such portfolio company alone or with other lenders, which could include other vehicles managed or controlled by Carlyle (any such fees, "GCM Fees"). GCM may manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities and/or loans and debt instruments of portfolio companies and other non-controlled entities in or through which certain Advisory Clients invest, including in respect of securities or other instruments of such portfolio companies in which Advisory Clients have not invested. GCM also manages or otherwise participates in underwriting syndicates and/or selling groups with respect to securities and/or loans and other instruments held directly or indirectly by certain co-investment vehicles. Further, GCM will be involved in the public offering or private placement of such securities and/or loans and other instruments, and/or sometimes provide capital markets advisory services to portfolio companies and other non-controlled entities in or through which Advisory Clients invest, including in connection with mergers, acquisitions, and restructurings; and will alone, or with other counterparties, provide acquisition financing, lines of credit and other corporate lending or financing products and services to such entities in addition to financing provided through an Advisory Client's investment. In addition, certain of Carlyle's advisory professionals will be involved in such activities of GCM, and their activities are expected to give rise to GCM Fees that are not subject to any management fee offset, even though such persons are involved in investment-related activities on behalf of one or more Advisory Clients. In addition, fees attributable to co-investors or internal or external co-investment vehicles and fees eligible to be treated as expenses of an Advisory Client are expected to also be excluded from "Service Fees" and not subject to a management fee offset.

Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to CGCIM or its affiliates by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are generally no less

favorable than market terms, or such fees may be subject to approval by the relevant members of a committee of third-party investors with Carlyle (an “Investor Advisory Committee”). Among the measures CGCIM uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Moreover, Carlyle and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Advisory Clients that will not be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Advisory Client expenses typically result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Carlyle and/or such personnel (and not the Advisory Clients, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Advisory Clients, investors and/or portfolio companies.

On occasion, Carlyle employees have been and are expected in the future to be asked to serve on the boards of directors of companies in which an Advisory Client has fully exited its ownership interest. Such companies are not portfolio companies and therefore, to the extent the Carlyle employee is offered standard board compensation for his or her services post-exit, such standard board compensation is not subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

On occasion, former Carlyle employees have been, and are expected in the future to be, asked to serve on the boards of directors of companies in which an Advisory Client continues to have an ownership interest. To the extent the former Carlyle employee is offered standard board compensation for his or her services, depending on the facts and circumstances, including the duration of the separation from Carlyle, such standard board compensation is not expected to be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

On occasion, Carlyle may hire a former employee of a company in which an Advisory Client had an ownership interest. To the extent the former portfolio company employee continues to vest in compensation from the portfolio company, such compensation is not expected to be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

Advisory Clients also typically bear certain out-of-pocket expenses incurred by CGCIM or its affiliates in connection with the services provided to such Advisory Clients. The following sections discuss the most common fees and expenses in more detail.

Common Types of Fees

Management Fees and Administration Fees

The majority of CGCIM’s Advisory Clients are pooled investment vehicles. CGCIM also provides advisory services to two BDCs and Private Credit RIC and is the collateral manager to CDL CLO.

For most Advisory Clients that are pooled investment funds, the annual management fee is typically in the range of 1.0-2.0 percent of third-party investors’ committed capital during the relevant Advisory Client’s investment period. After such investment period, the fee percentage is typically applied only to

the amount of third-party capital remaining in investments that have not yet been exited, and the fee percentage also may be reduced (*e.g.*, 0.6 to 2.0 percent of remaining third-party capital). However, to the extent such reduction in fee is triggered during a management fee period of the applicable Advisory Client, such reduction may not be effective until the first day of the next management fee period. Also, if the fee base changes during a period for which fees have been called in advance, any excess fees paid generally are not returned to the investor. For certain separately managed accounts that are charged management fees, the range is generally from 0.5 to 1.0 percent of contributions for unrealized investments or the current value of the investment. An Advisory Client's borrowings may also be taken into account for purposes of calculating the management fee, as provided in the Advisory Client's governing documents. For services provided to certain separately managed accounts, the Advisory Client may pay a management fee to CGCIM or one of its affiliates, which fee will be in addition to any fees charged by pooled investment funds in which such managed account makes an investment. In some situations, an Advisory Client pays management fees based on net asset value of the investments held by such Advisory Client.

Management fees are generally paid by or on behalf of an Advisory Client by (i) requiring investors in such Advisory Client to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such Advisory Client. In addition, CGCIM or its affiliates often have the ability to cause an Advisory Client to borrow money for the payment of such fees.

Management fees are negotiable and, depending on the Advisory Client, may be paid in advance or in arrears and are expected to vary for different third-party investors, typically based on commitment size. If management fees with respect to an Advisory Client are assessed in advance, they are generally required to be returned to the investors in such Advisory Client should CGCIM's and its affiliates' management services to the Advisory Client be terminated prior to the end of the period in respect of which the fees have been paid (including, for example, situations where the final distribution by an Advisory Client occurs prior to the end of a period for which management fees have already been paid). In general, the amount of such fees to be returned is calculated based on the number of days remaining in the applicable period. Certain Advisory Clients are also charged a flat annual administration or structuring fee to cover a portion of Carlyle's internal administration costs, which are paid (and rebated if necessary) in a similar fashion as management fees. The amounts of any such fees are set forth in the agreements under which an Advisory Client was established.

Each of TCG BDC and TCG BDC II pays CGCIM a base management fee for its services under the respective investment advisory agreement. TCG BDC's base management fee is calculated and payable quarterly in arrears at an annual rate 1.5% of the average gross assets, including assets acquired through the incurrence of debt and excluding any cash and equivalents; provided, however, effective July 1, 2018, the base management fee is calculated at an annual rate of 1.0% of the average value of the gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (A) 200% and (B) the average value of TCG BDC's net asset value at the end of the two most recently completed calendar quarters. TCG BDC's base management fees for any partial month or quarter are pro-rated. TCG BDC II's management fee is calculated and payable quarterly in arrears at an annual rate of 1.25% of TCG BDC II's average capital under management (which means cumulative capital called, less cumulative distributions categorized as returned capital and which does not include capital acquired through the use of leverage). TCG BDC II's management fees for any partial month or quarter are pro-rated.

Under the CDL CLO collateral management agreement, CGCIM is only entitled to receive fees if there are any preferred interests in the CDL CLO issuer not held by TCG BDC or certain other specified Carlyle affiliates (“Carlyle Holders”). As the collateral manager of CDL CLO, CGCIM receives a base management fee, a subordinate management fee and an incentive management fee, in each case in proportion to (i) the aggregate outstanding amount of preferred interests not held by the Carlyle Holders divided by (ii) the aggregate outstanding amount of the preferred interests on each payment date. Therefore, if TCG BDC holds all of the preferred interests in the CDL CLO issuer, CGCIM will not receive any management or incentive fees. In addition, CGCIM’s right to receive the incentive management fee is subject to CDL CLO achieving an annualized internal rate of return, as set forth in the collateral management agreement relating to CDL CLO. The CDL CLO offering circular contains the calculation of the above fees and the limitations that apply. CDL CLO fees charged will be deducted from portfolio assets and will be paid or otherwise allocated to CGCIM in accordance with the terms of the collateral management agreement.

MMCF and MMCF II do not pay any fees to CGCIM.

Pursuant to the investment advisory agreement between Private Credit RIC and CGCIM, CGCIM is entitled to a fee consisting of a base management fee and an incentive fee. The base management fee is calculated and payable monthly in arrears at the annual rate of 1.0% of the month-end value of Private Credit RIC’s total assets minus Private Credit RIC’s liabilities other than liabilities related to indebtedness (such amount not to exceed, in any case, 1.50% of Private Credit Fund’s total assets minus Private Credit RIC’s total liabilities).

Performance-Based Arrangements⁴

Distributions to investors in most Advisory Clients are subject to some form of carried interest or similar profit allocation for the benefit of an affiliate of CGCIM. Generally, these profit allocations represent a share of distributions made by an Advisory Client in excess of the relevant investors’ invested capital, and allocable fees and expenses. Determinations of whether performance-based profit allocations will be applied will be made each time an investment is realized or on an annual (or more frequent) basis with respect to certain Advisory Clients.

Performance fees, incentive fees or carried interest profit allocations are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, CGCIM seeks to ensure that any Advisory Client or investors in an Advisory Client, including Advisory Clients relying on Section 3(c)(7) of the 1940 Act, that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks.

For any Advisory Client, performance fees, incentive fees or carried interest allocations generally do not exceed 20% of profits, and may be subject to certain preferred return hurdles, catch-up allocations and high-water marks. In the case of open-ended fund Advisory Clients, the incentive allocation is generally calculated on a basis that includes unrealized appreciation of the Advisory Client’s assets. The manner of calculation and application of performance fees, incentive fees or carried interest profit

⁴ See also Item 6 – “Performance-Based Fees and Side-By-Side Management”.

allocations are disclosed in the offering documents for, and detailed in the governing agreements of, each Advisory Client.

Management fees, incentive fees and carried interest or similar profit allocations are subject to modification, waiver or reduction in connection with an investment in one or multiple Advisory Clients. Furthermore, Carlyle, its affiliates and equity owners, and certain of their respective professionals typically invest in or alongside Advisory Clients. Other qualified individuals who generally are not employees of Carlyle, but who have or had business relationships with Carlyle or industry expertise in the sector in which a particular Advisory Client may be investing (including, without limitation, operating executives, senior advisors, operating advisors, consultants, former employees, and other similar professionals), also invest in or alongside Advisory Clients. Fees assessed or profit allocations on such investments will likely be substantially reduced or, as is more typical, waived altogether for these investors.

Each of TCG BDC and TCG BDC II pays an incentive fee to CGCIM under its investment advisory agreement. TCG BDC's incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 17.5% of TCG BDC's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a 6% preferred return hurdle, and a "catch-up" feature. The second part is calculated and payable in arrears as of the end of each calendar year in an amount equal to 17.5% of TCG BDC's realized capital gains, if any, on a cumulative basis from inception through the end of such calendar year, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation less the aggregate amount of any previously paid capital gain incentive fees. TCG BDC II's incentive fee also consists of two parts. The first part is calculated and payable quarterly in arrears and equals 15% of TCG BDC II's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a 7% preferred return hurdle, and a "catch-up" feature. The second part is determined and payable in arrears as of the end of each calendar year in an amount equal to 15% of TCG BDC II's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation less the aggregate amount of any previously paid capital gain incentive fees, provided that no incentive fee on capital gains is payable to CGCIM unless cumulative total return exceeds a 7% annual return on weighted average cumulative capital called less cumulative distributions categorized as returned capital. BDC fees charged are deducted from portfolio assets and are paid or otherwise allocated to CGCIM in accordance with the terms of the relevant investment advisory agreement.

Private Credit RIC pays an incentive fee to CGCIM under its investment advisory agreement. The incentive fee is calculated and payable quarterly in arrears and is equal to 17.5% of the Private Credit RIC's "pre-incentive fee net investment income" for the immediately preceding quarter, and is subject to a hurdle rate, expressed as a rate of return on the fund's net assets equal to 1.50% per quarter (or an annualized hurdle rate of 6.00%), subject to a "catch-up" feature.

Other Fees

To the extent CGCIM or an affiliate thereof is entitled to receive certain fees from portfolio companies of an Advisory Client, a portion of such Advisory Client's share of such fees paid to CGCIM or such affiliate (e.g., in general, 100% in the case of Carlyle's recently-formed Advisory Clients and 65-80% in older Advisory Clients) typically reduces the management fees otherwise payable to CGCIM. The

governing agreement (or investment management agreement in the case of a separately managed account) of each Advisory Client sets forth the basis on which such fees reduce management fees, if at all. Certain of these fees are described below.

Acquisition and disposition fees are one-time fees paid to CGCIM or one of its affiliates in connection with an investment or disposition by an Advisory Client. Such fees are generally paid by portfolio companies, but in limited circumstances are paid directly by an Advisory Client. Such fees are common to some, but not all Advisory Clients.

With regards to certain portfolio companies, including Global Credit portfolio companies, CGCIM or its affiliates may receive a fee in connection with the structuring, acquisition, monitoring or disposition of an investment of an Advisory Client, which will be subject to management fee offset; Service Fees are expected to be subject to the management fee offset, in each case, depending on the terms of the governing agreement for the Advisory Client. As noted above, certain types of fees, such as GCM Fees, may not be subject to management fee offset depending on the terms of the governing agreement for the Advisory Client. CGCIM and its affiliates, such as GCM, have and could also receive fees in respect of administrative services provided to loan syndicates lending to the Advisory Client portfolio companies.

In the case of fees related to monitoring, these may be payable as fixed dollar amounts or may be calculated as a percentage of EBITDA (or other similar metric). The terms of a monitoring agreement may in certain instances provide for an acceleration of fees paid to CGCIM or its affiliates upon termination following certain milestones, such as an initial public offering or sale, and where the lump-sum termination fee may be calculated as the present value of hypothetical foregone future payments (which in some cases may extend past the term of the fund and may be based on an assumed growth in EBITDA or other metric used to calculate the fee) and be calculated using a discount rate as low as the risk-free rate, as determined by CGCIM. Alternatively, such fees may continue after a public offering or sale while Carlyle continues to have a board seat until the Advisory Client's ownership level falls below a given threshold.

Carlyle's Global Investment Resources team will provide certain Advisory Clients and their portfolio companies from time to time with services and support, including, but not limited to, in-house business development services (including services related to strategy and planning, customer acquisition and market expansion), leveraged purchasing, IT system support (including, without limitation, subscription fees for IT systems' experts providing advice for operational improvements at portfolio companies and related research reports, IT and technology diligence advisory services and cybersecurity and risk assessment), transaction support, consulting services (including services related to digital initiatives, procurement, and organizational and management performance), talent acquisition support, environmental, social and governance services, and legislative and regulatory support (including research, diligence and advocacy).

The members of the Global Investment Resources team are employees of the general partner of an Advisory Client or its affiliates. However, expenses and fees charged or specifically attributed or allocated by CGCIM or its affiliates to provide such services, and expenses, charges and/or related costs incurred by such Advisory Client, its parallel vehicle, CGCIM or its affiliates in connection with the provision of such services to such Advisory Client and/or its portfolio companies, including, without limitation, compensation and other overhead allocable to such services, will be borne by such Advisory Client to the extent not paid by its portfolio company or Carlyle. Carlyle will not be required to confirm

that such costs are borne on an arms-length basis. Such amounts will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Carlyle, be subject to the management fee offset provisions of an Advisory Client's governing documents.

It is expected that the services and support provided by Carlyle's Global Investment Resources team to Advisory Clients and their portfolio companies will expand over time, and accordingly charges, expenses, costs and fees attributable or allocable to the provision such services and support (the "Global Investment Resource Costs") borne by such Advisory Clients would increase. It may be difficult to distinguish services provided by the Global Investment Resources team from the investment management services provided to such Advisory Client by CGCIM and/or the general partner of such Advisory Client.

In the case of fees related to business transition services, often times these will be calculated as a percentage of the total enterprise valuation of the transaction, which is generally the aggregate amount of funds raised (including invested capital, rolled-over equity and debt assumed or financed by the Advisory Client and/or the portfolio company and its subsidiaries and affiliates).

As a general matter, the portion of fees received from portfolio companies that is allocable to capital invested by internal and external co-investment vehicles will be retained by Carlyle and will not be applied to reduce the management fees paid by an Advisory Client fund (even if the governing agreements of such co-investment vehicles provide for lower or no management fees for the investors or participants therein). Investors in external co-investment vehicles are often also charged a one-time fee (sometimes called a "structuring fee" or an "upfront fee"), an ongoing management fee and/or an administrative fee in connection with such co-investment activity. Furthermore, in the event break-up or topping fees are paid to an Advisory Client in connection with a transaction that is not ultimately consummated, external co-investment vehicles that invest alongside an Advisory Client will generally not be allocated any share of such break-up fees or toppings fees. Similarly, such external co-investment vehicles generally do not bear any portion of broken deal expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions; such amounts are borne by the applicable Advisory Client fund.

CGCIM engages and retains operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals, in all cases, who are not employees of CGCIM ("Operating Professionals"). Operating Professionals receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company's board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by CGCIM, be deemed paid to or received by CGCIM (nor will such amounts be deemed paid to or received by affiliates or personnel of CGCIM) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without any offset to such Advisory Client's management fee). To the extent Operating Professionals are engaged through a retainer agreement with CGCIM, Carlyle may elect to bear the expense of base retainer fees, while in other cases, Advisory Clients may bear such fees. These Operating Professionals may have the right or may be offered the ability to co-invest without fees or carry alongside or in Advisory Clients, including in those investments in which they are involved, receive in-kind payments such as stock or stock options or otherwise participate in equity plans for management of any

such portfolio company (which may have the effect of reducing the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients. Operating Professionals are expected to be compensated (including pursuant to retainers and expense reimbursement) by CGCIM, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating Professionals will be subject to contractual obligations to exclusively provide certain services to CGCIM.

CCGIM may have a conflict of interest to the extent that it has an opportunity to earn a fee from an investment held by an Advisory Client. Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to CGCIM or its affiliates by a portfolio company or an Advisory Client are required to be on an arm's-length basis on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are no less favorable than market terms, or approved by the Investor Advisory Committee. Among the measures CGCIM uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Common Types of Expenses

Expenses that are typically borne by Advisory Clients (or their respective portfolio companies) generally include, without limitation (i) organizational expenses, (ii) expenses associated with redemptions, admissions and ongoing marketing, (iii) fees, costs and expenses (including indemnification costs and expenses) of any administrators (including administrators or similar service providers that perform anti-money laundering or "know your customer" diligence and investor verification services in connection with the onboarding and ongoing participation of investors in an Advisory Client (or its related vehicles)), custodians, depositaries (including for the avoidance of doubt, any depositary appointed pursuant to Article 21 of the Directive), Swiss representative and paying and transfer agents, advisors, attorneys, accountants, tax advisors, consultants, appraisers, brokers, deal finders, agents, valuation experts, data providers (including data subscriptions, related systems and services from such data providers and data management software), appraisers, other advisors and professionals (including audit and certification fees), operating executives, operating advisors, former employees, senior advisors, and other such professionals (to the extent such individuals are not Carlyle employees and are performing duties for a specific Advisory Client or a portfolio company, including but not limited to, service as a member of the portfolio company board of directors), (iv) costs incurred in preparing, printing and distributing reports physically and/or electronically to investors (including related information management systems whether maintained at Carlyle or otherwise), (v) all out-of-pocket fees, costs and expenses (including retainer fees and other compensation), if any, incurred in connection with or relating to developing, sourcing, bidding on, evaluating, negotiating, structuring, obtaining regulatory approvals for, acquiring, purchasing, trading, settling, maintaining custody of, holding, operating, monitoring, financing, refinancing, accounting and disposing of actual or proposed investments (including related information management and trading systems, whether maintained at Carlyle or otherwise, and travel and accommodation expenses, which includes, without limitation, meals, business or first class air travel, first class lodging, private car transportation, and may include the use of chartered travel or private air travel, as appropriate and in accordance with travel policies, and any financing, legal, accounting, loan administration, advisory and consulting expenses (including if incurred by or owing to consultants) in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by

entities in which the Advisory Clients have invested or propose to invest or by other third parties), any costs and expenses incurred in connection with attending industry conferences, and any costs and expenses arising from any foreign exchange or other currency transactions, expenses related to specialty or custom software (including software for monitoring risk, compliance and the overall portfolio), as well as any related development costs, group purchasing programs for portfolio companies, and any insurance, indemnity or litigation expense), (vi) broken deal expenses (including expenses that would have been borne by co-investment vehicles), to the extent not reimbursed by an entity in which the Advisory Clients have invested or propose to invest, or other third parties, (vii) brokerage commissions, prime brokerage fees, custodial expenses, agent bank fees and other bank service fees, travel and related expenses and other investment costs, fees and expenses incurred in connection with actual investments, (viii) costs of litigation, D&O liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Advisory Clients, including indemnification obligations to any placement agents and finders in connection with the offer any sale of interests in the Advisory Clients, (ix) out-of-pocket expenses incurred in connection with complying with provisions in side letter agreements, including “most favored nations” process and provisions, as well as out-of-pocket expenses incurred in connection with any transfer of interests in an Advisory Client, (x) out-of-pocket expenses incurred in connection with legal, tax, regulatory and statutory compliance with U.S. federal, state, local, non-U.S. or other law or regulation (including, without limitation, regulatory filings of CGCIM and its affiliates relating to an Advisory Client and its activities, including reporting on and compliance with Form PF, DAC 6, FATCA and CRS (each defined below) and any comparable legislation or regulations published by any other relevant jurisdiction, and reports, disclosures, filings and notifications prepared in accordance with and with respect to the organization or maintenance of any entity used in connection with compliance by an Advisory Client (or its related vehicles) with the Directive (defined below) (including any entity established to be AIFM of such Advisory Client or any parallel vehicle within the meaning of the Directive) as well as any travel and accommodation expenses related to such entity; the salary and benefits of any personnel reasonably necessary for the maintenance of such entity; filing fees, registration fees, and other fees paid to local regulatory authorities; the costs incurred in connection with maintaining a local registered agent (or similar local representative); or other related overhead expenses), (xi) fees, costs and expenses related to the organization, operation or maintenance of any intermediate entity or similar administrative structure used to acquire, hold, dispose, or otherwise facilitate an Advisory Client’s investment activities (including, without limitation, any related travel and accommodation expenses, salaries and benefits of any personnel reasonably necessary for the operation or maintenance of such intermediate entities, or other related overhead expenses), (xii) expenses of dissolving, winding up and terminating the Advisory Clients and intermediate entities, (xiii) any taxes, fees or other governmental charges levied against or payable by the Advisory Clients or payable by the Advisory Clients and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Advisory Clients (including any fees, costs and other expenses incurred by the partnership representative and designated individual acting in such capacity); (xiv) out-of-pocket costs and expenses, if any, associated with any third party examinations or audits (including other similar services) of the Advisory Clients, its parallel vehicles, general partner, the CIM Europe S.à.r.l. (the “CIM AIFM”), or CGCIM that are attributable to the operation of such Advisory Clients and parallel vehicles or requested by one or more investors in an Advisory Client, (xv) costs and expenses of any lenders, investment banks and other financing sources (including principal and interest on and fees and other expenses arising out of all borrowings made by Advisory Clients, including, but not limited to, the arranging thereof and any related expenses and professional fees incurred in connection with any procedure reports for lenders and any indemnification obligations and agent servicing fees), (xvi) the

out-of-pocket and legal and other expenses of the Investor Advisory Committee (including, but not limited to, travel-related expenses for members and certain observers of certain Investor Advisory Committees), (xvii) certain expenses associated with any meeting or conference of the Advisory Clients (including meetings or conferences attended by investors in the Advisory Clients), (xviii) out-of-pocket expenses associated with completed transactions that are not reimbursed by the seller or capitalized as part of the acquisition price of the transaction, (xix) to the extent not paid by an intermediate entity or its investors, the expenses of such intermediate entity or its investors (which expenses may in the general partners' (or similar managing fiduciary's) discretion be specially allocated to the investors with a direct or indirect interest in such intermediate entity), (xx) to the extent not paid for by an Advisory Client's portfolio company or by Carlyle, any applicable Global Investment Resource Costs incurred in respect of services provided by the members of the Global Investment Resources team, (xxi) fees, costs and expenses of a GCM Provider in connection with the provision of GCM Services to an Advisory Client or any of its portfolio companies and (xxii) any other fees, costs or expenses approved by certain Investor Advisory Committees to be treated as expenses of an Advisory Client.

Certain Advisory Clients are also required to bear the allocable compensation and other direct expenses and overhead of, for example, in-house administrative, accounting (including tax services (e.g., tax compliance, tax oversight and tax structuring)), leveraged purchasing, environmental, social and governance, legal, hedging and currency management and transfer pricing services to an Advisory Client, its parallel vehicles and/or its portfolio companies, as well as expenses charges and/or related costs incurred by such Advisory Client, its parallel vehicles, CGCIM or its affiliates in connection with such services. In connection with such expenses, the general partner of an Advisory Client may have a conflict of interest in allocating certain expenses among investors of the Advisory Client as well as among each Carlyle-sponsored investment vehicle and any co-investment vehicles.

In addition, CGCIM from time to time engages one or more fund administrators or similar service providers to perform certain functions in relation to an Advisory Client, including but not limited to, coordination of the Advisory Clients' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, review of Advisory Client marketing materials, initial and ongoing reviews of current or potential investors in support of anti-money laundering or know-your-customer requirements, support for the Advisory Clients' valuation process and support of certain investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting that the Advisory Clients are obligated to comply with. Certain employees of certain of such service providers dedicate substantially all of their time to Advisory Clients and spend all or a significant majority of their business time at the Carlyle offices. These expenses are borne by the Advisory Clients. In certain circumstances, advisors and service providers, or their affiliates, will charge different rates or have different arrangements for services provided to Carlyle, the general partner (or similar managing fiduciary), CGCIM or their affiliates as compared to services provided to the Advisory Clients and their portfolio companies, which can result in more favorable rates or arrangements than those payable by the Advisory Clients or such portfolio companies. Moreover, Carlyle or the Advisory Client will often not be in a position to verify the risks or reliability of such service providers. The Advisory Client will suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them.

Carlyle has designed a group purchasing program whereby portfolio companies are afforded the option to participate in group purchasing arrangements with Carlyle, its affiliates and other portfolio companies. Companies that participate in the program are able to take advantage of group discounts which have been negotiated with various vendors and service providers. Carlyle allocates aggregate ongoing third-party administration costs for the program among the applicable Advisory Clients (and Carlyle). Carlyle and its affiliates also participate in the program, are allocated a portion of the ongoing third-party administration costs, and receive substantially the same benefits and discounts as portfolio companies, and such benefit is not subject to any offset. Carlyle may, from time to time, choose to offer certain services such as training programs to portfolio companies, as part of the group purchasing program or otherwise. The absence of Carlyle charging an expense for such services could create the appearance of a conflict of interest.

From time to time, Advisory Clients are expected to recruit a management team to pursue a new “platform” opportunity expected to lead to the formation of a future portfolio company or to provide operating services to assets being acquired by such Advisory Client or by a platform portfolio company created by such Advisory Client. In other cases, Advisory Clients are expected to form a new portfolio company and recruit a management team to build the portfolio company through acquisitions and organic growth. In both cases the Advisory Client will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses will be borne directly by the applicable Advisory Client as partnership expenses or indirectly as the Advisory Client bears the start-up and ongoing expenses of the newly-formed platform portfolio company. None of these expenses will offset any Advisory Client management fees. In certain instances, the portfolio company that employs such a management team may be engaged to provide operating services to assets owned by other portfolio companies of such Advisory Client or by portfolio companies of other Advisory Clients. Such services will generally be performed at market rates and any revenues so generated will accrue to the benefit of the portfolio company providing such services.

Expenses frequently will be incurred by multiple Advisory Clients. Carlyle allocates aggregate costs among the applicable Advisory Clients (and, in certain cases, among Carlyle and applicable Advisory Clients) in accordance with allocation policies and procedures which are reasonably designed to allocate expenses in a fair and reasonable manner over time among such Advisory Clients. However, expense allocation decisions can involve potential conflicts of interest (*e.g.*, an incentive to favor Advisory Clients that pay higher incentive fees, conflicts relating to different expense arrangements with certain Advisory Clients, or allocations of certain in-house personnel expenses). Under its current expense allocation policies, Carlyle generally allocates expenses among Advisory Clients utilizing allocation methods including: applicable rules set forth in fund governing documents, on a pro rata basis based on assets under management, investment cost (and may include available capital), or fair value of investments, number of investors, number of investments, number of funds (or legal entities), fund size, department headcount and compensation, or number of users. Carlyle may, however, use other methods to allocate certain expenses among the Advisory Client if it deems another method more appropriate based on the relative use of a product or service, the nature or source of the product or service, the relative benefits derived by the Advisory Clients from the product or service, or other relevant factors. Nonetheless, the portion of a common expense that Carlyle allocates to an Advisory Client for a particular product or service may not reflect the relative benefit derived by Advisory Client from that

product or service in any particular instance. For example, certain expenses may be allocated across all investment vehicles comprising an Advisory Client regardless of whether each investment vehicle is directly incurring the expense. Carlyle's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Carlyle in good faith will be final and binding on the Advisory Clients. Despite Carlyle's good faith judgment to arrive at a fair and reasonable expense allocation methodology, the use of any particular methodology may lead an Advisory Client to bear relatively more expense in certain instances and relatively less in other instances compared to what an Advisory Client would have borne if a different methodology had been used. However, Carlyle seeks to make allocations that are equitable on an overall basis in its good faith judgment.

In addition, the BDCs and Private Credit RIC also bear the costs associated with their respective offerings of common stock and other securities, if any.

MMCF and MMCF II Expenses

MMCF and MMCF II are each subject to various expenses that their respective MMCF Members, by virtue of their membership interests, will indirectly bear on a *pro rata* basis. MMCF and MMCF II will each incur expenses in connection with their formation, capitalization, financing and ongoing investment activity. Certain of these expenses will include reimbursement of MMCF's and MMCF II's administrator, which is an affiliate of CGCIM for costs incurred in connection with such activities.

Brokerage Expenses

Expenses paid to third parties in connection with the acquisition or disposition of investments are borne by the Advisory Clients. These expenses include brokerage commissions (direct or in the form of a spread), prime brokerage and other account fees, custodial expenses, agent bank and other bank service fees, travel and related expenses and other investment costs, fees, and expenses incurred in connection with completed investments. Brokerage and other transaction costs are also discussed in more detail in Item 12 – "Brokerage Practices".

Organizational/Offering Expenses

Typically, legal, accounting, filing and other expenses (together with any value added tax thereon) incurred in connection with organizing and establishing an Advisory Client, its general partner (or similar managing fiduciary), the general partner (or similar managing fiduciary) of the general partner, any entity established in connection with Carlyle's side-by-side commitment and its general partner or managing member, any vehicle formed to receive carried interest and its general partner or managing vehicle, as applicable, and the associated advisory arrangements with the investment adviser and its sub-advisers and the marketing and offering of interests in an Advisory Client (including travel and accommodation expenses (which may include expenses for chartered travel or private air travel in accordance with Carlyle's policies), filing fees and expenses, marketing material preparation experts (including outsourcing to third parties of marketing materials compliance reviews), initial and ongoing reviews of current or potential investors in support of anti-money laundering or know-your-customer requirements, and printing costs or other similar amounts incurred by the general partner (or similar managing fiduciary) or its affiliates in connection with the offering of and subscription for interests in an Advisory Client) are borne by the investors in such Advisory Client, and for the avoidance of doubt, all initial notifications, filings and compliance contemplated by the Directive and the Luxembourg Law

of 12 July 2013 on alternative investment fund managers, as applicable, and including all fees and expenses incurred in connection with any licensing, filing or registration requirements in a jurisdiction where the Advisory Client's interests may be offered. Often, the expenses borne by an Advisory Client are capped in the governing documents for the Advisory Client and any excess would offset future management fees. With respect to certain Advisory Clients, such expenses, up to the amount of any applicable cap, are borne solely by the third-party investors in such Advisory Clients that are not affiliated with Carlyle and any excess is borne by Carlyle. The BDCs and Private Credit RIC bear organizational/offering expenses, as disclosed in their respective offering documents. In addition, Carlyle will, in certain circumstances, engage placement agents and finders (whether independent or employed by Carlyle) in connection with the offer and sale of interests to certain investors, but the fees due to such placement agents and finders, except to the extent paid to locally licensed intermediaries, representatives or distributors that an Advisory Client is legally required to engage in order to offer interests in such Advisory Client in particular jurisdictions or as otherwise disclosed to investors, either will be borne by Carlyle or to the extent paid by an Advisory Client will be treated as excess organizational expenses and will be subject to an offset against management fees.

Broken Deal Expenses

Investors in certain Advisory Clients generally are required to bear out-of-pocket costs and expenses incurred in connection with developing, negotiating and structuring deals that are not ultimately completed. Typically, these expenses include (i) legal, accounting, advisory, consulting or other third-party expenses (including, without limitation, amounts payable to Operating Professionals and other third parties) in connection with making an investment that is not ultimately consummated, and any related travel and accommodation expenses (whether incurred by third parties or by Carlyle), although, in some cases, CGCIM and its affiliates may be required to bear travel and accommodation expenses, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made (including all fees, costs and expenses incurred in connection with the offering of interests in any Carlyle-affiliated investment vehicle formed for co-investors to participate in an Advisory Client's proposed investment that is not ultimately made), (iii) any out of pocket fees, costs and expenses paid to an individual or group pursuing a business plan that is not successfully implemented, (iv) any break-up, reverse break-up, topping, termination and other similar fees payable by an Advisory Client in connection with investments that are not ultimately made and (v) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another Advisory Client). While Carlyle's internal co-investment vehicles that invest alongside our Advisory Client funds are allocated a portion of expenses, including, but not limited to, broken deal expenses, all other co-investment vehicles (particularly those formed to invest alongside an Advisory Client fund in a single investment) generally will not share in broken deal expenses. Investing in an Advisory Client does not give investors any rights, entitlements or priority to co-investment opportunities.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CGCIM currently acts as investment adviser or collateral manager to Advisory Clients, and related persons typically act as general partners (or similar managing fiduciaries) with respect to such Advisory Clients. As discussed in Item 5, CGCIM and its affiliates will receive carried interest allocations, and management, incentive and other fees in connection with advisory and other services provided to certain

Advisory Clients. The relationship of CGCIM, the manner of calculation and application of management fees and carried interest profit allocations, incentive fees or other performance-based fees, as applicable, with respect to CGCIM, the affiliated general partner (or similar managing fiduciary) or other affiliates and known or reasonably anticipated conflicts of interest involving CGCIM or its affiliates, are disclosed in the offering documents of the applicable Advisory Client provided to potential investors prior to their investment.

Each Advisory Client typically has a specified investment objective defined by geography, industry, type of investment, investment strategy, investment size, risk/reward profile, projected hold period and/or other parameters. Investment opportunities that satisfy the investment objective of a particular Advisory Client typically will be allocated to that particular Advisory Client, although may be allocated among multiple Advisory Clients with overlapping investment objectives in accordance with Carlyle's investment allocation policies. Carlyle's Chief Investment Officer and the investment or credit committee of the relevant Advisory Client have the discretion to construct what, in their business judgment, constitutes an appropriate investment portfolio for that Advisory Client. As such, in determining what they believe to be an appropriate portfolio for a particular Advisory Client, they will often give consideration to factors in addition to those outlined above. As a result, it may not be desirable for an Advisory Client to participate in an investment opportunity or acquire all of an investment opportunity.

Generally, external co-investment vehicles are only allocated investment opportunities if CGCIM determines there is excess capacity in respect of a particular investment opportunity. In certain cases, however, an investment opportunity will be appropriate for more than one Advisory Client. As discussed in more detail in Item 11 below, these investment opportunities are allocated in accordance with Carlyle's written policies and procedures, taking into account the applicable provisions of the Advisory Client's investment advisory agreement, collateral management agreement or other governing document as well as regulatory restrictions applicable to the Advisory Client.

In allocating investment opportunities, there could be incentives to favor Advisory Clients with higher potential management or performance fees, incentive fees or carried interest allocations over Advisory Clients with lower potential performance fees, incentive fees or carried interest allocations.⁵ Additionally, as described in Item 8, performance fee, incentive fee or carried interest allocations may create an incentive for the general partner (or similar managing fiduciary) of a Carlyle-sponsored investment vehicle advised by CGCIM to make riskier or more speculative investments on behalf of an Advisory Client than would be the case in the absence of this arrangement. Under the performance-based fee structure that applies to its management of TCG BDC and TCG BDC II, CGCIM may benefit when capital gains are recognized and, because CGCIM determines when an investment is sold, it controls the timing of the recognition of capital gains. The CGCIM incentive fee for each of TCG BDC, TCG BDC II, Private Credit RIC and CDL CLO contains a hurdle rate, and other Advisory Clients may contain similar performance-based incentives. These fee structures may create an incentive for CGCIM

⁵ For example, if one Advisory Client is in a net loss position and another Advisory Client is in a net gain position, the Advisory Client in the net loss position will either (i) not generate a carried interest from such investment, or (ii) generate less carried interest from such investment to the extent profits are required to make up for previous losses.

to invest in higher-risk assets that would, if the investment were successful, improve CGCIM's likelihood of surpassing the hurdle rate or other performance-based incentives.

To seek to reduce the effect of such incentives, CGCIM and its affiliates have adopted written policies and procedures pursuant to which they seek to allocate investment opportunities that may be appropriate for more than one Advisory Client as well as advisory clients that are also served by CIM or Carlyle CLO in a fair and equitable manner bearing in mind, among other things, the size, investment objectives, focus, mandate or policies, risk tolerance, return targets, projected hold periods, diversification considerations, permissible and preferred asset classes, and liquidity needs of each Advisory Client. The policies seek to provide consistent treatment of such Advisory Clients with similar investment objectives and guidelines to the extent possible, consistent with legal, regulatory and contractual restrictions. CGCIM, and its affiliates, policies prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to Carlyle, CGCIM, any affiliates or their professionals, and require the review and approval of Global Credit's allocation committee (comprising senior Carlyle personnel) for allocations of opportunities that are appropriate for multiple Advisory Clients (or advisory clients). Each advisory client typically has its own investment guidelines, governing agreements and geographical and industry focus that must be taken into account when making investment allocation determinations.

ITEM 7. TYPES OF CLIENTS

The majority of CGCIM's Advisory Clients are pooled investment vehicles. CGCIM also provides investment advisory services to separately managed accounts, two BDCs, Private Credit RIC, and is the collateral manager to CDL CLO.

CCGIM and its affiliates typically require that each third-party investor in an Advisory Client be an "accredited investor" as defined in Regulation D under the Securities Act and a "qualified purchaser" as defined in the 1940 Act. Typically, a minimum investment amount is imposed on third parties investing in the investment vehicles for which CGCIM acts as investment adviser or collateral manager. This minimum often is set at \$5-10 million, but can be subject to a reduction upon prior agreement by CGCIM or an affiliate (subject to applicable legal requirements) and may not be applicable with respect to certain Advisory Clients. A minimum investment amount can also be established pursuant to the laws of the jurisdiction in which the investment vehicle was established.

As noted above, shares of common stock of TCG BDC trade on the Nasdaq Global Select Market under the symbol "CGBD." The offer and sale of shares of TCG BDC II common stock are not registered under the Securities Act. Private Credit RIC is a continuously offered, non-diversified closed-end management investment company that is operated as an interval fund. Private Credit RIC accepts initial and additional purchases of shares on each business day, and conducts quarterly repurchase offers for a limited amount of its shares (at least 5%).

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

In General

CGCIM uses a range of methods to identify, analyze and assess potential and existing investment opportunities, descriptions of which are included in the applicable offering documents and other governing documents. This may include arrangements with affiliated or unaffiliated advisers for purposes of obtaining analyses that would assist the applicable investment or credit committees in their investment decision-making processes. More specific descriptions are provided below regarding the investment strategies and investment processes, as they pertain generally to each category of credit investments applicable to CGCIM. As a general matter, analytical methods used by the investment teams can include gain/loss forecast models, cash-flow models, other financial modeling and simulation, risk sensitivity analyses, charting, and fundamental, technical and cyclical analysis.

Investments managed by CGCIM on behalf of its Advisory Clients focus on credit opportunities and other market strategies throughout the entire business cycle. These investment vehicles include loans (including leveraged loans) and structured credit, distressed credit and rescue financing, opportunistic credit, direct lending, energy credit and aviation finance, and generally invest in loans and bonds, distressed, synthetic products, and other forms of direct lending or private credit, although certain investment vehicles also have the flexibility to make equity investments. CGCIM's investment goals include generating attractive current income, risk-adjusted returns, and capital appreciation, while avoiding defaults, maximizing recoveries, and preserving principal. Each of CGCIM's Global Credit teams seeks to use its specialized expertise to identify investment opportunities by employing fundamental and technical analysis subject to eligibility criteria, Advisory Client objectives and investment guidelines.

- ***Direct Lending Investment Team:*** The direct lending investment team, which includes Carlyle's BDCs, seeks to generate current income and capital appreciation primarily by investing in debt investments in U.S. middle market companies (defined as companies with approximately \$25 million to \$100 million of EBITDA) primarily through direct originations of secured debt, including first lien senior secured loans (which may include stand-alone first lien loans, first lien/last out loans and "unitranche" loans) and second lien senior secured loans (collectively, "Middle Market Senior Loans"), with the balance of the assets invested in higher yielding investments (which may include unsecured debt, mezzanine debt and investments in equities). The diligence process typically includes intensive credit analysis, meetings with management, discussions with industry analysts and in-depth examinations of financial results and projections. The direct lending investment team closely monitors investments through regular meetings and communication with management and equity sponsors and conducts internal ongoing reviews of individual credits, market activity and the current trading environment.
- ***Opportunistic Credit Investment Team:*** The opportunistic credit investment team seeks to generate attractive risk-adjusted returns by focusing on asymmetric risk-return opportunities across the capital structure that are complex, misunderstood, and/or overlooked situations attracting a limited, non-traditional credit investor base. The investment team seeks to invest in a range of private and public credit instruments primarily in North America and Europe. The

diligence process for such investments includes sourcing investments through relationships, industry experience and reciprocal strategies, conducting weekly pipeline meetings and initial screening of potential investments, and employing a rigorous, bottom-up fundamental research model focused on cash flow generation, catalysts to realizing estimated economic intrinsic value and return convexity.

- ***Energy Credit Investment Team:*** The energy credit investment team reviews credit opportunities, including senior secured and mezzanine debt, royalty interests, production payments, net profits interest, secondary debt and equity co-investments, primarily in North America throughout the energy and power sector based on investment targets and criteria which include collateralization by hard assets, measured leverage, current cash pay and proven technology, experienced management teams, and strong sponsorship. The methods of analysis utilized for such investments include fundamental credit, valuation, technological/operations, structural protections, and market analysis.
- ***Distressed Credit Investment Team:*** The distressed credit investment team is responsible for reviewing and approving the purchase or sale of all direct equity investments or the acquisition of distressed companies or assets of distressed companies when the value or the prospect of exerting influence or obtaining control is compelling. With respect to traded debt and equity investments, the lead investment professionals advising each Advisory Client are authorized to grant final approval of an investment in or disposition of traded secured or unsecured debt and traded equity investments within prescribed limits of that Advisory Client. The diligence process for such investments includes sourcing investments that are available for purchase at discounts to what CGCIM believes to be fundamental value and where CGCIM may have an opportunity to exert influence or obtain control in a restructuring, utilizing traditional private equity disciplines and the restructuring and distressed investing experience of the distressed credit investment team, and undergoing a bottom-up review of each potential investment's competitive strengths and weaknesses.
- ***Loans and Structured Credit Investment Team:*** The loans and structured credit investment team provides advisory services on behalf of CGCIM in respect of the Carlyle Structured Credit fund⁶, which seeks to invest in the debt and equity tranches of unaffiliated CLOs that are backed by senior secured corporate loans made to companies operating primarily in the U.S. or Europe. The fund focuses on investments sourced from the secondary market that are priced at a substantial discount to par. The method of analysis for each investment opportunity may include review of the underlying credit portfolio, key deal metrics, legal structure, manager performance and cashflows. The loans and structured credit investment team will consider investments in the context of macro-economic factors such as interest rate environment, credit trends, and regulatory environment. The team also provides advisory services on behalf of CGCIM in respect of the Carlyle Revolving Loan Fund, which see to invest in senior secured revolving

⁶In addition to the Carlyle Structured Credit fund managed by CGCIM, the U.S. structured credit investment team also provides services on behalf of CIM (and through its relying advisor, Carlyle CLO) in respect of its CLO advisory clients, which are active in the structured credit space. For additional information, please see Part 2 of Form ADV for CIM, available at: <http://www.adviserinfo.sec.gov/>.

credit facilities of non-investment grade issuers in the U.S. and Western Europe purchased in the secondary market.

- ***Infrastructure Credit:*** Our Infrastructure credit team invests primarily in directly originated and privately negotiated debt instruments and debt-related instruments involving global infrastructure and infrastructure-related assets, primarily in the power, energy, transportation, water/waste, telecommunications and social infrastructure sectors. The team focuses primarily on senior, subordinated, and mezzanine debt and seeks to invest primarily in developed markets within the OECD.

INVESTMENT RISKS

An investment in any Advisory Client involves a high degree of risk, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective or targeted returns of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Advisory Client. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in any Advisory Client. In addition, there will be occasions when the general partner of an Advisory Client, CGCIM and/or their respective affiliates encounter potential conflicts of interest in connection with such Advisory Client.

Prior to making any investment in an Advisory Client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client. In addition, risk factors relating to an investment in a BDC are set forth in the respective BDC's latest annual report on Form 10-K filed with the SEC and, if applicable, its subsequent quarterly reports on Form 10-Q filed with the SEC.

No Assurance of Investment Return

Carlyle cannot provide any assurance whatsoever that it will be able to choose, make and realize investments in any particular company or portfolio of companies for any Advisory Client. There can be no assurance that any Advisory Client will (i) be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Advisory Client participates or (ii) make any distribution to its investors. Furthermore, distributions to such Advisory Client's investors may be subordinated in the event of a default under any credit facility of such Advisory Client or its related entities. Accordingly, an investment in an Advisory Client should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past activities of investment entities associated with Carlyle or any Advisory Client provides no assurance of future success. **Past performance is not necessarily indicative of future results and all investors should be prepared to lose the value of their investment. There can be no assurance that projected or targeted returns for any Advisory Client will be achieved.**

Role of Carlyle Investment Professionals

The success of each Advisory Client will depend in part upon Carlyle's ability to attract and retain talented investment professionals, the skill and expertise of the investment professionals in Global Credit who manage the Advisory Client's investment program and, where applicable, the management of portfolio companies or other investments. There can be no assurance that such professionals will continue to be associated with Carlyle throughout the life of any Advisory Client and a loss of the services of key personnel could impair Carlyle's ability to provide services to an Advisory Client. Should one or more of these professionals become incapacitated or in some other way cease to provide advisory services to an Advisory Client, the Advisory Client's performance could be adversely affected. Moreover, there can be no assurances that such professionals will remain in the same roles at Carlyle during the life of an Advisory Client. The roles and responsibilities within Carlyle of certain investment professionals are likely to be modified during the life of any Advisory Client, including modifications that result in less time devoted to such Advisory Client. Any fiduciary duties owed by such professionals to an Advisory Client would be modified accordingly. In addition, Carlyle investment professionals involved in providing advisory services to an Advisory Client may in the future cease providing such services while nonetheless remaining employed by Carlyle. Separately, there is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that Carlyle personnel will not be solicited by and join competitors or other firms and/or that Carlyle will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In addition, members of the investment advisory team or investment or credit committee of a particular Advisory Client will work on other projects for Carlyle, including providing advice to non-CGCIM advisory clients. Furthermore, while William E. Conway, Jr., David M. Rubenstein, Daniel A. D'Aniello, co-founders of Carlyle, continue to serve as Co-Chairmen and Chairman Emeritus of Carlyle respectively, the co-founders may not be as involved in the investment activities of certain Advisory Clients as they have been historically, and, as such, unlike the co-founders, the current leadership of Carlyle may not have been with Carlyle since inception. As a result, the investment process for certain Advisory Clients may be materially different than that of certain predecessor funds. Conflicts of interest may arise in allocating management time, services or functions, and Carlyle's ability to access other professionals and resources within Carlyle for the benefit of a particular Advisory Client may be limited. Such access may also be limited by the internal compliance policies of Carlyle, including, without limitation, information barrier policies, or other legal or business considerations.

Reliance on the General Partner (or Similar Managing Fiduciary) and Investment Adviser or Collateral Manager of the Advisory Client

The general partner (or similar managing fiduciary) and investment adviser or collateral manager of an Advisory Client will have exclusive responsibility for an Advisory Client's activities, and, other than as may be set forth in Advisory Client's governing documents, investors will have no opportunity to control the day-to-day operation of an Advisory Client or make investment, disposition or any other decisions concerning the management of an Advisory Client. In order to safeguard their limited liability for the liabilities and obligations of an Advisory Client, investors must rely entirely on the general partner and the investment adviser to conduct and manage the affairs of an Advisory Client.

Material Risk Relating to Methods of Investment Analysis

CGCIM seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, CGCIM relies on available resources, including information provided by the target of the investment and, in some circumstances, third-party investigations. As a result, the due diligence process may at times be subjective. Accordingly, CGCIM cannot be certain that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including irregular accounting, employee misconduct and other fraudulent practices) that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. In the event of fraud by any Advisory Client portfolio company or any of such portfolio company's managers or affiliates, an Advisory Client may suffer a partial or total loss of capital invested in such portfolio company, and there can be no assurance that any such losses will be offset by gains (if any) realized on an Advisory Client's other investments.

CGCIM will generally negotiate the pricing of transactions, establish the capital structure of an investment (where applicable) and the terms and targeted returns of such investment on the basis of financial, macroeconomic, and other applicable projections. Estimated operating results will normally be based primarily on investment professional or management judgments, or third-party advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the assumptions will be accurate or that the estimated results will be achieved, and actual results may vary significantly from the projections. General economic, political and market conditions, which are difficult to predict, can have a material adverse impact on the reliability of such projections. Assumptions or projections about asset lives; the stability, growth, or predictability of costs; demand; or revenues generated by an investment or other factors associated therewith may, due to various risks and uncertainties including those described herein, differ materially from actual results. Other participants in the industry may disagree with the feasibility of projections and potential investors should make their own determinations about the prospects of any Advisory Client.

Effect of Substantial Losses on the Operations of CGCIM and the General Partner of Each Advisory Client

If, due to extraordinary market conditions or other reasons, an Advisory Client or any of its affiliates were to incur substantial losses, the revenues of CGCIM and its affiliates may decline substantially. Such losses may hamper CGCIM and its affiliates' ability to (i) retain employees and (ii) provide the same level of service to such Advisory Client as it has in the past.

General Economic and Market Conditions

The success of an Advisory Client's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of an Advisory Client's investments),

trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations).

Misconduct of Carlyle Personnel; Third-Party Service Providers

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to Carlyle. Misconduct by employees or by third-party service providers could cause significant losses to an Advisory Client. Employee misconduct could include, among other things, binding an Advisory Client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to an Advisory Client or Carlyle. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Advisory Client's business prospects or future activities. Furthermore, because of Carlyle's diverse businesses and the regulatory regimes under which they operate, misdeeds by a Carlyle entity (or its personnel) may result in foreclosing an Advisory Client's ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by employees or service providers, and the precautions the Carlyle takes to detect and prevent this activity may not be effective in all cases.

Risks of Third-Party Service Providers

Certain of an Advisory Client's and CGCIM's operations interface with and/or depend on third parties and such Advisory Client or CGCIM may not be in a position to verify the risks or reliability of such third parties. An Advisory Client may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them. The costs, fees and expenses associated with the provision of such services by third-party service providers will generally be borne by an Advisory Client instead of its general partner or CGCIM, thereby increasing the expenses borne by such Advisory Client's investors.

Lack of Operating History

Each Carlyle-sponsored investment vehicle advised by CGCIM will initially be a newly-formed entity which has not commenced operations and therefore will have no operating history upon which an investor may evaluate its performance. There can be no assurance that any such Carlyle-sponsored investment vehicle will be able to implement its investment strategy and investment approach or achieve its investment objective or that an investor will receive a return of its capital. Past performance of investment entities associated with Carlyle is not necessarily indicative of future results and there can be no assurance that a Carlyle-sponsored investment vehicle will achieve comparable results or that targeted returns will be met. Moreover, each such Carlyle-sponsored vehicle is subject to all of the business risks and uncertainties associated with any new investment vehicle, including the risk that it will not achieve its investment objective and that the value of an interest in such investment vehicle could decline substantially. Accordingly, investors should draw no conclusions from the prior experience of CGCIM, the investment professionals or the performance of any other Carlyle investments and should not expect to achieve similar returns.

Ongoing Turmoil in the U.S. and Global Financial Markets

Turmoil such as that currently being experienced by the U.S. and global financial markets as a result of the ongoing (including related variants, “COVID-19”) pandemic, and such as markets endured during the global financial crisis of 2008, illustrates the risk that the financial markets can experience uncertainty, volatility and instability, potentially for protracted periods of time. Lending and the global credit markets continue to experience substantial volatility, disruption, liquidity shortages and, to some extent, financial instability. Global financial markets have experienced considerable and prolonged declines in the valuations of equity and debt securities and periodic acute contraction in the availability of credit. There can be no assurances that conditions in the U.S. and global financial markets will not worsen and/or adversely affect one or more of an Advisory Client’s portfolio companies or other investments, (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

In addition, the performance of certain Advisory Client investments will be substantially dependent upon prevailing prices of oil, natural gas, coal and other commodities (such as metals) and the differential between prices of specific commodities that are a primary factor in the profitability of certain conversion activities such as petroleum refining (“crack spread”) and power generation (“spark spread”). Commodity prices are likely to continue to be volatile and subject to wide fluctuations in response to any of the following factors: (i) relatively minor changes in the supply of and demand for each commodity; (ii) market uncertainty; (iii) political conditions in international commodity producing regions; (iv) the extent of domestic production and the importation of commodities in certain relevant markets; (v) the foreign supply of commodities; (vi) the price of foreign imports; (vii) the price and availability of alternative fuels; (viii) the level of consumer demand; (ix) the recent imposition of tariffs by the U.S. and other countries; (x) the price of steel and the outlook for steel production; (xi) weather conditions; (xii) the competitive position of oil, gas or coal as a source of energy as compared with other energy sources; (xiii) the industry-wide refining or processing capacity for oil, gas or coal; (xiv) the effect of United States and non-U.S. federal, state and local regulation on the production, transportation and sale of commodities; (xv) with respect to the price of oil, actions of the Organization of Petroleum Exporting Countries; (xvi) the expected consumption of coking coal in steel production; (xvii) the amount and character of excess electric generating capacity in a market area; (xviii) overall economic conditions; and (xix) a variety of additional factors that are beyond the control of Carlyle, CGCIM or an Advisory Client. A substantial or extended decline in commodity prices may materially and adversely affect an Advisory Client’s investment activities as well as the financial condition, results of operations and liquidity of an Advisory Client’s investments and the ability of such investments to finance planned capital expenditures.

See also “Current Market Conditions” below.

Trade Disputes with China

The U.S. administration in the recent years has advocated greater restrictions on international trade generally and significant increases on tariffs on certain goods imported products. Sustained tension between the United States and China over trade policies has introduced and could significantly introduce additional trade barriers and undermine the stability of the global and regional economy. In addition,

China and other countries have retaliated and may further retaliate in response to new trade policies, treaties and tariffs implemented by the United States. This retaliation has resulted in an escalation to a trade war, which is having an adverse effect on manufacturing levels, trade levels and industries, including telecommunication, logistics, retail sales and other businesses and services that rely on telecommunication, trade, commerce and manufacturing. Recently, the U.S. administration has taken rigorous actions against Chinese telecommunication businesses on national security grounds. Such prohibitions by the U.S. administration could increase uncertainty over the broader trade negotiation between China and the U.S., and result in material and adverse effects on the information and telecommunication industry both in China and globally. Any further escalation in the trade war between China and the U.S., or news and rumors of any escalation, could affect activity levels within Carlyle's digital ecosystem and have a material and adverse effect on the business, financial condition, results of operations of Advisory Clients and their investments, especially investments in the information and telecommunication industry. This, together with future downturns in the global economy, significant introductions of trade barriers and bilateral trade frictions between the region's major trading partners and the United States and key export markets in Europe could adversely affect the financial performance of Advisory Clients and their portfolio investments, causing an Advisory Client to lose invested capital in addition to anticipated profits.

Public Health Risks, Epidemics and Pandemics

Countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, an outbreak of COVID-19, a novel and highly contagious form of coronavirus pandemic. The COVID-19 pandemic has resulted in, among other events, unprecedented global travel restrictions and regional and country-wide quarantines, a significant increase in illness of the general workforce, slowing and/or the complete idling of certain significant U.S. and global businesses and sectors and general economic and market turmoil and uncertainty, including the travel, entertainment and hospitality industries. The full extent of the impact on financial markets, supply chains, and business activity for the U.S. and global economies, and potential changes in U.S. or other economic and fiscal policies that may be adopted to address the pandemic and related externalities are not yet fully identified or understood. In addition, in response to the spread of COVID-19, many businesses, including CGCIM, have encouraged or mandated that their personnel work from home in an effort to help slow the spread of the COVID-19 pandemic. Notwithstanding such precautionary measures, CGCIM and its portfolio companies may still experience a significant increase in illness of their respective personnel.

To the extent personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business will likely be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations in the event it is the target of such incident or attack. See "Cybersecurity Breaches, Identity Theft, Privacy Breaches, and Other Threats" below for an additional discussion about cybersecurity risks.

The COVID-19 pandemic, other outbreaks of infectious diseases in the future, or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which an Advisory Client may invest, and thereby adversely affect the performance of the Advisory Client's investments, and its ability to implement its investment program.

Furthermore, in connection with the impacts of the current pandemic and any future such public health crisis, Advisory Clients are expected to incur heightened legal expenses which could similarly have an adverse impact to their returns. For example, but not by limitation, Advisory Clients or their investments may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by the Advisory Clients and/or their investments. There is also a heightened risk of cyber and other security vulnerabilities during the current public health emergency and any future one, which could result in adverse effects to the Advisory Clients or their investments in the form of economic harm, data loss or other negative outcomes.

The U.S. Food and Drug Administration recently approved COVID-19 vaccines for emergency use. Due to limited supply, these vaccines are not expected to be available to the general public until summer 2021. As newly developed vaccines, not all of the side effects are currently known. A substantial proportion of the population may choose to “wait and see” before getting vaccinated, which could prolong the effects of COVID-19. In addition, none of the COVID-19 vaccines are 100 percent effective, which means a portion of the population that receives such vaccinations may not be protected against the disease. It is expected that other jurisdictions will encounter similar issues with respect to COVID-19 vaccines. There can be no assurance on the continuing effects of COVID-19 on the economy generally or its effect on the Advisory Clients and their ability to achieve their respective investment objectives.

Uncertain Geopolitical Events

International and / or local geopolitical events are likely to influence the issuers of, and markets for, instruments traded by Advisory Clients. Geopolitical events, including, without limitation, national referenda, political elections, international violent and non-violent conflicts, political movements and reactions to national and international emergencies, can affect monetary policy, fiscal policy, international relations, currency valuations, legal systems and regulatory regimes, among numerous other things, in ways that could impact the Advisory Clients and / or their ability to operate and / or pursue their respective investment strategy.

Continuation of Trends and Conditions

The investment strategies of Advisory Clients and the availability of opportunities satisfying Advisory Clients’ investment objectives rely in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurances that the assumptions made or the beliefs and expectations currently held by CGCIM will prove correct and actual events and circumstances may vary significantly.

Availability of Financing

A combination of lack of liquidity and regulatory constraints on the amount of debt banks may extend for transactions in the capital markets may make it significantly more difficult for sponsors such as Carlyle to obtain favorable financing for investments, particularly if valuations decline and assets become ineligible for borrowing, and the financing that is available may be on significantly less

favorable terms than had been prevailing in the past. Carlyle may be required to finance transactions with a greater proportion of equity relative to prior periods. General fluctuations in the market prices of securities may affect the value of the investments held by an Advisory Client. Instability in the securities markets may also increase the risks inherent in an Advisory Client's investments. The ability of Advisory Client investments to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, or to raise capital in the leveraged finance debt markets, which historically have been cyclical with regard to the availability of financing.

See "Current Market Conditions" above for an additional discussion of the potential impact such market conditions may have on the availability of financing and credit to Advisory Clients and their potential or existing investments and portfolio companies.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty.

Potential competitors include, without limitation, other investment partnerships and corporations, merchant banks, business development companies, special purpose acquisition companies ("SPAC"), strategic industry acquirers, sovereign wealth funds, domestic and international public pension plans, the public debt and equity markets, individuals, financial institutions, industry groups and other financial investors investing directly or through affiliates, and an Advisory Client may be unable to identify a sufficient number of attractive investment opportunities for such Advisory Client to meet its investment objectives. Some of these competitors may have more relevant experience, greater financial and other resources and more personnel than Carlyle. There can be no assurance that an Advisory Client will be able to (i) locate, complete and exit investments which satisfy such Advisory Client's target equity range, rate of return objectives, or realize upon their values, or (ii) invest fully its available capital. It is possible that competition for appropriate investment opportunities may increase, which may also require certain Advisory Clients potentially to participate in auctions more frequently. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of opportunities available to such Advisory Clients and potentially adversely affecting the terms, including price, upon which investments can be made. To the extent that the Advisory Clients encounter competition for investments, returns to investors may decrease. Further, it is possible that private equity sponsors unaffiliated with Carlyle may be reluctant to present financing opportunities to certain Advisory Clients because of their affiliation with Carlyle. Advisory Clients may incur bid, legal, due diligence and other costs on investments which may not be successful.

In addition, Carlyle's investment strategies in certain sectors depend on its ability to enter into satisfactory relationships with joint venture partners or Operating Professionals. There can be no assurance that Carlyle's current relationship with any such partner or Operating Professional will continue (whether on currently applicable terms or otherwise) with respect to the Advisory Clients or that any relationship with other such persons will be able to be established in the future as desired with respect to any sector or geographic market and on terms favorable to the Advisory Clients.

Illiquid and Long-Term Investments; Certain Proceeds

Investment in an Advisory Client may require a long-term commitment with no certainty of return. Many of an Advisory Client's investments will be highly illiquid, and there can be no assurance that an Advisory Client will be able to realize such investments (in whole or in part) in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. An Advisory Client's ability to realize an investment can be dependent on the public equity markets (*e.g.*, demand for new public offerings and security sales) and investments in publicly-traded securities are subject to restrictions under relevant securities laws (*e.g.*, Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act")). Although investments may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such investment. In addition, in some cases an Advisory Client may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. To the extent that there is no liquid trading market for an investment, the Advisory Client may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of an Advisory Client's investment will be found. Even with respect to strategies in which investors have certain liquidity rights or rights to request redemption or withdrawal during the life of the fund pursuant to the terms of the fund, the general partner (or similar managing fiduciary) still has significant discretion to limit or restrict such liquidity rights, and therefore, no assurance can be given that investors can redeem or withdraw their investments.

Separately, although any proceeds received by Advisory Clients as a result of (i) any refinancing, recapitalization or restructuring of, or similar transaction involving, its portfolio company or investment or (ii) any extraordinary dividend (including dividends related to recapitalizations) paid by its portfolio company will be treated as "reduction in capital proceeds" pursuant to the terms of the governing agreement of such Advisory Client and will be distributed to partners of such Advisory Client pro rata based on their respective percentage interests in such investment, proceeds received by such Advisory Client primarily as a result of the sale or other disposition of a material asset, subsidiary or operating division of a portfolio company or from the operating cash flow of a portfolio company (regardless of the timing or amount of any prior proceeds received by such Advisory Client in respect of such portfolio company) will be treated as disposition proceeds and current proceeds, respectively, as subject to the applicable waterfall provisions of the governing agreement of such Advisory Client.

Investments Longer than Term

Each Carlyle-sponsored investment vehicle may make investments that may not be advantageously disposed of prior to the date that the winding up of such investment vehicle commences, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds of the liquidation of the remaining assets to investors will occur. Such winding-up and final distribution may occur several years after the investment vehicle enters into dissolution.

Risk of Limited Number of Investments

An Advisory Client may participate in a limited number of investments and, as a consequence, the aggregate return of such Advisory Client may be substantially adversely affected by the unfavorable

performance of even a single investment. In addition, other than as set forth in the applicable Advisory Client's governing documents (or investment management agreement in the case of a separately managed account or as required by applicable law), investors have no assurance as to the degree of diversification of an Advisory Client's investments, either by geographic region, industry, asset or transaction type. To the extent an Advisory Client concentrates investments in a particular issuer, industry, asset, security, geographic region, location in the capital structures of the issuers in which such Advisory Client invests or other measures, its investments will become more susceptible to fluctuations in value resulting from adverse economic, business or market conditions. Moreover, there are no assurances that all of an Advisory Client's investments will perform well or even return capital. Therefore, if certain investments perform unfavorably, for an Advisory Client to achieve above-average returns, one or a few of its investments must perform exceptionally well. There are no assurances that this will be the case.

Prior to the final closing date of an Advisory Client, the investment limitations, as well as certain borrowing limitations, may be applied at the time of a given investment (or a given borrowing) based on expected commitments to such Advisory Client. Therefore, when such Advisory Client makes an investment (or incurs a borrowing), it may calculate any investment limitations (or applicable borrowing limitations) based on the assumption that it will have at least a certain amount of commitments by the final closing date of such Advisory Client. In the event that the aggregate commitments are less than such amount on by the final closing date, such Advisory Client may hold investments (or have leverage) in excess of the percentage of the then-current commitments specified in such investment limitations (or such borrowing limitation). As a consequence, the aggregate return of such Advisory Client may be adversely affected by the unfavorable performance of one or a small number of investments.

Confidential or Material, Non-Public Information

By reason of their responsibilities in connection with other activities of Carlyle, certain CGCIM investment professionals may acquire confidential or material, non-public information concerning an entity in which Advisory Clients have invested, or propose to invest, and the possession of such information may limit the ability of CGCIM and other investment advisers and personnel in Global Credit to buy or sell particular instruments of such entity on behalf of Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients. In addition, holdings in the instruments of an issuer by Carlyle or its affiliates may affect the ability of Advisory Clients to make certain acquisitions of or enter into certain transactions with such issuer.

GCM and separately-registered investment advisers affiliated with CGCIM may acquire commercially-sensitive confidential or material, non-public information concerning an entity in which Advisory Clients of CGCIM have invested, or propose to invest, and the possession of such information may limit the ability of CGCIM to buy or sell particular securities of such entity on behalf of certain of its Advisory Clients, thereby limiting the investment opportunities or exit strategies available to the Advisory Clients of CGCIM. Certain information barriers have been introduced to limit the flow of such material, non-public information; however, this risk still exists, including in the context of advisory clients within Global Credit.

Carlyle has erected an information barrier to segregate the flow of material, non-public information between Global Credit and the rest of Carlyle (the "Global Credit Information Barrier"). The purpose of this information barrier is, among other things, to insulate material, non-public information, such that

the investment activities of Global Credit, on the one hand, and the rest of Carlyle, on the other hand, are not otherwise restricted because one business unit may have material, non-public information that would be imputed to the other business unit in the absence of an information barrier. As part of the Global Credit Information Barrier, a portion of the GCM team is permitted to receive certain material, non-public information in support of its capital markets activities; however, those GCM team members are not permitted to disseminate such information to the rest of Global Credit (thus minimizing the impact on investment activities for the rest of the Global Credit). From time to time Carlyle may permit an investment professional within Global Credit to participate in certain Carlyle-related investment advisory activities outside of Global Credit. To the extent such investment professional acquires material, non-public information in connection with such activities Global Credit may be restricted from making certain investments.

The establishment and maintenance of the information barrier discussed above means Global Credit will generally not be able to use, act on or otherwise be aware of confidential information otherwise known by or in the possession of the rest of Carlyle (and vice-versa), and collaboration between personnel associated with Global Credit, on the one hand, and personnel of the rest of Carlyle, on the other hand, may be limited, reducing potential synergies.

Within Carlyle Aviation Partners, there is an information barrier affecting CASP, the purpose of which is to control the flow of material, non-public information to CASP.

At the same time, as discussed more fully in Item 10, (with the exception of an information barrier affecting CASP, described above) within Global Credit, there is no information barrier between supervised persons of CGCIM and other Carlyle-affiliated advisers that are part of the group (with the exception of CASP). Therefore, CGCIM may in some cases be unable to trade on behalf of certain Advisory Clients because Global Credit is restricted from trading.

Carlyle has established and is expected to continue to establish, additional information barriers as-needed, including with regards to certain investments of CIM's advisory clients in the financial services and insurance solutions sectors.

Compliance with Anti-Money Laundering and Know Your Customer Requirements

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the general partner of an Advisory Client typically requests investors to provide documentation verifying, among other things, such investors' identity and source of funds used to purchase the interests of such Advisory Client. The amount and types of such information requested may vary depending on an Advisory Client's domicile (due to local regulatory requirements), and complying with such requests may be burdensome, inconvenient, and intrusive. The general partner of an Advisory Client may decline to accept a subscription on the basis that such information that is provided or if this information is not provided. Requests for documentation and additional information may be made at any time during which an investor holds an interest in an Advisory Client. Such general partner may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. The general partner of an Advisory Client or its affiliates will take such steps as are determined necessary to comply with applicable law, regulation, orders, directives or special measures. These steps may include prohibiting an investor from making further contributions of capital

to an Advisory Client, depositing distributions to which an investor would otherwise be entitled to in an escrow account or causing the exclusion of an investor from the Advisory Client.

Currency and Exchange Rate Risks

A portion of an Advisory Client's investments, and the income received by an Advisory Client with respect to such investments, may be denominated in foreign currencies. However, unless otherwise provided in an Advisory Client's governing documents, the books of an Advisory Client generally will be maintained and capital contributions to and distributions from such Advisory Client generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations may materially adversely affect the U.S. dollar value of investments, interest and dividends received by an Advisory Client, gains and losses realized on the sale of investments, and the amount of distributions, if any, to be made by an Advisory Client.

Interests in Advisory Clients may be denominated in different currencies. For example, a U.S. dollar-denominated Advisory Client and a Euro-denominated Advisory Client may invest in the same European transaction. Because currency-exchange rates can be volatile and fluctuate sharply, one Advisory Client may benefit from an exchange rate fluctuation, while another may not, creating the potential that one Advisory Client may benefit more from the same investment relative to another Advisory Client denominated in a different currency. Similar considerations apply in respect of a parallel or feeder fund of an Advisory Client that is denominated in a different currency than the main fund of an Advisory Client. Similarly, investors from any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. It should be noted that the fees, costs and expenses incurred by an investor in converting their local currency to U.S. dollars (if applicable) in order to meet capital calls will be borne solely by such investor and will be in addition to the amounts required by such capital call (and will not be part of or otherwise reduce an investor's capital commitments and/or unfunded capital commitments, as applicable).

Carlyle may enter into hedging transactions, if available, designed to reduce such currency risks with respect to an Advisory Client, but there can be no assurance that any such transactions would achieve their intended results. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Further, such hedging transactions could result in diminished returns (or increased losses on capital) to the extent overall returns are less than an Advisory Client's costs or losses associated with such hedging transactions. An Advisory Client may also experience gains attributable solely, or in large part, to favorable movements in exchange rates as of any date of valuation or realization of an investment, even despite relatively adverse performance of the relevant portfolio company.

Risks Associated with Hedging Transactions

In connection with the acquisition, financing, holding or disposition of certain investments, an Advisory Client may employ hedging techniques designed to reduce certain risks, including, among others, the risk of adverse movements in interest rates, securities prices and currency exchange rates, but there will be no obligation to engage in such hedging activities. While such transactions may reduce certain risks, such transactions themselves entail certain other risks. Thus, while an Advisory Client may benefit from

the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates, or the transactional fees associated with such mechanisms may result in a poorer overall performance for such Advisory Client than if it had not entered into such hedging transactions. These arrangements may also require the posting of cash collateral at a time when the Advisory Client has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, which may reduce the returns generated by the Advisory Client. The general partner of an Advisory Client may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills that are different than the skills used in selecting and monitoring investments. There can be no assurance that any risk management procedure will be effective in reducing risks associated with the use of hedging techniques or that the use of such techniques by an Advisory Client will not result in poorer overall performance for an Advisory Client than if it had not utilized such techniques.

Managers of certain pooled investment vehicles with exposure in commodity interests may be required to register with the U.S. Commodity Futures Trading Commission (“CFTC”) as commodity pool operators (“CPOs”) and/or commodity trading advisors (“CTAs”) and become members of the National Futures Association (the “NFA”). In connection with their hedging/risk management (and other) swap activity, applicable Advisory Clients and their related general partners generally seek to rely on an exemption from registration available to entities with *de minimis* levels of swap exposure. However, to the extent that such swap activity exceeds these *de minimis* thresholds (or the Advisory Clients and their general partners otherwise fail to file for an applicable exemption), CIM, as the investment manager with respect to such Advisory Clients, may be required to register with the CFTC. In addition, as a result of their hedging/risk management (and other) swap activity, certain Advisory Clients or related entities also may be subject to a wide range of other regulatory requirements, such as: (i) potential compliance with certain commodities interest position limits or position accountability rules; (ii) administrative requirements, including recordkeeping, confirmation of transactions and reconciliation of trade data; (iii) mandatory central clearing and collateral requirements; and (iv) initial and variation margin requirements for uncleared swap transactions. Furthermore, any determination to cease or to limit investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC and/or available exemptions may have an adverse effect on an Advisory Client’s ability to implement its investment objectives and to hedge risks associated with its operations.

Interest Rate Risks

In order to seek to reduce the interest rate risk inherent in an Advisory Client’s underlying investments and capital structure, an Advisory Client may enter into interest rate transactions, including but not limited to interest rate swaps and caps. Depending on the state of interest rates in general, an Advisory Client’s use of interest rate transactions could enhance or harm the overall performance of the Advisory Client.

The London Inter-bank Offered Rate (“LIBOR”) and certain other interest rate “benchmarks” are the subject of recent national, international, and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences

which cannot be predicted. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could negatively impact Advisory Clients.

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 government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. Carlyle has adopted policies and procedures to account for these pay-to-play laws, regulations or policies, and to comply with the New York Attorney General's Public Pension Fund Reform Code of Conduct (the “Pension Fund Reform Code”), which governs Carlyle’s interactions with U.S. public pension funds. If CGCIM, the general partner of an Advisory Client or their associated employees or affiliates fail to comply with the Pension Fund Reform Code or such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on an Advisory Client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes, including new interpretations of existing laws and regulations, could occur during the term of a Carlyle-sponsored investment vehicle that may adversely affect such Advisory Client (or term of the applicable investment management agreement in the case of a separately managed account). The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of investments held by an Advisory Client and the ability of such Advisory Client to effectively employ its investment and trading strategies. Increased scrutiny and newly-proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on CGCIM and may divert time and attention from portfolio management activities. For example, the interest payments on the indebtedness used to finance Advisory Client investments have historically been deductible expenses for income tax purposes, subject to limitations under applicable tax law and policy, and under December 2017 U.S. tax law changes (defined below as the “Tax Act”), the availability of the deduction of certain interest expenses may be limited. Any change in such tax law or policy to eliminate or substantially limit these income tax deductions, as has been discussed from time to time in various jurisdictions, including the U.S., would reduce the after-tax rates of return on the affected investments, which may have an adverse impact on the financial results of affected Advisory Client investments.

There is a material risk that regulatory agencies in the United States, Europe, Asia or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the alternative asset management (including public or private markets) industry, or other changes that could adversely affect alternative investment firms and the funds they sponsor, including an Advisory Client. In addition, and in particular in light of the changing global regulatory climate, Advisory Clients may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in

certain non-U.S. jurisdictions in order to market to potential investors, which may generally limit an Advisory Client's ability to raise capital and/or increase the costs and expenses borne by the investors in such Advisory Clients. Furthermore, the OECD, as defined below, has proposed changes to numerous long-standing principles through its base erosion and profit shifting project. Several of the proposed measures, including measures covering treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements are potentially relevant to investment structures and could have an adverse impact on each Advisory Client and investors.

Political leaders in the U.S. and certain European nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. In addition, the U.S. government imposed tariffs on certain foreign goods, including steel and aluminum, and has indicated a willingness to impose additional tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of an Advisory Client and its investments. In particular, although the U.S. and China have agreed to a partial trade deal with respect to their ongoing trade dispute, certain issues remain unresolved, which is expected to be an ongoing source of instability, potentially resulting in significant currency fluctuations and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). While this dispute has already had negative economic consequences on the U.S. markets, to the extent that this trade dispute escalates into a "trade war" between the U.S. and China, there could be additional significant impacts on the industries in which the Advisory Client participates and other adverse impacts on the Advisory Client's investments.

Prospective investors in any Advisory Client should note that the outcome of the 2020 U.S. presidential and other elections creates uncertainty with respect to legal, tax and regulatory regimes in which an Advisory Client and its portfolio companies, as well as Carlyle and its affiliates, will operate. In addition to the proposed legislation described above, any significant changes in, among other things, economic policy (including with respect to interest rates), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on such Advisory Client and its investments.

Actions of the Committee on Foreign Investment in the United States

The actions of the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person and certain "other investments" by a foreign person in a U.S. business, including those that do not convey potential control, may adversely impact the prospects of an Advisory Client's portfolio companies in the context of mergers with, or acquisitions by, a foreign person. CFIUS may recommend that the President block such transactions or request a divestiture, or CFIUS may impose conditions on such transactions, including restrictions on the ownership, management and operation of assets or companies by non-U.S. persons, certain of which may materially and adversely affect an Advisory

Client's ability to execute its investment strategy. In addition, the CFIUS process will continue to evolve. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act ("FIRRMA") was enacted in 2018, which broadens the jurisdiction of CFIUS with respect to certain investments. Such legislation could impact the ability of non-U.S. investors to participate in an Advisory Client's investments, which may impair such Advisory Client's ability to execute its investment strategy. FIRRMA expands the ability of CFIUS to review an Advisory Client's acquisition or disposition of certain investments including certain non-controlling investments by foreign persons over certain U.S. businesses, including those that do not convey potential control if the U.S. business (i) owns, operates, manufactures, supplies, or services critical infrastructure; (ii) produces, designs, tests, manufactures, fabricates, or develops one or more critical technologies; (iii) maintains or collects sensitive personal data of U.S. citizens that may be exploited in a manner that threatens national security; and (iv) acquisitions of real estate and leaseholds near U.S. military or other sensitive government facilities. Following the conclusion of the formal FIRRMA regulatory rule-making process in February 2020, parties are required to notify CFIUS at least 45 days before the closing of transactions that would result in foreign ownership of a "substantial interest" in a U.S. business where (i) the U.S. business involves critical infrastructure, critical technology, or sensitive personal data of U.S. citizens; and (ii) a foreign government has a "substantial interest" in a foreign party to the transaction. CFIUS implemented a mandatory filing requirement (the "Mandatory Regime") authorized by FIRRMA, that expanded CFIUS's jurisdiction by granting it the authority to review controlling and non-controlling "other investments" made by a foreign government, whether or not controlled by a foreign person, in a company involved in critical technologies for which a U.S. regulatory authorization would be required to transfer that critical technology to a foreign investor or a foreign person in the investor's ownership chain and which affords the foreign person (i) access to any material nonpublic technical information in the possession of the U.S. business; (ii) membership or observer rights on or the right to nominate an individual to a position on the board of directors or equivalent governing body of the U.S. business; or (iii) any involvement, other than through voting of shares, in substantive decision-making of the U.S. business regarding the use, development, acquisition or release of critical technology. Transactions subject to the Mandatory Regime are subject to mandatory declaration requirements. Although FIRRMA and the Mandatory Regime include certain exceptions for U.S. national managed investment funds, FIRRMA may increase the number of transactions involving any Advisory Client that would be subject to CFIUS review and investigation and the timing and substantive risks described above. The outcome of CFIUS's process may be difficult to predict, and there is no guarantee that, if applicable to a portfolio company, the decisions of CFIUS would not adversely impact the Advisory Client's investment in such company. An Advisory Client's governing document may include certain provisions that may require investors that are, or are instrumentalities of, a non-U.S. government to be excluded from participating in an investment that may be deemed sensitive from a national security perspective.

Regulatory Approvals

Government entities may exercise their discretion to change or increase regulation of a portfolio company's operations, or to implement laws, regulations or policies affecting the portfolio company's operations, separate from any contractual rights they may have, in a manner that causes delays or adversely affects the operation of the business of such portfolio companies and/or the applicable Advisory Client's ability to effectively achieve its investment objectives. A portfolio company (or project) 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 a portfolio company or gains recognized by an Advisory Client on its investment in such portfolio company that could impact a portfolio company's business as well as such Advisory Client's return on investment with respect to such portfolio company. There can be no assurance that a portfolio company will be able to: (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals.

Cybersecurity Breaches, Identity Theft, Privacy Breaches and Other Threats

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. There has been an increase in the frequency and sophistication of the cyber and security threats that CGCIM faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target CGCIM because it processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Advisory Clients and personally identifiable information regarding investors, employees, and portfolio companies. Similarly, service providers of CGCIM or an Advisory Client, especially an administrator, may process, store and transmit such information. As a result, CGCIM may face a heightened risk of a security breach, online extortion attempt, or disruption with respect to this information resulting from an attack by computer hackers, foreign governments, cyber extortionists or cyber terrorists. If successful, these types of attacks on the Carlyle network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in our business and damage to Carlyle's reputation. Carlyle suppliers, contractors, investors, and other third parties with whom Carlyle does business also experience cyber threats and attacks that are similar in frequency and sophistication. In many cases, Carlyle and CGCIM have to rely on the controls and safeguards put in place by their suppliers, contractors, investors and other third parties to defend against, respond to, and report these attacks.

Because employees and contractors may introduce vulnerabilities in systems if they are the target of "phishing," social engineering or other attacks through the firm's email systems, Carlyle has implemented a security awareness training program. The objective of this program is to inform Carlyle personnel of their responsibility for information security and includes quarterly online training, live awareness events and phishing simulations.

Carlyle's, its Advisory Clients' and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, security threats (including ongoing cybersecurity threats to and attacks on our information technology infrastructure), infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, an Advisory Client and/or a portfolio company and/or issuer 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 Carlyle's, its Advisory Client's 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), employees, and portfolio companies. A cybersecurity incident or data privacy breach could have numerous material adverse effects, including on the operations, liquidity and financial condition of an Advisory Client. Cyber threats and/or incidents or data privacy breaches could cause financial costs from the theft of Advisory Client assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: costs related to regulatory intervention or fines (including under the European General Data Protection Regulation (the "GDPR")), litigation costs, costs of responding to regulatory inquiries settlement costs, compliance costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which could be materially adverse to an Advisory Client. Such a failure could harm Carlyle's, applicable Advisory Client's and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and performance. The costs related to cyber or other security threats or disruptions or data privacy breaches may not be fully insured or indemnified by other means.

The service providers of Carlyle and its Advisory Clients are subject to the same electronic information security threats as Carlyle. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of any Advisory Client and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used or disclosed.

Future Investment Techniques and Instruments

An Advisory Client may employ investment techniques and invest in other instruments that such Advisory Client's general partner believes will help achieve the Advisory Client's investment objective. Although such investment techniques or instruments are required not to violate specific investment restrictions or limitations for the Advisory Client, such investment techniques and instruments may not be specifically described in such Advisory Client's governing documents or offering materials. Such investments may also entail risks not described herein or in such Advisory Client's governing documents or offering materials. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful investments and, ultimately, losses to an Advisory Client. In addition, any new investment strategy or technique developed by an Advisory Client may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment an Advisory Client.

Expedited Investment Decisions; Opportunistic Investments

Investment analyses and decisions by an Advisory Client general partner may be required to be undertaken on an expedited basis to take advantage of investment opportunities. While an Advisory Client will generally not seek to make an investment until its general partner has conducted sufficient due diligence to make a determination as to the acceptability of the credit quality of the investment and the underlying portfolio company, in such cases, the information available to such general partner at the

time of making an investment decision may be limited. Therefore, no assurance can be given that such general partner will have knowledge of all circumstances that may adversely affect an investment.

Non-U.S. Investments

With any investment outside the United States, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. For an Advisory Client that invests in a non-U.S. country, investments involve certain risks not typically associated with investing in the instruments of an issuer domiciled in United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which such Advisory Client's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities and credit markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (v) certain economic, social and political risks, including potential exchange-control regulations and restrictions on non-U.S. investments and repatriation of capital, the risks associated with political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (vi) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities or instruments; (vii) differing, and potentially less well-developed or well-tested laws regarding creditor's rights (including the rights of secured parties), corporate governance, fiduciary duties and the protection of investors and intellectual property rights; (viii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information.

Accounting, auditing, financial and other reporting standards, practices and disclosure requirements in certain of the countries in which an Advisory Client may invest are not equivalent to those in the United States and certain Western European countries and may differ in fundamental ways. Accordingly, information available to an Advisory Client, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in more economically sophisticated countries and less information may be available to investors. As a result, an Advisory Client's due diligence activities may provide less information than due diligence reviews conducted in more developed countries. The lower standards of due diligence in certain countries will increase the risk related to the investments in these countries. While an Advisory Client will endeavor to conduct appropriate due diligence in connection with each of its investments, no guarantee can be given that they will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

An Advisory Client's investments outside of the United States may also face delays, limitations, or restrictions as a result of notifications made under and/or compliance with foreign legal regimes and rapidly-changing agency practices. Other countries continue to establish and/or strengthen their own national security investment clearance regimes, including in response to U.S. encouragement of other countries to impose CFIUS-like regulations on foreign investment in certain sectors and assets on

national security grounds, which could have a corresponding effect of limiting an Advisory Client's ability to make investments in such countries. In particular, on April 22, 2020, the India Ministry of Finance enacted the NDI Rules, 2020, which states that any foreign investment by or from an entity of any country which shares its land border with India or where the beneficial owner of an investment into India is situated in, or is a citizen of, any country which shares its land border with India, can only be made with prior approval of the Government of India. Further clarity is awaited from the Government of India/RBI on what would constitute beneficial owner. The application of the NDI Rules may inhibit an Advisory Client's ability to consummate Investments in India and may require partial or full exclusion of investors from countries bordering India from such investments. As a result of such regimes, an Advisory Client may incur significant delays and costs or be altogether prohibited from making a particular investment, all of which could adversely affect such Advisory Client's ability to meet its investment objectives. Uncertainty resulting from the application of the NDI Rules may also lead to higher amounts of, or longer durations of, borrowings by an Advisory Client. Heightened scrutiny of foreign direct investment worldwide may also make it more difficult for an Advisory Client to identify suitable buyers for its investments upon exit and may constrain the universe of exit opportunities for its investment in a portfolio company. As a result, the above laws may prevent, delay, impede or restrict syndication or sale of an Advisory Client's assets to certain buyers.

In addition, an Advisory Client's investments in emerging markets may be subject to a greater risk of loss than investments in more developed and traditional markets (such as the United States and Europe). Emerging markets are more likely to experience inflation, currency and liquidity risks, geopolitical turmoil, policy changes and rapid changes in economic conditions than more developed and traditional markets. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities. Predictions about general economic and market conditions are uncertain and the impact of such factors will be larger or smaller depending on the types of investments and the markets in which they trade.

Risks from Operations of Other Portfolio Companies

It is possible that the activities of one portfolio company may have adverse consequences on one or more other portfolio companies, even in cases where the portfolio companies are held by different Carlyle-sponsored investment vehicles and have no other connection to each other. In particular, the laws and regulations governing the limited liability of such companies vary from jurisdiction to jurisdiction, and in certain contexts (including, by way of example only, bankruptcy, environmental liabilities, consumer protection or pension / labor law matters) the laws of certain jurisdictions may provide not only for carve-outs from limited liability protection for the portfolio company that has incurred the liabilities, but also for recourse to assets of other entities under common control with, or that are part of the same economic group as, such company. For example, if one of Carlyle's investments is subject to bankruptcy or insolvency proceedings in a jurisdiction and is found to have liabilities under the local consumer protection laws, the laws of that jurisdiction may permit authorities or creditors to file a lien on, or to otherwise have recourse to, assets held by other Carlyle portfolio companies in that jurisdiction. There can be no assurance that any Advisory Client will not be adversely affected as a result of the foregoing risks.

Industry-Specific Investments

For an Advisory Client that invests in a particular industry, investments involve certain additional material risks. For example, the communications and technology industries, are heavily regulated. Other more highly regulated industries may include energy, power, natural resources, healthcare, financial services (including banking and mortgage servicing), insurance and also businesses that primarily serve customers that are governmental entities, including in the defense industry. In particular, financial services institutions are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Monetary policies have had, and will continue to have, significant effects on the operations and results of financial services institutions. In addition, the financial services industry is highly dependent on communication and information systems and is exposed to many types of operational risks. Furthermore, financial services institutions operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities.

Unionized Labor

Additionally, certain portfolio companies may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have an adverse effect on its business, results of operations and financial condition.

ERISA Considerations

Operating a Carlyle-sponsored investment vehicle as a "venture capital operating company" ("VCOC") within the meaning of the regulations promulgated under Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as modified by Section 3(42) of ERISA (the "Plan Asset Regulations") would require that such investment vehicle obtain rights to substantially participate in or influence the conduct of, the management of a number of its portfolio investments. The designation of directors and other measures contemplated could expose the assets of such investment vehicle to claims by a portfolio company, its security holders and its creditors.

In the event a Carlyle-sponsored investment vehicle is operated to qualify as a VCOC or a "real estate operating company" ("REOC") within the meaning of the Plan Asset Regulations in order to avoid holding "plan assets" within the meaning of the Plan Asset Regulations, such investment vehicle may be restricted or precluded from making certain investments. In addition, it could be necessary to

liquidate investments at a disadvantageous time in order to avoid holding ERISA “plan assets,” resulting in lower proceeds to such investment vehicle than might have been the case without the need to qualify as a VCOC or REOC. This is particularly the case in circumstances where an Advisory Client’s portfolio includes a substantial amount of distressed debt investments, which typically do not qualify as “venture capital investments” for purposes of determining the VCOC status of such Advisory Client.

Under ERISA, any entity that is a “trade or business” within a “controlled group” can be liable for certain ERISA Title IV pension obligations of any other member of the controlled group. In addition, in the case of a plan termination, the U.S. Pension Benefit Guaranty Corporation (“PBGC”) can assert a lien against any member of the controlled group of up to 30% of the collective net worth of all members of the controlled group. A “controlled group” generally requires 80% or greater common ownership applying specified constructive ownership and exclusion rules and in certain circumstances not generally applicable to entities like an Advisory Client, could include other “brother-sister” commonly controlled arrangements.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors, including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements.

If an Advisory Client were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by such Advisory Client and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such Advisory Client, with a resulting need for additional capital contributions, the appropriation of Advisory Client assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Advisory Client assets. Moreover, regardless of whether or not the Advisory Client were determined to be a trade or business for purposes of ERISA, a court might hold that one of the Advisory Client’s portfolio companies could become jointly and severally liable for another portfolio company’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.

European Union Alternative Investment Fund Managers Directive

The European Union (“EU”) Alternative Investment Fund Managers Directive (the “Directive”), as transposed into national law within the member states of the European Economic Area (the “EEA”), imposes requirements on alternative investment fund managers (“AIFMs”) that market alternative investment funds (“AIFs”) to professional investors within the EEA. The United Kingdom (“UK”) has retained and transposed the Directive into UK law (the “UK AIFM Law”) following its withdrawal from the EU pursuant to the European Union (Withdrawal) Act 2018, as amended (“EUWA”). Certain Carlyle entities, including CGCIM and the CIM AIFM, are involved in the management of certain Carlyle AIFs, and are or would be in scope of the Directive and the UK AIFM Law to varying degrees.

The general partner of certain Advisory Clients may form parallel AIFs in Luxembourg primarily to facilitate the participation of investors in the EEA (and prior to its departure from the EU, the UK) under the Directive. Control over portfolio management is expected to be retained by CGCIM, as the CIM AIFM is expected to delegate its portfolio management functions to CGCIM.

The CIM AIFM is subject to the requirements of the Directive, such as rules relating to remuneration, minimum regulatory capital requirements, restrictions on the use of leverage, requirements in relation to liquidity, risk management, valuation of assets, etc. As a delegate that may undertake portfolio management for an authorized AIFM, CGCIM is also subject to certain remuneration requirements similar to those applicable to the CIM AIFM. Any required changes to compensation structures and practices could make it harder for CGCIM to recruit and retain key personnel.

Where a Carlyle AIF pursues a strategy of acquiring control of non-listed companies and issuers established in the EEA or in the UK, the Directive and the UK AIFM Law restricts any distribution, capital reduction, share redemption and/or acquisition of shares for a period of 24 months following the acquisition of the company (these are the so-called “asset stripping” rules). These rules apply to the CIM AIFM (as an authorized EEA AIFM) and to a non-EEA / non-UK AIFM marketing under the EEA / UK national private placement regimes.

Under the UK AIFM Law, a non-UK AIFM marketing an AIF in the UK is subject to the minimum requirements of article 42. To the extent that Carlyle relies on a non-EEA / non-UK AIFM marketing a Carlyle AIF under national private placement regimes, certain member states of the EEA apply more stringent measures, such as requiring a depositary; while other member states have chosen not to allow non-EEA AIFMs to market AIFs in their territory at all. The Directive could adversely impact Advisory Clients in these circumstances by, among other things: (i) limiting the territories in the EEA in which Carlyle is able to market its funds to investors; (ii) limiting an Advisory Client’s investment opportunities and Carlyle’s operating flexibility both internally and with respect to investments made by the Advisory Client; (iii) exposing an Advisory Client and/or its manager to conflicting regulatory requirements in the United States and one or more member states of the EEA or the UK; (iv) constraining an Advisory Client’s ability to carry out its investment approach, which may make it more difficult to achieve its investment objectives; and (v) materially increasing the costs of doing business in the EEA and the UK.

European Market Infrastructure Regulation

Certain aspects of the European Market Infrastructure Regulation (“EMIR”) could impact an Advisory Client’s business activities. Among other things, EMIR imposes a set of requirements on EU derivatives activities, including risk mitigation, risk management, regulatory reporting and margin and clearing requirements. The UK has retained and transposed EMIR into domestic law by virtue of the EUWA. Given the global scale of the derivatives activity of various Carlyle entities, including certain Advisory Clients, and the various regulatory regimes to which Carlyle is subject, EMIR could result in duplication of administration and increased transaction costs related to such derivatives activities.

EU Markets in Financial Instruments Directive II

The EU Markets in Financial Instruments Directive II (“MiFID II”) is an extensive package of reforms that entered into force on January 3, 2018, in the form of a directive, a regulation, an implementing directive, numerous delegated regulations and extensive guidelines. It is intended to overhaul and expand the existing body of law regulating investment firms, which has been in effect since 2007. MiFID II applies throughout the EEA and has been retained and transposed into UK Law by virtue of the EUWA. MiFID II applies to investment firms, but not to SEC-registered advisers acting in the capacity of an AIFM. In both the EEA and the UK, MiFID II requires investment firms to comply with more prescriptive and onerous transparency and record keeping obligations and enhanced obligations, which for example, relate to: the receipt of and payment for investment research, best execution, product governance and financial promotions. Although MiFID II does not directly apply to non-EEA / non-UK AIFMs, it may indirectly apply where a non-EEA / non-UK AIFM engages an investment firm authorized under MiFID II in either the EEA or the UK to provide investment services, such as advising, portfolio management, acting as a placement agent or receiving and transmitting client orders. In such instances, compliance with the additional requirements of MiFID II are likely to result in greater overall complexity, and higher compliance and administration costs.

Sustainability Risks

Certain Advisory Clients such as those domiciled in Luxembourg (*e.g.*, as Luxembourg special limited partnerships) will be exposed to potential sustainability risks which such Advisory Clients will address as follows. Before any investment decisions are made in respect of applicable Advisory Client, the portfolio manager of such Advisory Client via the team of investment professionals associated with the portfolio manager who perform the investment sourcing and execution activities with respect to such Advisory Client (the “Deal Teams”) will identify the material risks associated with the proposed investment. These risks form part of the overall investment proposal submitted to the investment committee for such Advisory Client, which is a committee of senior professionals that meets on an as-needed basis to review all investment activity recommended to such Advisory Client, and the AIFM of such Advisory Client and as the case may be, recommend to proceed via an Investment Committee memo, and monitor the portfolio (“Investment Committee”). The Investment Committee will assess the identified risks alongside other relevant factors set out in the proposal and will approve (or disapprove) the investment proposal. The portfolio manager of the applicable Advisory Client will then review the proposal and determine if it is suitable for such Advisory Client, in which case such portfolio manager will authorize the investment opportunity on behalf of such Advisory Client and the board of managers of such Advisory Client will ultimately make the investment decision. During this process, sustainability risks will be identified and assessed using the same process as is applied to other relevant risks affecting such Advisory Client. The assessment of sustainability risks is led by the Deal Teams with support from Carlyle’s dedicated in-house ESG team, and in certain instances, third party providers with expertise in specific sustainability risks. The applicable Advisory Client’s AIFM risk management function will also include sustainability risk as part of its assessment of the risk profile of each investment in accordance with such AIFM’s responsibility for risk management of such Advisory Client.

The specific investment decision-making on behalf of the applicable Advisory Client, as outlined above, is part of Carlyle’s wider policies and procedures on the integration of sustainability risks in its decision-

making process in relation to its funds generally. Further information on this is set out in Carlyle's ESG Policy available on Carlyle's website at: <https://www.carlyle.com/esg-report-archive>.

As part of that process, Carlyle may determine that sustainability risks are potentially relevant to certain Advisory Clients having regard to the types of investments that may be made in accordance with its investment policy and objectives. There can be no guarantee that the policy will successfully identify and mitigate all material risks. Diversification of an Advisory Client's investments will help mitigate the potential impact on returns of any single sustainability risk. In any instances where the applicable Advisory Client's portfolio manager identifies sustainability risks that are more widespread, such portfolio manager will take broader action to mitigate such risks.

As described above, a portfolio manager of the applicable Advisory Client will consider sustainability issues, including environmental and/or social issues, that represent potential or actual material risks to such Advisory Client's investments. The identification and assessments of risks, including sustainability risks, will be made on an investment-by-investment basis by such portfolio manager.

A portfolio manager of the applicable Advisory Client will follow the procedures described more fully above to identify and mitigate sustainability risks, although there can be no guarantee that such portfolio manager will successfully identify and mitigate all material risks.

Data Protection Regulation

On May 25, 2018, the GDPR replaced the then-existing data protection directive and, as a regulation, has direct effect in all EU member states. Although a number of the existing principles for the protection of personal data will remain, the GDPR was designed to harmonize data privacy laws across Europe and change the way organizations approach data privacy. It applies to (i) all organizations that process personal data of EU 'data subjects' in the context of the activities of an establishment in the EU (regardless of whether the processing takes place in the EU) and (ii) organizations outside the EU that offer goods or services to data subjects in the EU, or that monitor the behavior of EU data subjects. Following its departure from the EU, UK has retained and transposed the GDPR into domestic law of the UK ("UK GDPR") by virtue of the EUWA. The UK GDPR applies to (i) organizations that process the personal data of data subjects (natural persons) located in the UK in the context of the activities of an establishment in the UK and (ii) organizations outside the UK that offer goods or services to data subjects in the UK, or that monitor the behavior of data subjects in the UK. Personal data is information that can be used to identify a natural person, including a name, a photo, an email address, or a computer IP address. For those subject to it, compliance with the GDPR and UK GDPR requires organizations to analyze and evaluate how they handle data in the ordinary course of their business. The costs of compliance and the potential for fines and penalties in the event of a breach may have an adverse impact on an Advisory Client, particularly because penalties for non-compliance are material. The more serious breaches of these data protection laws could incur a fine of up to the greater of €20 million or 4% of aggregate global turnover for the preceding year.

In addition to the data protection laws in Europe, the United States is going through a period of active consideration of additional data privacy and cybersecurity laws. These include the California Consumer Privacy Act ("CCPA"), effective January 1, 2020; the Stop Hacks and Improve Electronic Data Security (SHIELD) Act, aspects of which took effect on October 23, 2019 and other aspects of which took effect on March 21, 2020; a range of proposed additional laws in California, New York, Texas, Virginia,

Washington and other states; and a range of proposed additional laws at the federal level. The cumulative effects of CCPA and other recently adopted laws include an increased ability of individuals, relative to companies, to control the use of their personal data; increased obligations of companies to maintain the security of data; and increased exposure to fines or damages for companies that do not accord individuals their specified privacy rights, that experience data breaches or that do not maintain cybersecurity at certain levels of quality. There can be no assurance that these systems will be effective in mitigating the business impact of individuals' increased privacy rights or in avoiding fines or damages.

United Kingdom Exit from the European Union

As part of the process of the UK leaving the EU, the EU and the UK agreed an EU-UK Trade and Cooperation Agreement (“TCA”) that governs the trading relationship between the UK and the member states of the EU from and after January 1, 2021. Broadly, the TCA provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin, but is subject to the both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid, and tax transparency.

UK regulated firms in the financial sector are adversely affected by these arrangements because the TCA does not provide for continued access by UK firms to the EU single market – although there is the possibility that in time, the UK may obtain a recognition of equivalence from the EU in certain financial sectors which would enable varying degrees of access to the EU market. Similarly, notwithstanding zero tariffs and zero quotas on goods, market access for those firms that conduct cross-border trade in goods will fall below what the single market previously allowed. Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax and VAT purposes, and other sources of friction have the potential to impair the profitability of a business, require it to adapt, or even relocate to operate through an establishment in the EU.

It will take some time to observe the many and varied effects on UK businesses of the consequences of leaving the single market and customs union (taking into account the flow of goods and services in both directions). Given the size and global significance of the UK's economy, uncertainty, at least in the near term, about the effect of the TCA on the day-to-day operations of those businesses that engage in the cross-border trade of goods or services between member states of the EU and the UK may be a continued source of currency fluctuations or have other adverse effects on international markets, international trade and other cross-border cooperation arrangements. The present uncertainty could therefore adversely affect Advisory Clients, the performance of their investments and the ability to achieve their investment objectives (especially if their investments include, or expose them to, businesses that have historically relied on access to the single market for their trade or that have historically relied on sourcing goods, materials or labor from the single market).

Cayman Islands Placed on FATF Watch List

On February 25, 2021, the Financial Action Task Force (“TATF”), a global money laundering and terrorist financing watchdog whose membership includes the United States, the Netherlands, and several other countries (including most European countries and the UK) and which sets international standards that aim to prevent these illegal activities, added the Cayman Islands to the ‘grey list’ of jurisdictions that are subject to increased monitoring due to strategic deficiencies in its anti-money laundering system.

It is unclear as to whether the Cayman Islands being placed on such list will have a significant, or any, effect on an Advisory Client or their respective investments. There can be no assurance that the Cayman Islands will be delisted, or that being placed on such list (and any subsequent legislative action related thereto) will not have a materially adverse effect on an Advisory Client or their respective investments or investors, particularly those Advisory Clients that are domiciled in the Cayman Islands (*e.g.*, as Cayman Island limited partnerships).

Taxation in Other Jurisdictions

If an Advisory Client makes investments or carries on activities in a jurisdiction outside the United States, such Advisory Client or its investors (as applicable) may be subject to income, capital gains or other tax in that jurisdiction and may be subject to additional reporting requirements. Additionally, withholding tax or branch tax may be imposed on earnings from investments in such jurisdictions. In addition, local tax incurred in non-U.S. jurisdictions by an Advisory Client or vehicles through which it invests may not be creditable to or deductible by investors in their respective jurisdictions. Income or gains of an Advisory Client may be subject to withholding, income, net wealth or other tax in the jurisdictions where its investments are located. In addition, the general partner of an Advisory Client may enter into agreements with certain tax jurisdictions relating to the taxation of an Advisory Client's investments, including agreements providing for a composite rate of withholdings or other tax applicable to an Advisory Client's investments. It is possible that such an arrangement could result in some investors being allocated more tax than they otherwise would in the absence of such agreement (for example, an investor that may be entitled to a lower tax rate pursuant to an applicable tax treaty). In certain situations, an Advisory Client may hold investments through entities organized outside the United States that are treated as corporations for U.S. federal income tax purposes. Investors in such Advisory Clients may be subject to special rules applicable to "controlled foreign corporations," or "passive foreign investment companies" with respect to investments made through such entities, which could result in certain disadvantageous tax treatment and could subject such investors to additional reporting requirements. Moreover, various rules and measures have been proposed and/or implemented in jurisdictions outside of the United States to address global tax issues, including perceived treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements. Such rules could impact the structures used by an Advisory Client and may have an adverse effect on such Advisory Client's investors and/or investments.

Impact of Certain Tax Legislation

In December 2017, a broad-based reform of the U.S. Internal Revenue Code of 1986, as amended (the "IRS Code"), was signed into law (the "Tax Act"), which fundamentally changed the IRS Code. Among the numerous changes included in the Tax Act are (i) a reduction to the corporate income tax rate, (ii) new limitations on the utilization of net operating losses, (iii) partial limitations on the deductibility of business interest expense, (iv) a partial shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with a transitional rule which taxes certain historic accumulated earnings and rules which prevent tax planning strategies which shift profits to low-tax jurisdictions), and (v) a suspension of certain miscellaneous itemized deductions, including deductions for investment fees and expenses, until 2026. Changes to the IRS Code made by the Tax Act and any further changes in tax laws or interpretation of such laws, which changes may be significant

as a result of the recent presidential and congressional elections in the United States, may be adverse to an Advisory Client and its investors.

Carlyle's ability to achieve the investment objectives of each Advisory Client depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. Carlyle's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation, and such compensation may be impacted by changes in tax legislation. The Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Further, in addition to the changes implemented by the Tax Act, Congress has previously considered legislation that would treat carried interest as ordinary income for U.S. federal income tax purposes. Enactment of this legislation could cause Carlyle's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. In addition, other countries could clarify or modify their tax treatment of carried interest. This might make it more difficult for Carlyle to incentivize, attract and retain these professionals, which may have an adverse effect on Carlyle's ability to achieve the investment objectives of the Advisory Clients. In addition, this can create a conflict of interest as the tax position of Carlyle may differ from the tax positions of the Advisory Clients and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Advisory Clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Tax Act gives Carlyle an incentive to cause an Advisory Client to hold an investment for at least three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years.

Phantom Income

Each U.S. investor will be, and a non-U.S. investor may be, required to take into account its distributive share of all items of partnership income, gain, loss, deduction and credit, whether or not distributed. Because of the nature of the investment activities of a Carlyle-sponsored investment vehicle, such investment vehicle may generate taxable income in excess of cash distributions to investors and no assurance can be given that a Carlyle-sponsored investment vehicle will be able to make cash distributions to cover such tax liabilities as they arise.

No Internal Revenue Service Rulings

Carlyle-sponsored investment vehicles generally will not seek rulings from the U.S. Internal Revenue Service (the "IRS") with respect to any U.S. federal income tax considerations. Thus, positions to be taken by the IRS as to tax consequences could differ from positions taken by such investment vehicles.

Absence of Regulatory Oversight

Notwithstanding that CGCIM is registered as an investment adviser under the Advisers Act, and that the BDCs have elected to be regulated as business development companies under the 1940 Act and that Private Credit RIC is a registered investment company under the 1940 Act, CDL CLO, MMCF and MMCF II are not required and do not intend to be registered with the SEC under the 1940 Act and,

accordingly, CDL CLO investors and MMCF Members are not afforded the protections of the 1940 Act. Similarly, other investment vehicles that may in the future be advised by CGCIM, will not be required and would not intend to be registered with or regulated by the SEC under the 1940 Act and, accordingly, investors in any such fund will not be afforded the protections of the 1940 Act.

Litigation

In the ordinary course of business, Carlyle is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims.

Indemnification

Each Carlyle-sponsored investment vehicle generally will be required to indemnify its general partner (or similar managing fiduciary), its investment adviser, certain service providers and their respective affiliates and each of their respective (a) members, shareholders, stockholders, unit holders and partners (in each case in their respective capacities as such), (b) officers, directors, agents, employees, Operating Professionals, senior advisors and similar consultants and (c) any other person who serves at the request of its general partner on behalf of such investment vehicle as an officer, director, partner, member, senior advisor, Operating Professional or employee of or advisor to any other entity for liabilities incurred in connection with the affairs of such Carlyle-sponsored investment vehicle. Carlyle typically engages placement agents and other similar finders and consultants in connection with the offering of interests in an Advisory Client and, to the extent permitted by such Advisory Client's governing agreements, causes such Advisory Client to indemnify such agents, finders or consultants. Where applicable, members of an Investor Advisory Committee of such investment vehicle will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the applicable investment vehicle's governing documents. Such indemnification obligations may be material and have an adverse effect on the returns to the investors in an Advisory Client. For example, in their capacity as directors of portfolio companies, the directors, officers, partners, affiliates, members or employees associated with the applicable general partner, CGCIM and their affiliates as well as Operating Professionals may be subject to derivative or other similar claims brought by shareholders or creditors of such companies. The indemnification obligation of such Advisory Client (including advancement of expenses in connection therewith) would be payable from its assets, including the unpaid capital commitments of the investors therein. If the assets of such Advisory Client are insufficient, the applicable general partner may recall distributions previously made to the applicable investors to fund indemnification obligations (subject to certain limitations set forth in the governing agreement of such Advisory Client). Furthermore, as a result of the provisions contained in the governing agreement of an Advisory Client, investors in such Advisory Client may in certain cases have a more limited right of action against the general partner than it would in the absence of such limitations. It should be noted that Advisory Client's may, at their expense (unless the general partner of such Advisory Client elects to pay such expenses), purchase insurance for such Advisory Client, its general partner, CGCIM and their associated employees, agents and representatives. In addition, because the Advisory Client may advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification), there may be periods where an Advisory Client is advancing expenses to an individual or entity with whom such Advisory Client is not aligned or is otherwise an adverse party in a dispute. Moreover, in its capacity as general partner of an Advisory Client, such general partner will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to

provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification or exculpation so long as such general partner (and/or its legal counsel) have determined that such person is entitled to indemnification.

Each BDC, CDL CLO and Private Credit RIC generally indemnifies its managing fiduciary, its investment adviser, their affiliates and each of their respective members, officers, directors, agents, employees, consultants, advisors, senior advisors, stockholders, shareholders, partners and agents for liabilities incurred in connection with the affairs of such Advisory Client. CGCIM engages placement agents and other similar finders and consultants in connection with the offering of interests in an Advisory Client and, to the extent permitted by such Advisory Client's governing agreements, causes such Advisory Client to indemnify such agents, finder or consultants. As a result of the provisions contained in the governing agreement of an Advisory Client, investors in such Advisory Client may in certain cases have a more limited right of action against the managing fiduciary than it would in the absence of such limitations.

Absence of Recourse

Each Advisory Client's governing documents will include exculpation, indemnification and other provisions that will limit the circumstances under which the general partner of an Advisory Client, CGCIM and others can be held liable to an Advisory Client. Additionally, certain service providers to an Advisory Client and its general partner, CGCIM, their respective affiliates and other persons, including, without limitation, the members of the Investor Advisory Committee, members of the investment committee of an Advisory Client's general partner and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases on terms more favorable to them than those available to indemnitees as provided under an Advisory Client's governing documents generally). As a result, the investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

Follow-On Investments

An Advisory Client may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that an Advisory Client will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by an Advisory Client 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 or may diminish an Advisory Client's ability to influence the portfolio company's future development.

Recycling; Reinvestment

Under certain circumstances, proceeds distributable (or previously distributed) to the investors in a Carlyle-sponsored investment vehicle may be retained and reinvested (or recalled for reinvestment) by its general partner (or similar managing fiduciary) or used (or recalled for use) by its general partner. Accordingly, due to the recycling of capital commitments, an investor may, in certain circumstances, be required to fund an aggregate amount in excess of its capital commitment during the term of such investment vehicle, and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Failure to Make Capital Contributions

If an investor fails to pay when due installments of its commitment or other of its payment obligations to a Carlyle-sponsored investment vehicle, and the capital contributions and/or other payments made by non-defaulting investors and borrowings by such investment vehicle are inadequate to cover the defaulted capital contribution, a Carlyle-sponsored investment vehicle may be unable to pay its obligations when due. As a result, such investment vehicle may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). If an investor defaults, it may be subject to various remedies as provided in the governing documents of an Advisory Client, including, without limitation, a forfeiture of its interests therein, preclusion from further investment in the Advisory Client and participation in further investments by the Advisory Client, reductions in its capital account balance and a forced sale of its interest therein at a discount. The general partner of the Advisory Client may, subject to certain limitations, require an additional funding of capital contributions from the non-defaulting investors to fund the shortfall caused by a defaulting investor. A default by an investor may also limit the Advisory Client's ability to incur borrowings and avail itself of what would otherwise have been available credit. Investors in an Advisory Client may be controlled by Carlyle, to the effect that Carlyle controls whether the investor funds required capital contributions or other payments to an Advisory Client. To the extent such an investor does not so fund required capital contributions or other payments, Carlyle may elect not to impose default remedies under the governing documents of the Advisory Client. If any failure to fund relates to the actions or inactions of a third-party investor in such investor, Carlyle may elect to impose default remedies under the governing documents of such investor in lieu of at the Advisory Client.

Investors in an Advisory Client may include other Carlyle-sponsored investment vehicles. The general partner of an Advisory Client does not expect to impose default remedies under such Advisory Client's governing agreement on any such other Carlyle-sponsored investment vehicle where Carlyle is in control of whether such other Carlyle-sponsored investment vehicle funds required capital contributions and/or other payments.

Dilution from Subsequent Closings

Where applicable, investors subscribing for interests at subsequent closings of a Carlyle-sponsored investment vehicle generally will participate in existing investments, diluting the interest of existing investors therein. Although such investors generally will contribute their pro rata share of capital contributions for investments (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of such investment vehicle's existing investments at the time such additional investors subscribe for interests.

Distributions In-Kind

Advisory Clients may make distributions in-kind. Except upon the withdrawal of an investor, distributions prior to the winding-up and dissolution of an Advisory Client may generally only take the form of cash or marketable securities. Upon the winding-up and dissolution of an Advisory Client or the withdrawal of an investor, distributions may also include non-marketable securities and other illiquid assets of an Advisory Client. At the time of such distribution, such investments may be experiencing periods of limited liquidity, price volatility or a decline in market value and may have certain investment

and transfer restrictions limiting marketability. The ability of investors to liquidate positions in such investments is subject to these risks, and investors must be prepared to hold such investments for an extended period of time. The value of the investments distributed may increase or decrease before such investments are sold, and such investor will incur transaction costs in connection with the sale of any such investment. Additionally, investments distributed to an investor may not be readily marketable or saleable and may have to be held by such investor for an indefinite period of time. The risk of loss and delay in liquidating these investments will be borne by the investor, with the result that such investor may ultimately receive less cash than it would have received if it had been paid in cash. In addition, when investments are distributed to investors in-kind, such investors may then become debt or minority equity holders in the issuer and may be unable to protect their interests effectively. See also “Carried Interest” below.

Diverse Investor Group

Investors may have conflicting investment, tax and other interests with respect to their investments in a Carlyle-sponsored investment vehicle. As a consequence, conflicts of interest may arise in connection with decisions made by the general partner (or similar managing fiduciary) or investment adviser or collateral manager of such investment vehicle, including with respect to the nature, structuring or sale of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors’ individual tax situations. For example, investors may be given the opportunity to invest in certain investments indirectly through an entity treated as a corporation for U.S. federal income tax purposes (a “Corporation”) rather than through an entity treated as a partnership for U.S. federal income tax purposes. While investing through a Corporation may provide certain tax benefits to certain investors, the investment returns of investors that invest through a Corporation may be less than the investment returns received by other investors. It is also possible that a Carlyle-sponsored investment vehicle may seek to sell shares of the Corporation in connection with the disposition of an investment, which would likely provide certain benefits to investors participating through the Corporation but may result in total sales proceeds which are lower than such proceeds otherwise would be had the sale not been structured in part as a sale of shares of the Corporation. Nonetheless, in such case such reduced sales price may be borne by all the investors participating in the investment and not just those investors who participated in the investment through the relevant Corporation. In other circumstances, the acquirer may pay less on a per unit basis for the shares of the Corporation as compared to the underlying assets (and in certain cases the quantum of the reduction may not be specified by the applicable purchaser and may be determined by Carlyle in good faith). In those instances where the acquirer pays less on a per unit basis for the shares of the Corporation, Carlyle may nonetheless be entitled to receive the same amount of carried interest it would have received had the shares of the Corporation not been sold. Accordingly, Carlyle will have a conflict of interest in circumstances where shares of the Corporation are intended to be sold in determining the quantum of the reduction in sales proceeds attributable due to the sale of shares of the Corporation, as well as whether or not the reduction should be borne solely by the investors participating through the Corporation.

Public Disclosure

Some of the interests in Advisory Clients will be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to such

Advisory Client or its portfolio companies results from interests being held by public investors, such Advisory Client may be adversely affected, including the Advisory Client's competitive advantage in finding attractive investment opportunities. The Advisory Client may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in Carlyle and/or the Advisory Client becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain.

Limited Access to Information

Investors' rights to information regarding certain Advisory Clients will be specified, and strictly limited, in such investment vehicle's subscription, governing or offering documents.

No Market for Interests; Restrictions on and Limitations Relating to Transfers

An investment in an Advisory Client typically requires a long-term commitment, with no certainty of liquidity. Interests in private fund Advisory Client vehicles have not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no market for the interests in such investment vehicles and one is not expected to develop. An investor will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the general partner (or other similar managing fiduciary) of such applicable Advisory Client, which consent may be given or withheld in accordance with the governing documents of such Advisory Client, and transfers are also subject to the other terms and conditions of the governing documents of such Advisory Client. Any transfer by an investor to a person other than an affiliate of such investor with substantially the same beneficial ownership generally will be subject to a right of first refusal for the benefit of the general partner of the Advisory Client (which right is generally transferable to an affiliate of such general partner, including their respective employees). Following exercise by such general partner (or its affiliate or any respective employee) of such right of first refusal with respect to an investor's interest, the person that exercised such right may transfer such interest to a third party. Except in extremely limited circumstances, withdrawals from an Advisory Client will not be permitted. Investors therein must be prepared to bear the risks of owning interests in an Advisory Client for an indefinite period of time. In extraordinary and very limited circumstances that are set out in the governing documents of such Advisory Client, generally where the continued involvement of the investor with the Advisory Client creates a material adverse effect in respect of the Advisory Client, the general partner, the investment advisor, any portfolio company, or any of their affiliates or for the investor in certain limited circumstances, an investor may be required to withdraw, or may be permitted to withdraw, in respect of some or all of its interest in such Advisory Client.

In addition, the general partner of an Advisory Client may condition its consent to any sale or transfer of an investor's interest in such Advisory Client on the transferee or transferor making an unrelated investment in another Advisory Client, or on other matters which are solely in the interests of the general partner or Carlyle.

In the case of TCG BDC, its common stock is traded on The Nasdaq Global Select Market under the

symbol “CGBD.” Neither TCG BDC II nor Private Credit RIC currently intend to list their shares on any securities exchange, and nor do either of them expect any secondary market for their shares to develop in the foreseeable future. Because no public market exists for the shares, and none is expected to develop in the foreseeable future, shareholders will not be able to liquidate their investment, other than in limited circumstances, as a result of transfers of shares to other investors or, in the case of Private Credit RIC only, through Private Credit RIC’s share repurchase program. To provide shareholders with limited liquidity, Private Credit RIC is structured as an “interval fund” and conducts quarterly offers to repurchase between 5% and 25% of its outstanding shares at NAV, pursuant to Rule 23c-3 under the 1940 Act, unless such offer is suspended or postponed in accordance with regulatory requirements. In connection with any given repurchase offer, it is likely that Private Credit RIC may offer to repurchase only the minimum amount of 5% of its outstanding shares. Thus, the shares of Private Credit RIC are appropriate only as a long-term investment.

In the case of the CDL CLO, MMCF and MMCF II, securities may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the CDL CLO indenture and the disclosure pertaining to such securities or the provisions of MMCF’s and MMCF II’s respective limited liability company agreements.

FATCA and CRS

The Foreign Account Tax Compliance Act (“FATCA”) requires all entities in a broadly defined class of foreign financial institutions (“FFIs”) to comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on certain U.S. payments and requires non-U.S. entities which are not FFIs to either certify they have no substantial U.S. beneficial ownership or to report certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% U.S. withholding tax on certain U.S. payments. FATCA also contains complex provisions requiring participating FFIs to withhold on certain “foreign passthru payments” made to nonparticipating FFIs and to holders that fail to provide the required information. The definition of a “foreign passthru payment” is still reserved under the current U.S. Treasury Regulations; however, the term generally refers to payments that are from non-U.S. sources but that are “attributable to” certain U.S. payments as described above. Under proposed U.S. Treasury Regulations, on which taxpayers may rely, withholding on these payments is not set to apply before the date that is two years after the date of publication of final U.S. Treasury Regulations defining the term “foreign passthru payment.” In general, non-U.S. investment funds, such as any non-U.S. Carlyle-sponsored investment vehicle advised by CGCIM or underlying entities in which such vehicle invests, may be considered FFIs. The reporting obligations imposed under FATCA require FFIs to enter into agreements with the IRS to obtain and disclose information about certain investors to the IRS or, if subject to an Intergovernmental Agreement (“IGA”), register with the IRS. IGAs are generally intended to result in the automatic exchange of tax information through reporting by an FFI to the government or tax authorities of the country in which such FFI is domiciled, followed by the automatic exchange of the reported information with the IRS. These reporting requirements may apply to underlying entities in which an Advisory Client invests and the Advisory Client may not have control over whether such entities comply with the reporting regime. Any amounts withheld pursuant to FATCA that are allocable to an investor may, in accordance with the governing document of such Advisory Client, be deemed to have been distributed to such investor to the extent the taxes reduce the amount otherwise distributable to such investor. Prospective investors in

any Carlyle-sponsored investment vehicle should consult their own tax advisors regarding all aspects of FATCA as it affects their particular circumstances.

In addition, the Organisation for Economic Cooperation and Development (the “OECD”) has developed Common Reporting Standard (“CRS”) rules for the automatic exchange of FATCA-like financial account information amongst OECD member states. Like FATCA, CRS imposes certain due diligence, documentation and reporting requirements on various Carlyle entities. While CRS does not contain a potential withholding requirement, non-compliance could subject Carlyle to certain reputational harm. Moreover, compliance with such regimes could result in increased administrative and compliance costs and could subject certain CGCIM-sponsored investment entities to increased non-U.S. withholding taxes.

Partnership Audit Legislation

Under current law, U.S. federal income tax audits of partnerships are conducted at the partnership level, and, unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. There can be no assurance that a Carlyle-sponsored investment vehicle will be eligible to, or will, make an election under the alternative procedure, and if such vehicle does not or is not able to make such an election, then (1) its then-current investors, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had such vehicle elected the alternative procedure, and (2) a given investor may indirectly bear taxes attributable to income allocable to other investors or former investors, including taxes (as well as interest and penalties) with respect to periods prior to such investor’s ownership of interests. Amounts available for distribution to investors may be reduced as a result of a Carlyle-sponsored investment vehicle’s obligations to pay any taxes associated with an adjustment.

Valuation of Advisory Client Interest and Investments

Because there is significant uncertainty as to the valuation of illiquid investments, the values of such investments may not necessarily reflect the values that could actually be realized by an Advisory Client. Under certain conditions, an Advisory Client may be forced to sell investments at lower prices than it had expected to realize or defer, potentially for a considerable period of time, sales that it had planned to make. In addition, under limited circumstances, the general partner of such Advisory Client may not have access to all material information relevant to a valuation analysis with respect to an investment. As a result, the valuation of such Advisory Client’s investments, and as a result the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties.

Also see “Current Market Conditions” above for an additional discussion of the potential impact such market conditions may have on asset prices and valuations for Advisory Clients and their potential or existing investments and portfolio companies.

Presentation of Performance

For most Advisory Clients, especially those that are pooled investment vehicles, net performance is calculated on an aggregate basis after taking into account all fees and expenses actually borne by

investors in the Advisory Client as a group, but does not take into account any taxes borne or deemed to be borne by investors (such as, for example, taxes resulting from the investors' domicile or taxes paid or payable by vehicles designed to address certain investors' tax, regulatory or other similar issues). With respect to any particular investment vehicle, differences in timing of an investor's commitment to the investment vehicle and the economic and other terms applicable to certain investors therein may increase or decrease the net performance information realized by such investors and, accordingly, the actual net performance information of a particular investor may differ from the net performance information disclosed to such investors.

Certain Advisory Clients utilize subscription lines of credit to fund investments prior to the receipt of capital contributions from investors. Because the capital contributions from investors are delayed when using a subscription line of credit, the investment period of such investor capital is shortened, which may increase the net internal rate of return of an Advisory Client. However, because interest expense and other costs of borrowings under subscription lines of credit are an expense of the Advisory Client, the Advisory Client's net multiple of invested capital will be reduced.

SPAC

From time to time, an Advisory Client may form a SPAC for the purposes of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses. The managers of the SPAC will have different financial incentives as compared with CGCIM and the Advisory Client. This may create a conflict of interest.

In addition, certain CGCIM personnel may serve as board members of a SPAC (whether sponsored by an advisory client or otherwise). Although these individuals will continue to devote their time and attention to the investment activities of the Advisory Clients, they will have other obligations with respect to the SPACs as board members. In addition, the principals may regularly obtain confidential information regarding various target companies and other investment opportunities which would be imputed to Carlyle. Therefore, if a principal receives confidential information with respect to a company, Advisory Clients may face certain restrictions on their ability to pursue a transaction with that company or dispose of an investment.

Certain fees received by CGCIM or its affiliates in respect of a SPAC may not be subject to the management and/or advisory fee offset provisions or otherwise shared with an Advisory Client or its investors. In addition, a SPAC formed by Carlyle or its affiliates (and not otherwise by an Advisory Client) may consummate an investment opportunity that would otherwise be made by an Advisory Client.

Expenses

In certain instances, an Advisory Client will bear expenses related to a portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment funds). Such expenses that an Advisory Client may solely bear include the Global Investment Resource Costs even if a portfolio company and other owners or investors in such portfolio company also benefit from the services and support of the Global Investment Resources team.

In addition to the generally-applicable material risks described above, the following is a list of additional material risks for control investments:

General Strategy Risk for Control Investments

The exercise of control over a portfolio company, which often results from a leveraged buyout, imposes additional risks of liability for environmental damage, product defects, failure to supervise and other types of related liability. If such liabilities are to arise, an Advisory Client may suffer a loss, which may be complete, on its investment.

Concentration Risk

The portfolio of an Advisory Client may be concentrated in a limited number of portfolio companies and industries. Beyond asset diversification requirements or concentration limitations set forth in an Advisory Client's applicable governing documents or contractual agreements, Advisory Clients do not have fixed guidelines for diversification and investments may be concentrated in relatively few industries. As a result, the aggregate returns realized may be significantly adversely affected if a small number of investments perform poorly or if the Advisory Client needs to write down the value of one or more investments. Additionally, a downturn in any particular industry in which the Advisory Client is invested could also significantly impact the aggregate returns realized.

Reliance on Portfolio Company Management

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although CGCIM and the relevant general partner (or similar managing fiduciary) of the applicable Advisory Client will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to successfully operate a portfolio company in accordance with the applicable Advisory Client's plans. Additionally, portfolio companies need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, an Advisory Client may be adversely affected thereby.

Risks in Effecting Operating Improvements

In some cases, the success of an Advisory Client's investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of an investment. The activity of identifying and implementing restructuring programs and operating improvements at investments entails a high degree of uncertainty. There can be no assurance that Carlyle will be able to successfully identify and implement such restructuring programs and improvements.

Investments in Highly Leveraged Companies; Use of Leverage; Risk of Borrowing by an Advisory Client

Investments may involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other changes that affect

the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies. In addition, to the extent there is not ample availability of financing for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders), such Advisory Client's ability to consummate certain transactions could be impaired.

The general partner of an Advisory Client may also cause an Advisory Client to incur investment vehicle-level debt, subject to the limitations set forth in the governing agreement of the relevant Advisory Client, such as debt resulting from bridge, subscription and asset-based facilities, and borrowings may be secured by assignment of the obligations of the investors to make capital contributions to an Advisory Client and a security interest in investments.

Recourse debt, which an Advisory Client may have the right to obtain, may subject other assets of such Advisory Client to the risk of loss and its partners' commitments to be called or its assets to be sold to satisfy such debt. Full or partial recourse debt may also limit the ability of an Advisory Client to effect a debt restructuring at or prior to maturity of the debt.

To the extent that an Advisory Client co-invests with any vehicles managed or controlled by Carlyle, including any other Carlyle funds, vehicles and accounts (including vehicles formed to permit Carlyle professionals or other qualified individuals to co-invest alongside such Advisory Client), the Advisory Client may incur indebtedness and guarantee obligations together with such vehicles 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 Advisory Client, such arrangements may not necessarily impose reciprocal joint and several obligations on such vehicles. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Advisory Client may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness. Moreover, an Advisory Client could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments.

An Advisory Client may (i) create an investment vehicle, contribute fund assets to such investment vehicle (or make investments directly through such investment vehicles), and cause such investment vehicle to incur indebtedness or other obligations or (ii) cause multiple new or existing investment vehicles to incur indebtedness on a joint and several or cross-collateralized basis. Any arrangements entered into by such vehicles or entities (and not the Advisory Client itself), may not be considered indebtedness by such Advisory Client for purposes of the limits on indebtedness set forth in the governing agreement of such Advisory Client. In either case of (i) or (ii), such investment vehicle(s) may not be treated as a single investment for purposes of the investment limitations applicable to such Advisory Client even if multiple investments are pledged to, and at risk with respect to, indebtedness with respect to one single investment (even if the amounts involved are greater than any single-investment diversification limit set forth in the governing agreement of such Advisory Client). For the avoidance of doubt, proceeds held by such investment vehicles may be used to repay any such outstanding indebtedness or other credit obligations. The use of back leverage potentially enhances the return profile of the applicable investments and such Advisory Client overall, but also increases the risk of the applicable investments, including the risks associated with collateralized investments

held through the same leverage facilities. Similarly, any other indebtedness or other obligations incurred by subsidiaries of an Advisory Client and certain types of indebtedness and other obligations incurred by such Advisory Client, including limited recourse or “bad boy” guarantees, primary obligations of other persons for which such Advisory Client is liable on a joint and several or cross-collateralized basis, letter of credit obligations and equity commitment letters will not be subject to or counted toward the limits on indebtedness that are set forth in the governing agreement of such Advisory Client.

In addition, the borrowing utilized by an Advisory Client to leverage its investments, including in connection with a net-asset-value facility or hybrid facility, may be collateralized by any assets of such Advisory Client (and may be cross-collateralized with the assets of any parallel vehicle, subsidiary, financing vehicle or alternative investment vehicle of such Advisory Client or with the assets of any other affiliates or other persons and such entities may be held jointly and severally liable for the full amount of the obligations arising out of such borrowings). Accordingly, an Advisory Client may pledge its assets (including commitments of its investors) in order to borrow additional funds or otherwise obtain leverage for investment or other purposes (including in support of the obligations of any parallel vehicle, subsidiary, financing vehicle or alternative investment vehicle of such Advisory Client or with the assets of any other affiliates or other persons). Certain restrictions on borrowings by an Advisory Client only apply to borrowings secured by unfunded commitments; accordingly, borrowings secured by other assets of such Advisory Client would not be subject to such restrictions.

An Advisory Client may be permitted to enter into contractual arrangements, including deferred purchase price payments, staged funding obligations, earn outs, milestone payments, equity commitment letters, letters of credit and other forms of credit support, and other contractual undertakings such as indemnification obligations that obligate it to fund amounts to special purpose vehicles, portfolio companies or other third parties. Such arrangements may not be treated as indebtedness of the Advisory Client that are subject to limitations under the governing agreement of such Advisory Client even though these arrangements pose many of the same risks and conflicts associated with the use of leverage that the caps intend to address.

In addition to secured financing arrangements, an Advisory Client could employ preferred financing arrangements or margin loans with respect to some or all of the investments of such Advisory Client. In such arrangements, a third party typically provides cash liquidity in exchange for the right to receive a return of such amount plus a preferred return thereon prior to the return of any additional proceeds to an Advisory Client. Such arrangements could be employed to accelerate distributions to the investors in an Advisory Client or to provide for additional capital for new or follow-on investments by an Advisory Client. These arrangements could result in an Advisory Client receiving a lower overall return of distributions than it would otherwise have received if, for example, an investment is held for a long period of time, resulting in a compounding preferred return in favor of the third party financing provider, or where the proceeds of the financing are reinvested in investments that do not perform as well as the original investments that were subject to the financing arrangement. Such secured financing arrangements may not be treated as borrowings incurred by an Advisory Client for purposes of determining such Advisory Client’s compliance with the limitations on borrowings set forth in such Advisory Client’s governing documents.

Broad Investment Mandate

Certain Advisory Clients have broad investment mandates. Such Advisory Clients are permitted to invest in a wide range of industries, instruments, markets and countries and utilize various investment strategies without material limitations. The Advisory Client may make equity and/or debt investments that may or may not involve control or influence over an underlying portfolio company and the Advisory Client may invest in various types of assets.

GLOBAL CREDIT GENERAL RISKS

The current market conditions described above could trigger certain adverse situations for certain Advisory Clients. For example, Advisory Clients that have issued revolver lines of credit could experience borrowers seeking the maximum borrowing amount available. Such borrowing demands, or upticks in demands for redemptions, could trigger challenging situations for Advisory Clients to manage in terms of cash flow and liquidity.

Nature of Investments

Global Credit generally has a broad mandate with respect to the type and nature of instruments in which it invests. While some of the instruments in which a Global Credit advisory client will invest may be secured, such Advisory Clients may also invest in debt or equity securities that are either unsecured and subordinated to substantial amounts of senior indebtedness, or a significant portion of which may be secured. In such instances, the ability of an Advisory Client to influence an issuer's affairs, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by the Advisory Client of its rights as a creditor. Accordingly, the Advisory Client may not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities or other instruments in which the Advisory Client will invest may not be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. The borrowers of loans constituting an Advisory Client's assets may seek the protections afforded by bankruptcy, insolvency and other debtor relief laws. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by an Advisory Client of its entire investment in any particular investment. Insolvency laws may, in certain jurisdictions, result in a restructuring of the debt without an Advisory Client's consent under the "cramdown" provisions of applicable insolvency laws and may also result in a discharge of all or part of the debt without payment to the Advisory Client.

Debt securities and related instruments are also subject to other risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance," (ii) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (iii) equitable subordination or recharacterization claims by other creditors, (iv) so called "lender liability" claims by an issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any issuer, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of an Advisory Client's investment in any such company. An Advisory Client's investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions, which, in each case, could result in an issuer repaying the principal on an obligation held by the Advisory Client earlier than expected.

Accordingly, there can be no assurance that an Advisory Client's performance objectives will be realized.

Credit Risks

One of the fundamental risks associated with various Advisory Clients' 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. The return to investors would be adversely impacted if an issuer of debt in which an Advisory Client invests becomes unable to make such payments when due. The fact the payments are contracted or regulated does not imply that there is no risk of default. Although the Advisory Client may make investments that the Adviser or applicable general partner (or other managing fiduciary) believes are secured by specific collateral, the value of which may initially exceed the principal amount of such investments or the Advisory Client's fair value of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. Certain Advisory Clients may also invest in leveraged loans, high yield securities, marketable and non-marketable common and preferred equity securities and other unsecured investments, each of which involves a higher degree of risk than senior secured loans. Furthermore, an Advisory Client's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of a senior lender, to the extent applicable. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, loans may provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, an issuer's ability to repay the principal of an investment may depend on a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

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

Similarly, while relevant Advisory Clients will generally target investing in companies they believe are of high quality, including high credit quality, these companies could still present a high degree of business and credit risk. Companies in which an Advisory Client invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, companies that the Advisory Client expected to be stable or improve may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress. In addition, exogenous factors such as fluctuations of the equity markets also could result in warrants and other equity securities or instruments owned by the Advisory Client becoming worthless.

Bankruptcy Risks

Given that the investment strategies for Advisory Clients within Global Credit focus primarily on investments in debt, the related investments entail risks associated with bankruptcy. Bankruptcy proceedings are inherently litigious, time consuming, highly complex and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges also can result in uncertainty as to the ultimate resolution of claims. Security interests held by creditors are closely scrutinized and frequently challenged in bankruptcy proceedings and may be invalidated for a number of reasons. To the extent personnel associated with the Adviser serve on an official or unofficial committee of an issuer, it increases the possibility that an Advisory Client will be deemed an “insider” or a “fiduciary” of such company and may restrict the Advisory Client’s trading of its investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the bankruptcy court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of “equitable subordination” with respect to any claim or equity interest held by the Advisory Client in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. If a security interest is invalidated, the secured creditor loses the value of the collateral and because loss of the secured status causes the claim to be treated as an unsecured claim, the holder of such claim will almost certainly experience a significant loss of its investment.

Investments in Loans

A number of Advisory Clients invest in loans, including loans to middle-market companies whose debt, if rated, is rated below investment grade and, if not rated, would likely be rated below investment grade if it were rated (that is, below BBB- or Baa3, which is often referred to as “junk”), and which are generally considered higher risk than investment grade instruments. An Advisory Client may invest in loans, either through primary issuances or in secondary transactions, including potentially on a synthetic basis. The value of an Advisory Client’s investment in loans may be detrimentally affected to the extent a borrower defaults on its obligations. There can be no assurance that the value assigned by CGCIM to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause an Advisory Client’s security interest in the loan’s collateral to be invalidated. Also, much of the collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which will limit the number of potential purchasers if an Advisory Client intends to liquidate such collateral. The amount realizable with respect to a loan may be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. There may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral. Finally, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. Advisory Clients’ portfolios may include the types of instruments described below as well as other types of instruments consistent with its investment objective.

First Lien Senior Secured Loans. It is expected that when an Advisory Client makes a senior secured term loan investment in an issuer, it will generally take a security interest in substantially all of the available assets of the issuer, including the equity interests of its domestic subsidiaries, which is expected

to help mitigate the risk that the Advisory Client will not be repaid. However, there is a risk that the collateral securing a loan may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital, and, in some circumstances, the Advisory Client's lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Advisory Client will receive principal and interest payments according to the loan's terms, or at all, or that the Advisory Client will be able to collect on the loan should the Advisory Client be forced to enforce its remedies.

Second Lien Senior Secured Loans and Junior Debt Investments. Second and third lien loans are subject to the same investment risks generally applicable to senior loans described above. An Advisory Client's second lien senior secured loans will be subordinated to first lien loans and junior debt investments, such as mezzanine loans, generally will be subordinated to both first lien and second lien loans and have junior security interests or may be unsecured. As such, to the extent an Advisory Client holds second lien senior secured loans and junior debt investments, holders of first lien loans may be repaid before the applicable Advisory Client in the event of a bankruptcy or other insolvency proceeding. Therefore, second and third lien loans are subject to additional risk that the cash flow of the related obligor and the property securing the second or third lien loan may be insufficient to repay the scheduled payments to the lender after giving effect to any senior secured obligations of the related obligor. This may result in an above average amount of risk and loss of principal. Second and third lien loans are also expected to be more illiquid than senior loans.

Unsecured Loans. Unsecured loans are subject to the same investment risks generally applicable to loans described above but are subject to additional risk that the assets and cash flow of the related obligor may be insufficient to repay the scheduled payments to the lender after giving effect to any secured obligations of the obligor. Unsecured loans will be subject to certain additional risks to the extent that such loans may not be protected and such loans are not secured by collateral, financial covenants or limitations upon additional indebtedness. Unsecured loans are also expected to be a more illiquid investment than senior loans for this reason.

Syndicated Loans. Under the agreements governing most syndicated loans, should a holder of an interest in a syndicated loan wish to call a default or exercise remedies against a borrower, it could not do so without the agreement of at least a majority of the other lenders. Actions could also be taken by a majority of the other lenders, or in some cases, a single agent bank, without the consent of all lenders. Each lender would nevertheless be liable to indemnify the agent bank for its ratable share of expenses or other liabilities incurred in such connection and, generally, with respect to the administration and any renegotiation or enforcement of the syndicated loans. Moreover, an assignee or participant in a loan may not be entitled to certain gross-up payments in respect of withholding taxes and other indemnities that otherwise might be available to the original holder of the loan.

Bank Loans and Participations. An Advisory Client may invest a portion of its assets in bank loans and participations. The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality and (iii) limitations on the ability of an Advisory Client or certain affiliates to directly enforce

its rights with respect to participations. The Adviser will seek to balance the magnitude of these and other risks identified by it against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by an Advisory Client. Bank loans are frequently traded on the basis of standardized documentation which is used in order to facilitate trading and market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue or that the same documentation will be used in the future. The settlement of trading in bank loans often requires the involvement of third parties, such as administrative or syndication agents, and there presently is no central clearinghouse or authority which monitors or facilitates the trading or settlement of all bank loan trades. Often, settlement may be delayed based on the actions of any third party or counterparty, and adverse price movements may occur in the time between trade and settlement, which could result in adverse consequences for an Advisory Client. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain Advisory Client investments, an Advisory Client could be subject to allegations of lender liability. An Advisory Client may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, an Advisory Client typically will not have the right to vote on matters requiring a vote of holders of the underlying debt and may have no right to enforce compliance by the borrower with the terms of the loan agreement, or any rights of set-off against the borrower, and an Advisory Client may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, if an Advisory Client were to hold a participation, it would assume the credit risk of both the borrower and the institution selling the participation to the Advisory Client. In certain circumstances, investing in the form of participation may be the most advantageous or only route for the Advisory Client to make or hold any such investment, including in light of limitations relating to local laws or the willingness of administrative agents or borrowers to allow the Advisory Client to become a direct lender.

Unitranche Loans. Unitranche loans provide leverage levels comparable to a combination of first lien and second lien or subordinated loans, and may rank junior to other debt instruments issued by the portfolio company. Unitranche loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a heightened risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. From the perspective of a lender, in addition to making a single loan, a unitranche loan may allow the lender to choose to participate in the “first out” tranche, which will generally receive priority with respect to payments of principal, interest and any other amounts due, or to choose to participate only in the “last out” tranche, which is generally paid after the first out tranche is paid. Advisory Clients may participate in “first out” and “last out” tranches of unitranche loans and make single unitranche loans.

Acquisition in loans, may also result in the acquisition of equity securities. Advisory Clients may also invest directly in the equity securities of portfolio companies. The goal of many Advisory Clients is to dispose of such equity interests and realize gains upon disposition of such interests. However, the equity interest the Advisory Clients receive may not appreciate in value and, in fact, may decline in value. Therefore, the Advisory Clients may not be able to realize gains from their equity interests, and any gains realized on the disposition of any equity interests may not be sufficient to offset any other losses the Advisory Clients experience.

Prepayment Risk

Loans held by Advisory Clients are generally callable at any time, certain loans may be allocable at any time at no premium to par. The Adviser is generally unable to predict the rate and frequency of such repayments. Whether a loan is called will depend both on the continued positive performance of the issuer and the existence of favorable financing market conditions that allow such issuer the ability to replace existing financing with less expensive capital. As market conditions change frequently, the Adviser will often be unable to predict when, and if, this may be possible for each of an Advisory Client's issuers. In the case of some of these loans, having the prepayment of a loan may have the effect of reducing the Advisory Client's actual investment income below its expected investment income if the capital returned cannot be invested in transactions with equal or greater yields.

Limited Amortization Requirements

Certain Advisory Clients may invest in loans that have limited mandatory amortization requirements. While these loans may obligate an issuer to repay the loan out of asset sale proceeds, with annual excess cash flow or by refinancing upon maturity, repayment requirements may be subject to substantial limitations that would allow an issuer to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that an issuer will not be able to repay or refinance the loans held by an Advisory Client when it matures.

Investments in High Yield Debt Instruments

Certain Advisory Clients may invest in debt instruments that may be classified as "higher-yielding" (and, therefore, higher risk) debt instruments. In most cases, such debt will be rated below "investment grade" or will be unrated and will face both ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market for high yield instruments has experienced periods of volatility and reduced liquidity. High yield instruments may or may not be subordinated to certain other outstanding instruments and obligations of the issuer, which may be secured by all or substantially all of the issuer's assets. High yield instruments may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these instruments may reflect individual corporate developments. General economic recession or a major decline in the demand for products and services in the industry in which the borrower operates would likely have a materially adverse impact on the value of such instruments or could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default of such instruments. In addition, adverse publicity and

investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high-yield instruments.

Structured Finance Obligations

An Advisory Client that invests in structured finance obligations may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured finance obligation changes based on multiples of changes in interest rates or inversely to changes in interest rates). CLOs are also subject to the risk that distributions from collateral assets will be inadequate to make interest or other payments and the quality of the collateral may decline in value, default or be downgraded.

Synthetic Securities

A portion of the investments of an Advisory Client may consist of synthetic securities, the reference obligations of which may be leveraged loans, high-yield debt securities or similar securities. Investments in such types of assets through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of such collateral obligations. With respect to each synthetic security, the Advisory Client will usually have a contractual relationship only with the counterparty of such synthetic security, and not the reference obligor on the reference obligation. As such, the Advisory Client may not have the rights or the ability to enforce rights of a typical lender.

Distressed Investments

An Advisory Client's investment program may include making distressed investments (*e.g.*, investments in defaulted, out-of-favor or distressed bank loans and debt and equity instruments), if any. Such investments 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 and may have very high amounts of leverage. Distressed companies typically are in default under, or have a significant risk of an inability to service, their debt obligations, especially 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. Investments in distressed companies may be premised on a turnaround strategy. If turnarounds are not achieved, these companies could experience failures or substantial declines in value, and an Advisory Client may not be able to divest itself of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons. The value of distressed instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities or instruments. Distressed investments are often more sensitive to company-specific developments and changes in economic conditions than other assets. Furthermore, distressed debt instruments are often unsecured and may be subordinated to senior debt. Accordingly, an investment in an Advisory Client should only be considered by persons who can afford a loss of their entire investment. In certain circumstances the execution of a distressed investing strategy involves the ability to identify and exploit the relationships between movements in different securities and instruments within an issuer's or borrower's capital structure (*e.g.*,

senior bank debt, second liens, debt securities and other obligations, convertible and non-convertible senior and subordinated debt, preferred equity and common stock). In the event that the perceived pricing inefficiencies underlying an issuer's securities or instruments were to fail to materialize as expected, an Advisory Client could incur a loss.

Investments in Middle-Market Companies

Investments in middle-market companies such as those in which certain Advisory Clients may invest, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. In particular, middle-market companies:

- may have limited financial resources and may be unable to meet their obligations under their debt securities that the Advisory Client holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Advisory Client realizing on any guarantees or security it may have obtained in connection with its investment;
- typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a company and, in turn, on the Advisory Client;
- generally disclose little public information. These companies and their financial information are usually not subject to the Exchange Act, and other regulations that govern public companies, and an Advisory Client may be unable to uncover all material information about these companies, which may prevent it from making a fully informed investment decision and cause an Advisory Client to lose money on its investments;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, an Advisory Client's executive officers, directors and CGCIM or its affiliates may, in the ordinary course of business, be named as defendants in litigation arising from Advisory Client investments in the companies;
- are affected by changes in laws and regulations, as well as their interpretations, which may adversely affect an Advisory Client's business, financial structure or prospects; and
- may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Investments in Highly Leveraged Companies

Certain Advisory Clients make investments in issuers whose capital structures have significant leverage (including substantial leverage senior to the Advisory Client's investment), a considerable portion of which may be at floating interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors such as rising interest rates, continued downturns in the economy or further deteriorations in the financial condition of the issuer or its industry. This leverage may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged issuers. In

using leverage, these issuers may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates may significantly increase the issuers or project's interest expense, or a significant industry downturn may affect a company's ability to generate positive cash flow, in either case causing an inability to service outstanding debt. An Advisory Client's investments may be among the most junior financing in an issuer's capital structure. In the event such issuer cannot generate adequate cash flow to meet debt obligations, the company may default on its loan agreements or be forced into bankruptcy resulting in a restructuring or liquidation of the company, and the particularly in light of an Advisory Client's subordinated and/or unsecured position of an Advisory Client's investments, may suffer a partial or total loss of capital invested in the company, which could adversely affect the return of the relevant Advisory Client.

Convertible Securities

Convertible securities are bonds, debentures, notes, preferred equities or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security generally entitles its holder to receive interest or a dividend until the convertible security matures or is redeemed or converted. Convertible securities generally: (i) have higher yields than the dividends on the underlying common stocks, but lower yields than non-convertible securities of a comparable duration; (ii) are less volatile in price than the underlying common stock due to their fixed-income characteristics; (iii) have a significant option component to their value which is directly impacted by the prevailing market volatility and interest rates; and (iv) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion feature) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates (with investment value declining as interest rates increase) as well as market volatility (with the conversion value increasing as market volatility increases). The credit standing of the issuer and other factors may also have an effect on investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent that the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases (as with an option) as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer. If a convertible security held by an Advisory Client is called for redemption, the Advisory Client will be required either to permit the issuer to redeem the security or convert it into the underlying common stock. Either of these actions could have an adverse effect on the value of the position.

Preferred Stock

Preferred stock generally has a preference as to dividends and upon the event of liquidation over an issuer's common stock, but it ranks junior to debt securities in an issuer's capital structure. Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Credit Derivatives

Certain Advisory Clients may engage in trading or investing in credit derivative contracts, which are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another, both for bona fide hedging of existing long and short positions, but also for independent profit opportunities. Such instruments may include one or more credits. The market for credit derivatives may be relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. Generally, a credit event means bankruptcy, a failure to pay, the acceleration of an obligation or modified restructuring of a credit obligation or instrument.

Credit Rating

Rating agencies rate debt securities based upon their assessment of the likelihood of the receipt of principal and interest payments. Rating agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of debt securities. Therefore, the credit rating assigned to a particular instrument may not fully reflect the true risks of an investment in such instrument. Credit rating agencies may change their methods of evaluating credit risk and determining ratings. These changes may occur quickly and often. While an Advisory Client may give some consideration to ratings, ratings may not be indicative of the actual credit risk of the Advisory Client's investment in rated instruments.

Recharacterization

An Advisory Client may seek to place its representatives on the boards of certain companies in which the Advisory Client has invested. While such representation may enable the Advisory Client to enhance the sale value of its debt investments in a company, such involvement may also prevent the Advisory Client from freely disposing of its debt investments and may subject the Advisory Client to additional liability or result in recharacterization of the Advisory Client's debt investments as equity. An Advisory Client will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

In addition, if a court determined that a purported debt investment lacked sufficient indicia of indebtedness, such court could characterize such loan as equity for the purpose of priority of

distributions in an insolvency proceeding of the borrower. Because of the nature of certain of the investments contemplated, an Advisory Client could be subject to claims from creditors of an obligor that the related investment should be recharacterized.

Default and Recovery Rates of Loans and High Yield Securities

There are varying sources of statistical default and recovery rate data for loans and high yield securities and numerous methods for measuring default and recovery rates. The historical performance of the high yield market or the leveraged loan market referred to herein is not necessarily indicative of its future performance.

Uncertainty as to the Value of Certain Investments

A number of investments held by Global Credit advisory clients are investments in debt instruments that are not publicly traded. The fair value of these instruments may not be readily determinable. Because such valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed.

Mezzanine Investments

Certain Advisory Clients may make mezzanine investments, which investments are expected to be unsecured and made in companies or projects whose capital structures have significant indebtedness ranking ahead of the investments, all or a significant portion of which may be secured. While the investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions and security over the issuer's assets, some or all of such terms may not be part of particular investments. Moreover, the ability of an Advisory Client to influence such an issuer's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Mezzanine investments generally are subject to various risks, including, without limitation: (i) a subsequent characterization of an investment as a "fraudulent conveyance"; (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the period before a bankruptcy filing; (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by an issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations.

Zero Coupon and PIK Bonds

Because investors in zero coupon or PIK bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment in such securities generally has a greater potential for complete loss of principal and/or return than an investment in debt securities that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

Counterparty Risk

Certain Advisory Clients are exposed to the risk that third parties that may owe the Advisory Client or (or an underlying company) money, securities or other assets will not perform their obligations. These parties include contractual and trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Nonpayment and nonperformance by such parties may reduce revenues and increase expenses, and any significant level of nonpayment and nonperformance could have a negative impact on an issuers' ability to conduct business, operating results, cash flows and its ability to service debt obligations and make distributions to an Advisory Client. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Advisory Client, 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. In addition, any practice of rehypothecation of securities related to the Advisory Client investment held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties. In addition, any Advisory Client's cash held with a prime broker, custodian or counterparty may not be segregated from the prime broker's, custodian's or counterparty's own cash, and the Advisory Client therefore may rank as an unsecured creditors in relation thereto. The inability to recover such assets could have a material impact on Carlyle or on the performance of the Advisory Client. The consolidation and elimination of counterparties resulting from the disruption in the financial markets has generally increased the concentration of counterparty risk and has decreased the number of potential counterparties.

Weak economic conditions and widespread financial stress has reduced and may continue to reduce the liquidity of an issuers' contractual and trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries, making it more difficult for them to meet their obligations to issuers. An Advisory Client is therefore subject to risks of loss resulting from nonpayment or nonperformance by parties to whom such issuers extend credit. Financial problems encountered by such parties limit an issuers' ability to collect amounts owed to such Issuer, or to enforce the performance of obligations owed to such Issuer under contractual arrangements. In addition, nonperformance by certain parties, who have committed to provide issuers with critical products or services, increases an issuers' costs and could result in significant disruptions or interfere with such issuer's ability to successfully conduct its business.

Expedited Investment Decisions

Investment analyses and decisions in connection with investments by Advisory Clients may be required to be undertaken on an expedited basis to take advantage of investment opportunities. While Advisory Clients will generally not seek to make an investment until the Adviser has conducted sufficient due diligence to make a determination as to the acceptability of the credit quality of the investment and the underlying issuer, in such cases, the information available at the time of making an investment decision may be limited. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment. Similar concerns may arise to the extent that an Advisory Client makes opportunistic investments in broadly syndicated debt. The circumstances of such

investments may not facilitate the type of due diligence the Adviser seeks to conduct in respect of direct lending investments.

Energy Industry Risks

Investments in the energy industry are subject to certain special risks, including the volatility of commodity prices, regulatory risk, regulatory approvals, political and social changes, documentation and other legal risk, sovereign risk, change of law, renewable energy policy risk, uncertainty of estimates, land title risk, construction risk, environmental matters, catastrophe risk, terrorist activities, climate change risk and new technology risk. See “Ongoing Turmoil in the U.S. and Global Financial Markets” for additional discussion on energy industry volatility.

Infrastructure Investment Risks Generally

Nature of Infrastructure Debt Investments Generally. An infrastructure credit Advisory Client may seek to make debt and debt-related investments involving global infrastructure and infrastructure-related projects, companies and assets. Such investments may be in loan, note, bond or preferred equity format (including, but not limited to, project bond issuances that qualify for the Rule 144A safe harbor), secured or unsecured with floating and/or fixed interest rates, and include senior and subordinated debt, mezzanine debt, convertible notes, preferred equity and other debt-like instruments. Investment in infrastructure projects, companies and assets involves many unique and acute risks. Project revenues can be affected by a number of factors including economic and market conditions, political events, competition, regulation and the financial position, credit quality and business strategy of customers / contractual counterparties. Unanticipated changes in the availability or price of inputs necessary for the operation of infrastructure assets may adversely affect the overall profitability of an Investment or related project. Events outside the control of an issuer of an Advisory Client, such as political action, governmental regulation, tariffs, import duties, demographic changes, economic conditions, government macroeconomic policies, political events, toll rates, power and energy prices, transportation charges, service fees, social instability, natural disasters (such as fire, floods, earthquakes and typhoons), changes in weather, changes in wastewater operations, changes in demand for products or services, including for digital infrastructure assets, assets in connection with social infrastructure, political or local opposition, technical obsolescence, slower than projected construction progress, bankruptcy or financial difficulty of a major service provider, customer or supplier and acts of war or terrorism and other unforeseen circumstances and incidents could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining or restoring infrastructure facilities. In turn, this may impair an issuer’s ability to repay its debt, make distributions to an Advisory Client or even result in termination of an applicable concession or other agreement. As a general matter, the operation and maintenance of infrastructure projects, companies or assets involve various risks and are subject to substantial regulation, many of which may not be under the control of the owner / operator, including labor issues, failure of technology to perform as anticipated, structural failures and accidents and the need to comply with the directives of government authorities. Although issuers may maintain insurance to protect against certain risks, where available on reasonable commercial terms (such as business interruption insurance that is intended to offset loss of revenues during an operational interruption), such insurance is subject to customary deductibles and coverage limits and may not be sufficient to recoup all of an issuer’s losses. Furthermore, once infrastructure assets of an issuer become operational, they may face competition from other infrastructure assets in the vicinity of the assets they operate, the presence of which depends in part on governmental plans and policies.

Certain energy companies may be particularly sensitive to weather and climate conditions. For example, solar power generators rely on the frequency and intensity of sunlight, wind turbines rely on the frequency and intensity of the wind, and companies focused on biomass rely on the production of crops, which can be adversely affected by droughts and other weather conditions. Furthermore, climate change may cause more extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with operations and increase operating costs, and damage resulting from extreme weather may not be fully insured.

Any deterioration of infrastructure resources generally, including as a result of any changes to federal, state or local tax credits, other favorable tax treatment or other forms of support for renewable energy, could negatively impact the performance of an Advisory Client by making it more difficult for entities with respect to which such Advisory Client has an investment to satisfy their debt payment obligations, increasing the default risk applicable to such borrowers and/or making it relatively more difficult for such Advisory Client to generate attractive risk-adjusted returns. Changes in general economic conditions and/or market fluctuations will also affect the creditworthiness of borrowers.

Governmental and Regulatory Risks. Infrastructure investments are subject to substantial government regulation and governments have considerable discretion to implement regulations that could affect the business of infrastructure investing. In many instances, the operation or acquisition of infrastructure assets involves an ongoing commitment to or from a governmental agency, and the operation of infrastructure assets often relies on government permits, licenses, concessions, leases or contracts. The nature of these obligations and dependencies expose the owners of infrastructure assets to a higher level of regulatory control than typically imposed on other businesses, resulting in government entities having significant influence over such owners and companies.

Where an Advisory Client issuer holds a concession or lease from the government, the concession or lease may restrict such issuer's ability to operate the business in a way that maximizes cash flows and profitability. The lease or concession may also contain clauses more favorable to the government counterparty than a typical commercial contract. For instance, the lease or concession may enable the government to terminate the lease or concession in certain circumstances without requiring payment of adequate compensation.

In addition, the operation and financial performance of infrastructure projects are significantly dependent on governmental policies and regulatory frameworks that support infrastructure sources. Investments in infrastructure and related businesses and/or assets currently enjoy support from national, state and local governments and regulatory agencies designed to finance or support the financing development thereof, such as the U.S. federal investment tax credit and federal production tax credit, U.S. Department of the Treasury grants, various renewable and alternative portfolio standard requirements enacted by several states and state-level utility programs, such as system benefits charge and customer choice programs. There can be no assurance that government support for infrastructure will continue and that favorable legislation will pass.

In addition, governmental entities may exercise their discretion to change or increase regulation of the operations of Advisory Client issuers or to implement laws, regulations or policies affecting their operations, separate from any contractual rights that the government counterparties may have, in a manner that causes delays or adversely affects the operation of the business of such issuers.

Demand / Usage Risk. Demand, usage and throughput risk can affect the performance of infrastructure assets. Demand, usage and throughput depend on, and may be affected by, a wide variety of factors, such as political action, governmental regulation, tariffs, import duties, demographic changes, economic conditions, government macroeconomic policies, political events, toll rates, power and energy prices, transportation charges, service fees, social instability, natural disasters (such as fire, floods, earthquakes and typhoons), changes in weather, changes in wastewater operations, changes in demand for products or services, including for digital infrastructure assets, political or local opposition, technical obsolescence, slower than projected construction progress, bankruptcy or financial difficulty of a major customer and acts of war or terrorism and other unforeseen circumstances and incidents. To the extent that Carlyle's assumptions regarding demand, usage and throughput prove incorrect, returns to an Advisory Client could be adversely affected. Some investments may be subject to seasonal variations, including greater revenues and profitability during different seasons of the year. Accordingly, the operating results for any particular investment of an Advisory Client in any particular quarter may not be indicative of the results that can be expected for that investment throughout the year.

Operations and Maintenance Risk. As a general matter, the operation and maintenance of infrastructure assets involve significant capital expenditures and various risks, many of which may not be under the control of the owner / operator, including labor issues, political or local opposition, failure of technology to perform as anticipated, technical obsolescence, increasing fuel prices, structural failures and accidents, environment related issues, counterparty non-performance and the need to comply with the directives of government authorities. Optional or mandatory improvements, upgrades or rehabilitation of infrastructure assets may cause delays or result in closures or other disruptions subjecting an Advisory Client's investment to various risks including lower revenues. The operations of infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosions, fires, terrorist attacks, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance. Moreover, any loss from such events may not be recoverable under relevant insurance policies. Business interruption insurance is not always available, or economic, to protect the business from these risks.

Construction Risk. In connection with any new development project (i.e., a "greenfield" project), expansion of a facility or acquisition of a facility in late-stage development, an Advisory Client issuer may also face construction risks typical for infrastructure businesses, including, without limitation, (i) labor disputes, shortages of material and skilled labor or work stoppages, (ii) slower than projected construction progress and the unavailability or late delivery of necessary equipment, (iii) less than optimal coordination with public utilities in the relocation of their facilities, (iv) adverse weather conditions and unexpected construction conditions, (v) accidents or the breakdown or failure of construction equipment or processes and (vi) catastrophic events such as explosions, fires and terrorist activities and other similar events beyond Carlyle's control. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction activities once undertaken, any of which could have an adverse effect on an Advisory Client.

Interest Rate Fluctuations

General interest rate fluctuations may have a substantial negative impact on an Advisory Client's investment and investment opportunities and accordingly may have an adverse effect on an Advisory Client's investment objectives and the rate of return on invested capital. The securities and other instruments in which an Advisory Client will invest have valuations which are based on numerous factors, including specific company characteristics. However, such securities and other instruments are also susceptible to fluctuations in interest rates and, like treasury bonds, the prices of securities and other instruments can increase when interest rates fall and decline when interest rates rise.

1940 Act Regulations

The 1940 Act imposes numerous constraints on the operations of certain Advisory Clients, including the BDCs and Private Credit RIC, which may hinder their ability to take advantage of attractive investment opportunities and to achieve their investment objective. Furthermore, any failure to comply with the requirements imposed on Advisory Clients by the 1940 Act could cause the SEC to bring an enforcement action against the Adviser, one or more Advisory Clients and their affiliated persons and/or expose such Advisory Clients to claims of private litigants. With respect to the BDCs, upon approval of a majority of a BDC's stockholders, the BDC may elect to withdraw its status as a BDC. If a BDC decides to withdraw its election, or if it otherwise fails to qualify, or maintain its qualification, as a BDC, it may be subject to substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease a BDC Advisory Client's operating flexibility, and could significantly increase its costs of doing business.

In addition, the boards of the BDCs and Private Credit RIC are not controlled by Carlyle or CGCIM, and such boards may choose not to renew the investment advisory agreement with CGCIM. In addition, from time to time, the independent directors of such boards are required to approve co-investments, and such directors may choose to decline to participate in the proposed investment opportunities even if the Adviser believe the investment opportunity is appropriate and within the respective Advisory Client's investment mandate.

Leveraged Nature of Preferred Interests

The preferred interests issued by certain Advisory Clients represent a highly leveraged investment in such Advisory Clients's underlying assets which could be significantly affected by, among other things, changes in the market value of, changes in the distributions, defaults and recoveries, capital gains and losses, prepayments and the availability, prices and interest rates of underlying assets. Accordingly, these securities may not be paid in full and may be subject to up to 100% loss. Furthermore, the leveraged nature of these securities may magnify the adverse impact on the preferred interests of changes in the market value, changes in the distributions, defaults and recoveries, capital gains and losses, prepayments and availability, prices and interest rates of the underlying assets.

POTENTIAL CONFLICTS OF INTEREST

There will be occasions when CGCIM and its affiliates may encounter potential conflicts of interest in connection with an Advisory Client. There can be no assurance that CGCIM will identify or resolve any conflict of interest in a manner that is favorable to a particular Advisory Client. Moreover, as a

consequence of the Public Company status as a public company, the officers, directors, members, managers and employees of Carlyle may take into account certain considerations and other factors in connection with the management of the business and affairs of an Advisory Client that would not necessarily be taken into account if the Public Company were not a public company. In addition to the conflicts of interest discussed elsewhere in this Brochure, the following discussion enumerates certain potential conflicts of interest:

Incentive Fees and Carried Interest

As described in Items 5 and 6, incentive fees and carried interest may create incentives to make riskier or more speculative investments on behalf of an investment vehicle than would be the case in the absence of this arrangement. Pursuant to an Advisory Client's governing documents, the general partner of such Advisory Client may be required to return excess amounts of carried interest as a "clawback." This clawback obligation creates an incentive for the general partner to defer disposition of one or more investments or delay the liquidation of an Advisory Client if the disposition and/or liquidation would result in a realized loss to the Advisory Client or would otherwise result in a clawback situation for such general partner. In addition, the general partner of an Advisory Client may elect to compensate its personnel with shares of the Public Company, including in circumstances in which cash proceeds are received in connection with the disposition of an Advisory Client's investment. To the extent such personnel are unable to sell such shares, or the value of such shares decreases, such personnel may have a reduced incentive to devote the necessary time and attention to the investment activities of such Advisory Client or otherwise remain at Carlyle.

In addition, the manner in which a general partner of an Advisory Client's entitlement to carried interest is determined may result in a conflict between its interests and the interests of investors with respect to the sequence and timing of disposals of investments. For example, the members and partners of the general partner of an Advisory Client are generally subject to U.S. federal and local income tax (unlike certain of the investors). Investors should note in this regard that the Tax Act provides for a lower capital gains tax rate on carried interest in respect of investments held for at least three years. Carlyle may be incentivized to operate an Advisory Client, including to hold and/or sell investments, in a manner that takes into account the tax treatment of its carried interest. While each Advisory Client's general partner generally intends to seek to maximize pre-tax returns for the relevant Advisory Client as a whole, such general partner 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.

Further, Carlyle frequently defers distributions of carried interest that it is entitled to early in the life of an Advisory Client. Such a deferral may be made in connection with an investment in respect of which certain limited partners of an Advisory Client participate through a corporation. To the extent that the general partner of an Advisory Client later receives a "make-whole" distribution from a separate investment in respect of which those limited partners do not participate through a corporation, the aggregate after-tax proceeds received by such limited partners may be lower than what would have been the case had the carried interest not been deferred.

Incentive Management Fees

For the period TCG BDC and its affiliates retain all of the preferred interests of CDL CLO, CGCIM does not earn management fees for providing collateral management services to CDL CLO. TCG BDC currently retains all of the preferred interests of CDL CLO, thus CGCIM does not earn management fees for providing collateral management services to CDL CLO. As a result, CGCIM may receive less compensation for the services it provides to CDL CLO than for investment advisory services provided to other Advisory Clients. If none of TCG BDC or its affiliates retain all of the preferred interests of CDL CLO, CGCIM would be entitled, subject to certain limitations and priority-of-payment provisions set forth in CDL CLO's documentation, to a base management fee, a subordinated management fee and an incentive management fee. These fees may create incentives for CGCIM, as the collateral manager, to make decisions that may conflict with the interests of the holders of securities issued by CDL CLO. In particular, the manner in which the incentive management fee is determined could create a further incentive for CGCIM to make more speculative investments in CDL CLO's portfolio assets than CDL CLO would otherwise make, in order to increase the likelihood that the preferred interests issued by CDL CLO receive a rate of return sufficient to cause the internal rate of return threshold triggering the incentive management fee to be met. In addition, the amount of fees received by CGCIM as the collateral manager of CDL CLO will be reduced or even eliminated to the extent Carlyle Holders own the preferred interests to be issued by CDL CLO. As a result, CGCIM may receive less compensation for the services it provides to CDL CLO than it receives for investment advisory services it provides to other Advisory Clients.

As noted previously, CGCIM does not receive management fees or incentive management fees from MMCF or MMCF II.

Valuations of Investments

There may be situations in which CGCIM is incentivized to influence or manipulate the valuation of investments. For example, CGCIM could be motivated to overstate valuation in order to: (i) improve an Advisory Client's track record, (ii) minimize losses from write-downs that must be returned prior to an affiliate receiving carried interest, or (iii) for certain Advisory Clients, and to a lesser extent, increase fees due to CGCIM, such as a management fee that is calculated as a percentage of the value of the Advisory Client assets.

CGCIM values securities and instruments at their fair value in accordance with the Financial Accounting Standard Board's Accounting Standards Codification ("ASC") Topic 820-10, "Fair Value Measurements." To facilitate this process, CGCIM and its affiliates have a written valuation policy (the "Valuation Policy"), supplemented by guidance and valuation templates. If active market quotations are readily available, CGCIM or the respective board of directors of each BDC (and the MMCF board of managers) generally values securities or instruments at their market price, with a discount in certain cases of restricted securities or instruments. Otherwise, securities and instruments are valued based on management's judgment and estimation in accordance with the Valuation Policy, guidance and templates.

The valuation procedures may differ based on the type of security and/or instrument and the observability of market inputs, and may include reliance on analyses of similar companies, recent

comparable transactions, and discounted cash flow models. CGCIM may alter the valuation procedures if one or more valuation techniques are no longer relevant or for which one or more valuation techniques become relevant, either due to limited availability of observable inputs or based on changes in the market of the type of security/instrument being valued. Investors typically receive disclosure regarding the Valuation Policy in the offering documents for the relevant Advisory Client.

As noted in Item 8 above, the board of directors of each BDC, with the assistance of CGCIM, is responsible for determining in good faith the fair value of such BDC's portfolio investments. As CDL CLO is consolidated with TCG BDC for financial reporting purposes, the fair value of CDL CLO's portfolio investments ultimately is subject to the approval of TCG BDC's board of directors, pursuant to TCG BDC's valuation procedures. Due to factors described in Item 8, there may be uncertainties as to the fair value of portfolio investments. MMCF will not be consolidated with TCG BDC for financial reporting purposes and, therefore, the fair value of MMCF's portfolio investments ultimately will be subject to the approval of the MMCF board of managers, pursuant to applicable valuation policies. MMCF II will also not be consolidated with TCG BDC for financial reporting purposes. The MMCF II board of managers has approved and adopted the Valuation Policy, and the fair value of MMCF II's portfolio investments is determined by the officers of MMCF II in accordance with the Valuation Policy.

The board of trustees of Private Credit RIC, with the assistance of CGCIM, is responsible for the valuation of Private Credit RIC's portfolio investments for which market quotations are not readily available, as determined in good faith pursuant to the Private Credit RIC valuation policy. Portfolio securities and other assets for which market quotes are readily available are valued at market value. The board of trustees of Private Credit RIC has delegated day-to-day responsibility for implementing the portfolio valuation process to CGCIM.

Carlyle Global Capital Markets Provider

One or more affiliates of the general partner of an Advisory Client are expected to be entitled to receive certain fees and interest payments in connection with the activities of such Advisory Client and its portfolio companies, including, without limitation, offering, placement, financing, syndication, capital markets advisory, turnaround, workout, underwriting, solicitation, currency, hedging, structuring, loan agent, loan servicing, rating advisory or similar fees in connection with the activities of such Advisory Client and its portfolio companies, including with respect to an initial public offering or private placement, the arranging or provision of credit facilities for such Advisory Client or one of its portfolio companies and other vehicles managed or controlled by Carlyle, the distribution or placement of loans or equity securities of an Advisory Client portfolio company or otherwise arranging or providing financing for such portfolio company alone or with other lenders, which could include other vehicles managed or controlled by Carlyle (any such services, "GCM Services"). Such an affiliate is either (i) a U.S. regulated broker-dealer or a non-U.S. equivalent thereof or (ii) otherwise conducts a financial services, loan origination, structuring, placement or other similar business (including, for example, as a broker, dealer, distributor, syndicator, arranger, underwriter, servicer or originator of securities or loans (a "GCM Provider").

Carlyle is committed to growing its GCM Services, and could in the future develop new businesses, such as providing additional investment banking, advisory and other services to corporations, financial sponsors, management or other persons. Such services could relate to transactions that could give rise to investment opportunities that are suitable for one or more Advisory Clients. Partnership expenses of

for certain Advisory Clients will include the fees, costs and expenses of a GCM Provider in connection with the provision of GCM Services to such Advisory Client or any of its portfolio companies. There is no limitation on the amount of such fees, costs and expenses that may be borne by an Advisory Client. With respect to any service provided by a GCM Provider to an Advisory Client or any of its portfolio companies, there can be no assurances that a third party would not have provided better or more cost effective services. In addition, any such fees and payments will be retained by such GCM Provider. The fee potential inherent in a particular investment or transaction could be viewed as an incentive for the general partner of an Advisory Client to seek to refer, allocate or recommend an investment or transaction to such Advisory Client. In addition, the general partner of an Advisory Client may be incentivized to structure an investment in a manner that could create an opportunity for a fee to be received by a GCM Provider when an alternative structure would have given rise to a more favorable transaction for such Advisory Client.

It is possible that a GCM Provider or one or more vehicles managed or controlled by Carlyle provide financing as part of a third party purchaser's bid for or acquisition of an investment of an Advisory Client. This generally would include circumstances where a GCM Provider or one or more vehicles managed or controlled by Carlyle makes commitments to provide financing at, prior to or around the time such third party purchaser commits to purchase or purchases such investment from such Advisory Client. The involvement of a GCM Provider or one or more vehicles managed or controlled by Carlyle as a provider of debt financing in connection with the potential acquisition of investments by third parties from an Advisory Client will give rise to potential or actual conflicts of interest, including the possibility of the general partner of such Advisory Client being motivated to cause such Advisory Client to agree to terms with a third party with respect to which a GCM Provider or one or more vehicles managed or controlled by Carlyle is providing such debt financing that are less favorable to the applicable portfolio company and/or such Advisory Client than might have been obtained from another third party that did not have access to such financing, which may adversely impact such Advisory Client.

Carlyle professionals involved in the provision of GCM Services by a GCM Provider may also spend a portion of their time providing advisory services to vehicles managed or controlled by Carlyle. Similarly, the members of the investment advisory team and/or the investment committee of the general partner of an Advisory Client may spend a portion (of their time participating in the provision of services that result in fees payable to a GCM Provider, and, for the avoidance of doubt, the participation of such investment advisory personnel will not give rise to any entitlement to an Advisory Client to share in the benefit of any such fees. See "Other Activities of Management" below. Fees for GCM Services (or other benefits) may also be received by a GCM Provider in respect of a Carlyle Debt Fund's (as defined below) acquisition of indebtedness of an Advisory Client portfolio company, and any such fees will be retained by the GCM Provider and will not benefit an Advisory Client or its investors. A Carlyle fund or managed account whose investment objectives include the acquisition or issuance of debt, regardless of the geographic focus of such fund or managed account (a "Carlyle Debt Fund") may also be entitled to participate in the indebtedness of another Advisory Client's portfolio company, including at a discount, and a GCM Provider may be entitled to fees, in each case solely as a result of such Advisory Client's investment in such portfolio company. In such a case, such Advisory Client will not be entitled to participate in the benefit of such fees or discounted purchase price notwithstanding that no further services may be performed by a GCM Provider in respect thereof.

A GCM Provider may also provide financing and GCM Services to third parties that are not portfolio companies of an Advisory Client, including third parties that are competitors of portfolio companies of

any Advisory Client, or that are service providers, suppliers, customers, or other counterparties with respect to such companies (“Competitor Companies”) and may act as placement agent in respect of investment funds that are sponsored and managed by other third party investment managers, including funds that may compete with an Advisory Client. In addition, a GCM Provider may also be engaged to provide financing or other GCM Services to third parties in connection with transactions that may also be appropriate for an Advisory Client. In some cases, these services offered to third parties in connection with a transaction may be provided concurrently with services being provided in a similar manner to an Advisory Client even if such Advisory Client has a competing interest with the third party. In providing such services to third parties, including to Competitor Companies, such GCM Provider may come into possession of information that it is prohibited from acting on (including on behalf of an Advisory Client) or disclosing to other Carlyle affiliates as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of such Advisory Client.

In connection with selling investments by way of a public offering, a GCM Provider could act as the managing underwriter or a member of the underwriting syndicate. So long as any such transaction is structured in a manner such that the GCM Provider does not purchase investments from an Advisory Client, no consent of its investors or its Investor Advisory Committee will be required for purposes of such Advisory Client’s governing agreement and the Advisers Act.

A GCM Provider may, from time to time hold positions in instruments or securities and/or loans issued by portfolio companies of an Advisory Client, including, for example, where a GCM Provider commits to fund the shortfall amount, if any, resulting from the incomplete syndication of debt, including loans, or equity. Under such circumstances, a GCM Provider may commit to provide capital support for the syndication on a short-term basis (i.e., to provide certainty there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company of an Advisory Client than that held by such Advisory Client to facilitate the syndication. In either scenario, a GCM Provider typically will sell its holdings prior to an Advisory Client disposing of its respective investments in its portfolio company.

Where a GCM Provider serves as underwriter with respect to securities of an Advisory Client’s portfolio company, such Advisory Client will generally be subject to a “lock-up” period following the offering under applicable regulations or agreements during which time its ability to sell any securities that it continues to hold is restricted. This could prejudice such Advisory Client’s ability to dispose of such securities at an opportune time. In addition, in circumstances where a portfolio company of an Advisory Client becomes distressed and the participants in an offering undertaken by such portfolio company may have a valid claim against the underwriter, such Advisory Client would have a conflict in determining whether to sue a GCM Provider. In circumstances where a non-affiliate broker-dealer has underwritten an offering, the issuer of which becomes distressed, an Advisory Client will also have a conflict in determining whether to bring a claim on the basis of concerns regarding the GCM Provider’s relationship with the broker-dealer. On the other hand, a conflict of interest also exists to the extent the GCM Provider may have a valid claim against an Advisory Client’s portfolio company for indemnification relating to the GCM Provider’s services.

A GCM Provider may in the future develop new businesses such as providing investment banking, advisory and other services to corporations, financial sponsors, management or other third parties. Such services may relate to transactions that could give rise to investment opportunities that are suitable for an Advisory Client. In such case, a GCM Provider’s client would typically require such GCM Provider

to act exclusively on its behalf, thereby precluding such Advisory Client from participating in such investment opportunities. A GCM Provider would not be obligated to decline any such engagements in order to make an investment opportunity available to such Advisory Client.

While fees, commissions, upfront placement fees, interest payments and other compensation paid to a GCM Provider are generally believed to be reasonable and charged at rates that are market rates for the relevant activities, there may be substantial limitations in obtaining market rates as described more fully herein. In connection with the foregoing, it should be noted that it may not be possible to benchmark placement and arranging services provided by a GCM Provider against similar services provided by other investment banks, independent placement agents or other service providers, because the services provided by such third parties are often bundled with other services which are not priced separately from one another. As a matter of commercial practice, these services are often intrinsically linked such that it is challenging to precisely allocate the pricing between these services. For example, such similar services provided by investment banks and independent placement agents often also include the provision of debt financing or underwriting of securities or debt issuances. In many cases, the GCM Provider will not provide debt financing or underwriting of securities or issue debt in connection with the provision of placement or arranging services to an Advisory Client or its portfolio companies bundled or otherwise provided in the same way as a third party investment bank or independent placement agent would do so. Accordingly such services provided by a GCM Provider would be different than services commonly performed by persons unaffiliated with Carlyle. As a result, pricing information for the specific services provided by the GCM Provider may not be practicable to obtain, and accordingly the pricing of the services provided by a GCM Provider may not accurately reflect market rates. In connection with the involvement of a GCM Provider with an Advisory Client or its portfolio company, it may be required to engage multiple parties alongside a GCM Provider to provide the same bundle or level of services that a single third party would be able to provide, leading to less efficient or less effective services being provided by a GCM Provider to such Advisory Client or its portfolio company. In this case, the services provided by a third party on a standalone basis may be more expensive given they would be provided as part of a package of other services. In certain cases, an Advisory Client or the applicable portfolio company may pay aggregate fees to the GCM Provider and any investment bank or similar provider of capital or underwriting, collectively, that are greater than the fees that potentially would have been paid in the absence of the participation by the GCM Provider.

From time to time, a GCM Provider may be engaged on a transaction during the course of execution to the extent such GCM Provider or the investment team determines that the transaction execution is not proceeding as planned or where market risk to the issuer is higher than initially expected. In such cases, the compensation payable to such GCM Provider would be incremental to the fees previously agreed to by the applicable issuer. While the involvement by such GCM Provider in such a case may curtail the potential increase of pricing payable by the issuer or other deterioration of terms affecting the transaction documentation, for example by avoiding the exercise by such underwriters of “market flex” rights, there can be no assurances that Carlyle’s involvement will have such an effect.

For purposes of benchmarking fees payable to a GCM Provider, depending on the circumstances, OID (original issue discount) provided to initial purchasers may or may not be taken into account, even if such OID is not available to all purchasers. There are significant challenges in establishing the arms-length nature of fees payable in respect of certain broker dealer services. Any fees approved by Carlyle’s

Capital Markets Oversight Committee which is currently comprised of senior Carlyle executives familiar with the GCM Services, will be deemed to be on an arms-length basis.

Other Fees

As described in Items 5 and 6, CGCIM and its affiliates are entitled to receive cash and non-cash fees in connection with the purchase, monitoring or disposition of investments or from unconsummated transactions. Investors will receive the benefit of certain such fees only as set forth in the governing documents of the relevant Advisory Client or as required by applicable law.

Other Activities of Management

CGCIM personnel will devote such time as shall be reasonably necessary to conduct the business affairs of each Advisory Client in an appropriate manner. CGCIM personnel will work on the business and operations of Carlyle and on other projects, including Carlyle's existing corporate investments and other Advisory Clients on behalf of affiliated advisers, such as CIM and Carlyle CLO. Therefore, conflicts may arise in the allocation of resources, including due to CGCIM's internal policies and compliance with applicable law and regulation. Such other projects may include serving on the boards of directors of companies (including those that were formerly portfolio companies), and such CGCIM personnel may receive and retain compensation for their activities, with no offset against management fees. Although Carlyle's founders are committed to Carlyle's business, the founders engage in personal investment or other activities as permitted under current policies, applicable offering documents and other governing documents; and to the extent such activities present conflicts of interest, CGCIM employs appropriate mitigation procedures. Other of Carlyle's key personnel may, to the extent permitted by the governing documents of the relevant Advisory Clients and Carlyle's internal policies, also make personal investments outside of Carlyle and its Advisory Clients. For example, one of our founders has created a family office and has engaged an investment adviser to manage certain of his non-Carlyle personal investments. Such personal investments may be substantial and divert attention from CGCIM and the Advisory Clients. In addition, one of the co-founders is a significant limited partner in a third-party investment fund with no decision-making authority or control over such fund's investments. Given that such fund is not an affiliate of Carlyle, such third-party investment fund may compete with Advisory Clients for investment opportunities.

Outside Activities of Co-Founders and Other Personnel

Carlyle personnel are generally permitted to invest in alternative investment funds, private equity funds, real estate funds, hedge funds and other investment vehicles outside of Carlyle, as well as engage in other personal trading activities relating to companies, assets, securities or instruments outside of Carlyle (subject to Carlyle's policies and procedures (including its code of ethics) and the terms of the governing agreements of applicable Advisory Clients), some of which will involve conflicts of interest. Such investments may divert such personnel's time and attention away from the affairs of certain Advisory Clients. In addition, the investment vehicles in which such personnel may invest may compete with certain Advisory Clients for investment opportunities. In some cases, certain Advisory Clients or their portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with, such other investment vehicles. Although conflict mitigation strategies may be put into place with respect to a particular circumstance as determined by Carlyle, there can be no assurance that conflicts of interest arising out of such activities will be resolved in favor of Carlyle or any Advisory Client.

Investments in Which Another Advisory Client (or in Which a Vehicle or Account Managed by a Carlyle-Affiliated Investment Adviser) Has a Different Principal Investment

Certain Advisory Clients make investments in portfolio companies in which other Advisory Clients (and/or other vehicles or accounts managed by an investment adviser affiliated with CGCIM) have made or are concurrently making a different principal investment at the time of such Advisory Client's investment (*e.g.*, in different parts of the capital structure). In such situations, the Advisory Clients (and/or other vehicles or accounts managed by an investment adviser affiliated with CGCIM) could have conflicting interests (*e.g.*, over the terms of, or actions taken with respect to, their respective investments, including equity versus debt investments or junior versus senior debt investments). In that regard, actions may be taken for one Advisory Client (or affiliated advisory client) that are adverse to another Advisory Client (or affiliated advisory client).

Investments in Which Another Advisory Client (or in Which a Vehicle or Account Managed by a Carlyle-Affiliated Investment Adviser) May be Deemed an Affiliate

With respect to the BDCs and Private Credit RIC, Sections 17 (with respect to Private Credit RIC) and 57(a) (with respect to the BDCs) of the 1940 Act may be implicated in the context of investment transactions involving (i) a BDC or Private Credit RIC and other Advisory Clients managed by CGCIM, or (ii) a BDC or Private Credit RIC and other advisory clients managed by an affiliate of CGCIM. Under these circumstances, the relevant BDC or Private Credit RIC and such other investment vehicle would be deemed to be an affiliate of Private Credit RIC for purposes of Section 17 (as "Section 17 Affiliate") or an affiliate of the BDCs for purposes of Section 57(b) (a "Section 57(b) Affiliate"), as applicable. Thus, absent an exemption, a BDC or Private Credit RIC (or a person controlled by a BDC or Private Credit RIC, such as CDL CLO, MMCF or MMCF II with respect to TCG BDC) and a Section 17 Affiliate or Section 57(b) Affiliate would be limited in their ability to effect transactions involving simultaneous or related investments in the same portfolio company. In this regard, a BDC generally cannot co-invest with a Section 57(b) Affiliate, and Private Credit RIC generally cannot co-invest with a Section 17 Affiliate, absent an SEC exemptive order unless the transaction involves no terms other than price being negotiated and certain other conditions are met. Where publicly traded securities are involved, ordinarily, orders for a BDC and a Section 57(b) Affiliate or Private Credit RIC and a Section 17 Affiliate may be aggregated without seeking SEC relief, subject to certain conditions.

Where a BDC or Private Credit RIC does not have exemptive or no-action relief from the SEC and investment opportunities are applicable to such BDC or Private Credit RIC (or a person controlled by such BDC or Private Credit RIC, such as CDL CLO, MMCF or MMCF II with respect to TCG BDC) on the one hand, and a Section 17 Affiliate or Section 57(b) Affiliate on the other hand, a co-investment transaction cannot be effected, and those opportunities must be allocated between such BDC and such Section 57(b) Affiliate, or Private Credit RIC and such Section 17 Affiliate, pursuant to a policy designed to equitably allocate opportunities.

Allocation of Investment Opportunities to Carlyle

Carlyle is, from time to time, presented with opportunities to acquire an investment advisory business or other financial services business that are attractive to Carlyle as a direct corporate investment and which would be incorporated as part of the Carlyle global investment advisory business. To the extent

such opportunities are acquired by Carlyle on its own balance sheet, they are not viewed as portfolio investments, but instead as an addition to Carlyle's operating business. Some of these acquisition opportunities may also appear to be suitable as potential investment opportunities for certain Advisory Clients. However, these potential direct corporate investments generally are excluded by contract from the investment mandate of potentially relevant Advisory Clients.

Allocation of Investment Opportunities with Other Advisory Clients and Conflicting Fiduciary Duties

CGCIM is, from time to time, presented with investment opportunities that fall within the investment objectives of multiple Advisory Clients, and in such circumstances, except as otherwise provided in the governing documents of the applicable Advisory Client (or investment management agreement in the case of a separately managed account), CGCIM will allocate such opportunities (including any related co-investment opportunities) among the Advisory Clients (including, without limitation, an allocation of 100% of such an opportunity to a single Advisory Client) (the "Inter Vehicle Allocation") on a basis that CGCIM reasonably determines in good faith to be fair and reasonable taking into account all factors CGCIM deems relevant, including the requirements of the governing documents of the applicable Advisory Clients (or investment management agreement in the case of a separately managed account), the sourcing of the transaction, the nature of the investment objective, investment focus, mandate or policies, target return profile or projected hold period of each Advisory Client, results of underwriting analyses, including projected returns and target hold period for the 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 for each such Advisory Client, applicable law and other regulatory guidance and other considerations deemed relevant by CGCIM in good faith.

As a result of the Inter Vehicle Allocation, the participation by an Advisory Client in investments with other vehicles managed or controlled by Carlyle is expected to vary on an investment-by-investment basis and there may be investments within such Advisory Client's investment objective made by Carlyle, on behalf of such other vehicles, in which such Advisory Client does not participate or does not participate to the same extent as other investments. Moreover, consistent with the foregoing, Carlyle expects that an Advisory Client may make investments in industries and/or geographic regions in which other vehicles managed or controlled by Carlyle have been specifically organized to invest.

CGCIM will also consider the requirements of the exemptive relief that CGCIM and certain of its affiliates received from the SEC (the "Exemptive Relief") authorizing specified joint transactions under the 1940 Act in allocations that involve the BDCs, Private Credit RIC or other 1940 Act registered funds. The Exemptive Relief allows, under specified conditions, Carlyle's advisory clients that have elected to be regulated as "business development companies" under the 1940 Act and certain 1940 Act registered funds to invest alongside Carlyle and certain of Carlyle's private funds and accounts (including certain Global Credit investment vehicles and entities within GCM) in the same investment opportunities, where such participation would otherwise be prohibited under the 1940 Act. As a result, Carlyle and certain Global Credit private funds and accounts may co-invest in transactions alongside the BDCs, Private Credit RIC, or other 1940 Act registered funds, to the extent permitted under the governing documents of those Global Credit investment vehicles and the terms and conditions of the Exemptive Relief. In addition, every investment opportunity that falls within the investment objective/strategies (and board-established criteria, where applicable) for the BDCs, Private Credit RIC or other 1940 Act registered funds must be shown to such Advisory Clients. Although such Advisory Clients are not required to

participate, fulfilling these requirements could introduce a potential conflict of interest between the BDCs, Private Credit RIC, or other 1940 Act registered funds, and other Advisory Clients.

Carlyle has established and may establish in the future, in its sole discretion, CGCIM Advisory Clients with investment objectives, mandates and policies that are the same or substantially similar to and/or overlap with those of another Advisory Client (including, without limitation co-investment funds or any successor fund to an Advisory Client), in each case, without the consent of, or notice to, any investor of an Advisory Client. In addition, Carlyle has established and may establish in the future Advisory Clients with investment objectives, mandates and policies that are substantially similar to those of another Advisory Client, but with a focus on investments with a different target return profile, different projected hold period or other characteristics that make them inconsistent with an Advisory Client's objectives, mandates or policies (thereby making them inappropriate for the other Advisory Client). Carlyle may allocate investment opportunities to such Advisory Clients based on the anticipated targeted returns or projected hold periods based solely on Carlyle's expectations at the time such investments are made and certain investments may be allocated between Advisory Clients. However, there can be no assurances that the actual returns from such investments will be in line with such targets, that such investments will be held for the projected hold period or that such characteristics will ultimately match Carlyle's expectations at the time such investments are made, and such investments may as a result prove to have been suitable for the other Advisory Client.

Further, related to Carlyle's Global Credit business, certain Advisory Clients (or advisory clients) may invest primarily in loans, which are generally made to private companies that are, in many cases, controlled by private equity firms or in which private equity firms otherwise hold, directly or indirectly, a financial interest in the form of debt and/or equity. Such other private equity firms likely will be competitors of Carlyle, Advisory Clients or Carlyle advisory clients. Accordingly, Carlyle's interests in respect of the Advisory Clients making direct loans may be in conflict with those of other Advisory Clients or Carlyle advisory clients (*e.g.*, those advisory clients seeking to make equity investments in such companies).

The governing documents of certain Advisory Clients provide that Carlyle will not be required to allocate investment opportunities to them after they reach "Full Investment" (generally, when unpaid capital commitments of the non-defaulting investors of an Advisory Client are equal to or less than 10% of aggregate capital commitments of the non-defaulting investors of such Advisory Client). Allocations are further discussed below in Item 11.

There may be circumstances, including in the case where there is a seller who is seeking to dispose a pool or combination of assets, securities or instruments, where two or more Advisory Clients participate in a single or related series of transactions with a particular seller where certain of such assets, securities or instruments are specifically allocated (in whole or in part) among such Advisory Clients. Similarly, there may be circumstances where two or more Advisory Clients are seeking to dispose of a pool or combination of assets, securities or instruments and participate in a single or related transactions with a particular buyer. The allocation of such specific items generally would be based on fair and reasonable allocation considerations described above in respect of Inter Vehicle Allocations. Also, a pool may contain both debt and equity instruments that Carlyle determines should be allocated to different funds. In such situations Carlyle would typically acquire (or sell) such pool or combination of assets for a single combined purchase price with no prices specified for individual assets, securities or instruments.

Accordingly, Carlyle will have a conflict in establishing the specific prices to be paid for each asset, security or instrument by the Advisory Clients. In some cases a counterparty will require an allocation of value in the purchase or sale contract, though Carlyle could determine such allocation of value is not accurate and should not be relied upon. Carlyle will generally rely upon internal analysis to determine the ultimate allocation of value, though it could also obtain third party valuation reports. Carlyle will generally have no obligation to present such conflicts of interests to the Investor Advisory Committee of the applicable Advisory Client when they arise, and Carlyle's determination regarding such allocation of value may be binding on the Advisory Clients. There can be no assurance that an investment of an Advisory Client will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated if such investment were acquired or sold independently rather than as a component of a portfolio shared with other Advisory Clients. These conflicts related to allocation of portfolios will not necessarily be resolved in favor of a particular Advisory Client.

Capital Calls and Use of Subscription Lines and Asset-Backed Facilities

The general partner of an Advisory Client may fund the making of 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 the Advisory Client, i.e., asset-backed facilities, or the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the relevant Advisory Client and, accordingly, decrease net returns of such Advisory Client. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which does not accrue on such borrowings and will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Advisory Client. As a result, the use of a subscription facility with respect to the relevant Advisory Client's investments and ongoing capital needs may reduce or eliminate the preferred return received by such Advisory Client's investors and accelerate or increase distributions of carried interest to the general partner of such Advisory Client. Because the preferred return does not accrue on such outstanding borrowing, the general partner of an Advisory Client has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments and, in view of the fact that the management fee payable by an Advisory Client is the same whether investments are funded with capital contributions or Advisory Client borrowings, such general partner may benefit from operating its Advisory Client in this matter. As a general matter, use of leverage in lieu of drawing down capital commitments amplifies returns (either negative or positive) to investors.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription 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 investors and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in an Advisory Client as a result of restrictions imposed on such transfers by the lender. Moreover, tax-exempt investors should note that the use of borrowings by an Advisory Client may cause the realization of unrelated business taxable income.

While an Advisory Client is subject to certain limits on borrowings as set forth in its governing agreement, portfolio companies, holding companies and/or special purpose entities formed by such

Advisory Client to hold investments (i.e., asset level vehicles) may engage in borrowings and incur leverage, which may not count towards any caps on borrowings and guarantees on such Advisory Client, as contained in such Advisory Client's governing agreement, as such borrowings are not recourse to such Advisory Client and do not reduce unpaid capital commitments of its investors. This may be the case even if such borrowings or leverage by entities owned by such Advisory Client engage in joint borrowings and/or are cross-collateralized with or among other such entities, such that multiple Investments are pledged to and at risk with respect to a borrowing in connection with a single investment (even if the amounts involved are greater than the single investment diversification limit set forth in such Advisory Client's governing agreement).

Investors should note that an Advisory Client's general partner may have the right to borrow for the purpose of funding distributions to limited partners. To the extent a general partner elects to do so in order to accelerate a distribution that is expected to be made to the limited partners in connection with a legally binding agreement or the declaration of a dividend or similar distribution by a portfolio company (directly or indirectly), the proceeds from such borrowing will be split between the limited partners and such general partner on the same basis as the proceeds would be distributed upon consummation of the transaction contemplated by the applicable binding agreement (or dividend announcement). Accordingly, the general partner has an incentive to cause the Advisory Client to borrow for this purpose in order to accelerate its receipt of carried interest. To the extent an applicable transaction is not consummated or dividend not made (or, in either case, materially delayed) the Advisory Client may be required to call capital or dispose of other assets to repay the applicable borrowing and the general partner may be required to make a clawback payment to applicable limited partners. The general partner of an Advisory Client may also enter into one or more margin loans, including to effect a distribution to such Advisory Client's partners, which are not subject to the restrictions on borrowings for distributions, or borrowings generally, in the governing agreement of such Advisory Client.

Co-Investments

Carlyle is permitted to offer co-investment opportunities in its sole discretion, is not expected to offer co-investment with respect to all Advisory Client investments and may allocate any such opportunities in its sole discretion, including for example, on the basis of the size of investor commitments to Carlyle funds, vehicles and accounts. In making such allocation decisions, the general partner will be entitled to consider any interests and factors as it desires, including placing its own interests ahead of the interests of any other person. The allocation of co-investment opportunities will in many or all cases involve a benefit to Carlyle including, without limitation, the receipt of fees or allocation of carried interest from the co-investment opportunity, and capital commitments to Advisory Clients. Co-investment opportunities may also be offered to third parties to the exclusion of some or all of the investors in an Advisory Client in its general partner's sole discretion. Carlyle may or may not charge management fees, one-time funding/upfront fees and/or carried interest in respect of co-investments, as it determines in its sole discretion. While Carlyle's internal co-investment vehicles that invest alongside its Advisory Client funds are allocated a portion of expenses, including, but not limited to, broken deal expenses, all other co-investment vehicles (particularly those formed to invest alongside an Advisory Client fund in a single investment) generally will not share in broken deal expenses. Investing in an Advisory Client does not give investors any rights, entitlements or priority to co-investment opportunities.

The criteria that CGCIM considers in assessing potential co-investment opportunities includes but is not limited to: (i) whether a potential co-investor expressed an interest in evaluating co-investment opportunities; (ii) the potential co-investor's current relationship with CGCIM, including historical

investment activity in Advisory Clients, the existence of accounts or vehicles formed to co-invest in investments across all or a portion of the Carlyle platform (whether or not formed in connection with the admission of an investor to an Advisory Client) and the overall size of a potential co-investor's potential commitments to Advisory Clients; (iii) the timing of the potential co-investor's commitment to the Advisory Client, (iv) the size of the potential co-investor's interest to be held in the underlying portfolio company as a result of the Advisory Client's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in the Advisory Client), (v) whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of Carlyle, the Advisory Client, or other funds or co-investments, (vi) the potential co-investor's ability to meet investment funding deadlines; (iv) the potential co-investment amount; (vii) the potential co-investor's ability to keep target investment information confidential; (viii) past positive or negative experiences with the potential co-investor; (ix) the expected amount of negotiations required in connection with a potential co-investor's commitment; (x) the potential for competition or other conflicts of interest with the target investment; (xi) the potential co-investor's ability to offer skillsets or relationships that are helpful to the target investment; and (xii) a belief that co-investment opportunity may cultivate a long-term relationship with the co-investor that may be indirectly beneficial to other or future Advisory Clients. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Carlyle in consultation with other participants in the relevant transactions, such as a co-sponsor. Carlyle may also give priority co-investment allocations to committed co-investment vehicles or accounts.

In addition to mandatory investments pursuant to Carlyle's commitment to an Advisory Client, the general partner of an Advisory Client typically has the right to allocate, in its sole discretion, between 5-10 percent of each investment opportunity available to Carlyle to Carlyle-related funds, accounts or vehicles, and Carlyle directors, officers, employees, Operating Professionals, partners, members, consultants, advisors, senior advisors and affiliates ("Carlyle Co-Investors"). Furthermore, Carlyle has formed (and may in the future form additional) funds, accounts or vehicles for the benefit of third party investors that will be entitled to all or a portion of such allocation with respect to some or all of the investment made by Advisory Client(s), alongside one or more Carlyle funds as a Carlyle Co-Investor. Carlyle's management fee and carried interest (or incentive allocation) from such funds, accounts or vehicles is expected to generally be determined by reference to the terms of the applicable Advisory Client and calculated solely with respect to such investments. Such accounts and vehicles, including, for the avoidance of doubt, any other vehicles managed or controlled by Carlyle formed solely to participate as a Carlyle Co-Investor alongside one or more Advisory Clients, are generally not considered a parallel vehicle or successor fund of an Advisory Client. No rights or benefits granted to an investor or other vehicles managed or controlled by Carlyle (or any investor in any such vehicles) that participates as Carlyle Co-Investor will be subject to any most-favored-nations provisions, including in cases where such investor or such other vehicles managed or controlled by Carlyle participates in all of the investments made by an Advisory Client or such investor or such other vehicle (or any investor in any such other vehicle) also invests in such Advisory Client. The participation of any such vehicle managed or controlled by Carlyle as a Carlyle Co-Investor alongside an Advisory Client will have the practical effect of enlarging the capital available to Carlyle for deployment in such Advisory Client's investment program and will not be counted toward any limitation on aggregate commitments to such Advisory Client and its parallel vehicles.

Carlyle may be permitted, without the consent of investors or of an Investor Advisory Committee of an Advisory Client, to sell investments from an Advisory Client to an entity formed to hold co-investment,

on the terms and conditions stated under the governing documents of the Advisory Client. Carlyle Co-Investors may not participate in any such transaction, and accordingly would retain the entirety of its investment in the underlying portfolio investment. Such Advisory Client will generally remain liable for all of the obligations and/or liabilities (including, but not limited to, customary indemnity obligations and undertakings pursuant to purchase and sale agreements or similar agreements) incurred in connection with the acquisition of an investment, notwithstanding the fact that a portion of such investment has been syndicated to co-investors.

The foregoing co-investment rights generally result in an Advisory Client being allocated a smaller share of an investment than would otherwise be the case in the absence of such co-investment rights. In making co-investment allocation decisions, the general partner will be entitled to consider any interests and factors as it desires, including placing its own interests ahead of the interests of any other person. For example, the general partner may take into account the potential fees and carried interest that may be earned as a result of the participation of such other Carlyle-related funds, accounts or vehicles. Such fees or carried interest payable by investors in such other Carlyle-related funds, accounts or vehicles may be higher than the fees or carried interest payable by investors in the Advisory Client. Such other Carlyle-related funds, accounts or vehicles may also provide for management fees to be payable solely based on invested capital, which would create an incentive for Carlyle to allocate greater amounts of investment opportunities to such other Carlyle-related funds, accounts or vehicles. As a general matter, the remaining portion of any such opportunity would then be subject to Carlyle's overall allocation policies, including the policy described under "Allocation of Investment Opportunities with Other Advisory Clients and Conflicting Fiduciary Duties."

Carlyle Policies and Procedures

Policies and procedures implemented by Carlyle or its affiliates from time to time (including as may be implemented in the future) to mitigate actual or potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across Global Credit's areas of operation or expertise that an Advisory Client expects to draw on for purposes of pursuing attractive investment opportunities.

Data

Carlyle receives or obtains various kinds of data and information from Advisory Clients and their portfolio companies, including data and information relating to business operations, trends, budgets, customers and other metrics, some of which is sometimes referred to as "big data." Carlyle may be better able to identify commercial trends or financial opportunities, and otherwise enhance and improve operations of portfolio companies of an Advisory Client, as a result of its access to (and rights regarding) this data and information from Advisory Clients and their portfolio companies. Carlyle also intends to utilize such data for the purposes of identifying new investment opportunities for Advisory Clients. Although Carlyle believes that these activities improve Carlyle's investment management activities on behalf of its Advisory Clients, information obtained from Advisory Clients and their portfolio companies also provides material benefits to Carlyle and its Advisory Clients without compensation or other benefit accruing to such Advisory Clients or their respective investors. For example, information from a portfolio company owned by an Advisory Client may enable Carlyle to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Carlyle and other Advisory Clients that do not own an interest in such portfolio company, without compensation or

benefit to such Advisory Client or its portfolio companies. Advisory Client portfolio companies may incur incremental expenses in collecting and organizing information requested or required to be furnished to Carlyle. Any such expenses will be borne indirectly by such Advisory Client.

Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, Carlyle is generally free to use data and information from an Advisory Client's activities in its sole discretion for the benefit of Carlyle and other Advisory Clients, including to trade for the benefit of Carlyle or an Advisory Client. For example, Carlyle's ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law, be enhanced by information of an Advisory Client portfolio company in the same or related industry. Such trading may provide a material benefit to Carlyle or another Advisory Client account without compensation or other benefit to the Advisory Client or its investors.

The sharing and use of "big data" and other information presents potential conflicts of interest and the investors in each Advisory Client acknowledge and agree that any benefits received by Carlyle or its personnel will not be subject to the management and/or advisory fee offset provisions or otherwise shared with an Advisory Client or its investors. As a result, Carlyle has an incentive to pursue investments that have data and information that can be utilized in a manner that benefits Carlyle and its Advisory Clients, and may include covenants in acquisition agreements that require Advisory Client portfolio companies to periodically provide specified data to Carlyle.

Operating Professionals

CGCIM engages and retains Operating Professionals who receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company's board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by CGCIM, be deemed paid to or received by CGCIM (nor will such amounts be deemed paid to or received by affiliates or personnel of CGCIM) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without any offset to such Advisory Client's management fee). Advisory Clients may indemnify these Operating Professionals for actions taken with regards to the Advisory Client or its portfolio companies. To the extent Operating Professionals are engaged through a retainer agreement with CGCIM, Carlyle may elect to bear the expense of base retainer fees. Certain Operating Professionals have the right or are offered the ability to co-invest without fees or carry alongside or in Advisory Clients, including in those investments in which they are involved (and for which they may be entitled to receive performance-related incentive fees, which will reduce an Advisory Client's returns and will not necessarily be subordinated to the return of the investors' capital contributions), or otherwise participate in equity plans for management of any such portfolio company, or invest directly in an Advisory Client or vehicle(s) controlled by such Advisory Client subject to reduced or waived advisory fees, and/or carried interest, including after termination of their engagement by or other status with Carlyle (which generally would reduce the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients.

The nature of the relationship with each of the Operating Professionals and the amount of time devoted or required to be devoted by them varies considerably. In some cases, they provide an Advisory Client's general partner or CGCIM with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles and serve as executives or directors on the boards of portfolio companies, contribute to the origination of new investment opportunities or serve in deal finder roles. The services provided by any one Operating Professional or Operating Professionals generally may expand over time, including during the term of an Advisory Client. In certain instances, Carlyle has formal arrangements with these Operating Professionals, management teams for operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships are more informal. They are either compensated (including pursuant to retainers and expense reimbursement, and, in any event, pursuant to negotiated arrangements which will not be confirmed as being comparable to the market rates for such services) by CGCIM, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating Professionals are subject to contractual obligations to exclusively provide certain services to CGCIM. Such Operating Professionals and/or other service providers may share office space with Carlyle employees. Over time, certain existing and former employees of Carlyle (including senior Carlyle personnel) may transition to an Operating Professional role. Such a transition would have the effect of shifting the burden of the compensation of such employees from CGCIM to the applicable Advisory Client and/or its portfolio companies. There can be no assurance that any of the Operating Professionals and/or other professionals will continue to serve in such roles and/or continue their arrangements with Carlyle, an Advisory Client and/or any portfolio company throughout the term of an Advisory Client.

Service Providers and Deal Sourcing

Services required by an Advisory Client (including some services historically provided by Carlyle to its sponsored investment vehicles) may for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in the discretion of Carlyle or the general partner of an Advisory Client in connection with the operation of the Advisory Client, and such general partner will have an incentive to outsource such services at the expense of the Advisory Client in order to leverage the use of Carlyle's employees. Such outsourced services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depositary, data processing, trading, settlement, client relations, administration, marketing material reviews, anti-money laundering/know-your customer and similar customer due diligence reviews, custodial, accounting, legal and tax support and other services. Outsourcing may not occur uniformly for all Carlyle-sponsored investment vehicles and, accordingly, certain costs may be incurred by an Advisory Client through the use of third-party service providers that are not incurred for comparable services used by other Carlyle-sponsored investment vehicles. The decision by Carlyle to initially perform particular services in-house for the Advisory Client will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. The costs, fees or expenses of any such third-party service providers will be an expense of the Advisory Client and borne by such Advisory Client and will not be subject to the management fee offset provisions of the governing agreement of such Advisory Client, thereby increasing the expenses borne by the investors of such Advisory Client. Carlyle will determine (in its discretion based on relevant experience, its belief regarding market practice and such other factors as it

determines relevant under the circumstances) the fees, carried interest and other consideration payable to deal sourcers (who may be exclusive to Carlyle), asset managers and other service providers.

Certain advisors and other service providers, or their affiliates (including, without limitation, accountants, administrators, lenders, bankers, brokers or other deal “sourcers,” attorneys, consultants, custodians, investment or commercial banking firms, valuation agents and certain other service providers, advisors and agents) provide goods or services to Advisory Clients, Carlyle-sponsored or -affiliated investment vehicles and/or their portfolio companies, or have business, personal, political, financial or other relationships with Carlyle, its affiliates, employees and its portfolio companies. Certain service providers, including lenders, are owned by Carlyle, a Carlyle-sponsored or -affiliated investment vehicle(s), including, for example, SESAMm, Chronograph and iCapital. Additionally, certain Carlyle employees may have ownership interests in certain service providers to Advisory Clients and/or other Carlyle entities. Such service providers or their affiliates may be (i) investors in an Advisory Client (or an affiliate of an Advisory Client), (ii) affiliates of Carlyle, the general partner of a Carlyle-sponsored investment vehicle, and/or their affiliates, (iii) sources of investment opportunities, (iv) co-investors or counterparties or (v) entities in which Carlyle and/or a Carlyle-sponsored investment vehicle has an investment, and payments by a Carlyle-sponsored investment vehicle and/or such portfolio company may indirectly benefit Carlyle and/or such other Carlyle entity. These relationships and the potential for leveraging the capabilities of its personnel through the use of service providers (as such, for example, deal sourcers and operating or development partners who, in each case may be exclusive to Carlyle) may influence CGCIM in deciding whether to select or recommend such a provider (or affiliate thereof) to perform services for such Advisory Client or a portfolio company (the cost of which will generally be borne directly or indirectly by the Advisory Client or such portfolio company, as applicable).

An Advisory Client and its portfolio companies may also engage in transactions or enter into service arrangements with one or more businesses in which Carlyle holds an interest directly, not through one of its funds, including transactions with SESAMm, Chronograph or iCapital. Any fees charged or costs incurred in connection with such transactions or service arrangements may be borne by such Advisory Client as an Advisory Client expense, or, to the extent charged to its portfolio company, would be borne indirectly by such Advisory Client. These businesses will, in certain circumstances, also enter into transactions or service arrangements with other counterparties of such Advisory Client and its portfolio companies, as well as service providers, vendors and the limited partners of such Advisory Client. Carlyle would benefit from these transactions and activities through current income and creation of enterprise value in these businesses. The fees charged by these service providers and vendors may not offset or reduce management fees of an Advisory Client. Furthermore, Carlyle, other vehicles managed or controlled by Carlyle and their portfolio companies and their affiliates and related parties will use the services of these businesses, including at different rates. Although Carlyle believes the services provided by these businesses are equal or better than those of third parties, Carlyle directly benefits from the engagement of these affiliates, and there is therefore an inherent conflict of interest.

Notwithstanding the foregoing, investment transactions for an Advisory Client that require the use of a service provider will generally be allocated to service providers on the basis of CGCIM’s judgment as to best execution, the evaluation of which includes, among other considerations, such service provider’s provision of certain investment-related services and research that CGCIM believes to be of benefit to the Advisory Client.

In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Carlyle, the general partner of an Advisory Client, CGCIM or their affiliates as compared to services provided to Advisory Clients and portfolio companies, which may result in more favorable rates or arrangements than those payable by the Advisory Clients or such portfolio companies. Moreover, an Advisory Client or Carlyle may not be in a position to verify the risks or reliability of such third-party service providers. An Advisory Client may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them.

Global Investment Resources Team and Other In-House Services

Carlyle's Global Investment Resources team will provide certain Advisory Clients and their portfolio companies from time to time with services and support, including, but not limited to, in-house business development services (including services related to strategy and planning, customer acquisition and market expansion), leveraged purchasing, IT system support (including, without limitation, subscription fees for IT systems' experts providing advice for operational improvements at portfolio companies and related research reports, IT and technology diligence advisory services and cybersecurity and risk assessment), transaction support, consulting services (including services related to digital initiatives, procurement, and organizational and management performance), talent acquisition support, environmental, social and governance services, and legislative and regulatory support (including research, diligence and advocacy).

The members of the Global Investment Resources team are employees of the general partner of an Advisory Client or its affiliates. However, expenses and fees charged or specifically attributed or allocated by CGCIM or its affiliates to provide such services, and expenses, charges and/or related costs incurred by such Advisory Client, its parallel vehicle, CGCIM or its affiliates in connection with the provision of such services to such Advisory Client and/or its portfolio companies, including, without limitation, compensation and other overhead allocable to such services, will be borne by such Advisory Client to the extent not paid by its portfolio company or Carlyle. Carlyle will not be required to confirm that such costs are borne on an arms-length basis. Such amounts will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Carlyle be subject to the management fee offset provisions of an Advisory Client's governing documents

It is expected that the services provided by Carlyle's Global Investment Resources team to an Advisory Client, its parallel vehicles and the portfolio companies will expand over time, and accordingly the Global Investment Resource Costs borne by such Advisory Client would increase. It may be difficult to distinguish services provided by the Global Investment Resources team from the investment management services provided to such Advisory Client by CGCIM and/or the general partner of such Advisory Client.

Side Letters

The general partner (or similar managing fiduciary) of a Carlyle-sponsored investment vehicle advised by CGCIM may enter into side letters or other similar agreements with investors in connection with their admission to such Carlyle-sponsored investment vehicle without the approval of any other investor. The side letters or other similar agreements have the effect of establishing rights under, altering or

supplementing the terms of the governing documents of such applicable Carlyle-sponsored investment vehicle with respect to one or more such investors in a manner more favorable to such investors than those applicable to other investors. Any rights established, or any terms of the governing documents of such applicable Carlyle-sponsored investment vehicle altered or supplemented in a side letter or other similar agreement with an investor will govern solely with respect to such investor (but not any of such investor's assignees or transferees unless so specified in such side letter) notwithstanding any other provision of the governing documents of such applicable Carlyle-sponsored investment vehicle related thereto and matters arising under any side letter may be considered matters contemplated in the governing documents of an Advisory Client and the limitation on liability provisions therein shall apply equally to any side letter; provided that any such rights may cease to apply with respect to any investor that becomes a defaulting investor unless otherwise agreed by the relevant Advisory Client's general partner. Such rights or terms in any such side letter may include, without limitation, (i) fee and other economic arrangements with respect to such investor; (ii) excuse or exclusion rights applicable to particular investments or terms relating to withdrawal from the investment vehicle, including without limitation, as a result of an investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors, (which may materially increase the percentage interest of other investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of the Carlyle-sponsored investment vehicle); (iii) additional or modified reporting obligations of the applicable general partner (or similar managing fiduciary); (iv) waiver of certain confidentiality obligations; (v) prior consent of the general partner (or similar managing fiduciary) to certain transfers by such investor; (vi) special rights with respect to co-investment allocation and participation; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an investor; (viii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (ix) additional obligations and restrictions of the applicable general partner (or similar managing fiduciary) with respect to the structuring of any particular investment in light of the legal, tax, accounting, national security and regulatory considerations of particular investors; (x) agreements to assist with the taking or defending of tax positions; (xi) certain obligations and restrictions on the applicable general partner (or similar managing fiduciary) with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms.; (xii) indemnification agreements and (xiii) any other matters described therein, which may be more favorable to those provisions offered to other investors. To the extent the general partner (or similar managing fiduciary) of an Advisory Client or the Advisory Client incur third-party expenses in connection with compliance with a side letter provision, such expenses may be, in the sole discretion of the general partner (or similar managing fiduciary) of such Advisory Client, borne either by the investors that have the benefit of such provision or by all investors of such Advisory Client.

Except as otherwise agreed with an investor, as provided in the governing agreement of an Advisory Client or as required by law, the general partner (or similar managing fiduciary) of an Advisory Client does not generally have an obligation to give investors notice of any side letters entered into, except with respect to most-favored-nations provisions.

CGCIM enters into strategic partnerships directly or indirectly with investors that commit significant capital to a range of products and investment ideas sponsored by CGCIM. Such arrangements may include CGCIM granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to an Advisory Client when applied to the entire

strategic partnership. Such preferential terms are generally not subject to the “most favored nation” provisions of the governing documents of a particular Advisory Client. Investors may, depending on the terms of “most favored nation” provisions, be able to elect to benefit from such arrangements if they comply with the general parameters of the entire strategic partnership.

Carlyle and its affiliates and employees have made, and may in the future make, oral and written statements or expressions of intent or expectation to investors in the funds or their affiliates or acknowledge statements by such persons (“Outside Statements”) regarding Advisory Clients or Carlyle’s activities pertaining thereto. These may include, for example, the anticipated or expected allocation and terms of co-investment opportunities, the anticipated or expected allocation of investment opportunities to the Advisory Clients generally and other topics often addressed in legally binding side letters. Although such Outside Statements are not legally binding, such Outside Statements may influence allocation and other decisions of Carlyle and its affiliates and employees with respect to the operations and investment activities of the Advisory Clients and may influence a prospective investor’s decision as to whether to invest in the Advisory Clients. By virtue of not being legally binding obligations, such Outside Statements will not be considered side letters for purposes of any most-favored-nation provisions in actual side letters of the Advisory Clients and will not be disclosed to investors in such Advisory Clients as described above. There can be no assurance that any such arrangements will not have an adverse effect on the Advisory Clients or any investor.

Transactions with Potential and Actual Investors and Co-Investors

CGCIM and its affiliates from time to time engage in transactions with prospective and actual investors and co-investors that entail business benefits to such investors. Such transactions may be entered into prior to, or coincident with, an investor’s admission to an Advisory Client (or commitment to co-invest) or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to one or more Advisory Clients and their respective portfolio companies. Examples include the ability to co-invest alongside Advisory Clients, sales of companies to investors and recommendations to underwriters for allocations in initial public offerings, or loans to co-investors (or joint venture partners) by Carlyle or a Carlyle-sponsored investment vehicle. An Advisory Client may sell investments to any third party, including investors in such Advisory Client or other Advisory Clients.

Personnel

CGCIM and its affiliates from time to time hire short-term or long-term personnel (including secondees and interns) who are employees, relatives of or are otherwise associated with an investor, portfolio company or a service provider. Although reasonable efforts are made to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee that CGCIM can control for all such potential conflicts of interest, and there may continue to be an ongoing appearance of a conflict of interest.

In addition, from time to time, certain Carlyle personnel (including secondees and temporary personnel or consultants that may be short-term or long-term arrangements) may be seconded to one or more Advisory Client portfolio companies and provide finance, administrative and other services to such portfolio companies and the compensation for such personnel during the secondment will be borne by such portfolio companies (in whole or in part). To the extent Carlyle receives any fees or expense reimbursement from such portfolio companies with respect to such personnel, they will not be subject

to the management fee offset provisions and the investors may not receive the benefit of such fees or compensation. Such personnel may also be seconded to one or more investors.

Portfolio Company Relationships

The portfolio companies of certain Advisory Clients and the borrowers or issuers of financial instruments held by certain Advisory Client portfolios may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other advisory clients that, although Carlyle determines to be consistent with the requirements of such Advisory Clients' governing agreements, may not have otherwise been entered into but for the affiliation with Carlyle, and which may involve fees and /or servicing payments to Carlyle-affiliated entities which are not subject to the management fee offset provisions described in Item 5. In addition, an Advisory Client's portfolio companies will also in certain cases compete with other portfolio companies of such Advisory Client or portfolio companies of other Advisory Clients. For example, an Advisory Client from time to time may invest in a portfolio company which competes with, is a customer of, or is a service provider or supplier to another portfolio company of such Advisory Client or a portfolio company of another Advisory Client.

Valuation Matters

The fair value of all investments or of property received in exchange for any investments will be determined by an Advisory Client's general partner (potentially with assistance of a third party) in accordance with its governing agreement. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of such investments will be determined by such general partner in accordance with procedures set forth in the Advisory Client's governing agreement. The valuation of investments will affect the amount and timing of such general partner's carried interest and, under certain circumstances, the amount of management fees payable to CGCIM. Valuations are subject to determinations, judgments and opinions and other third parties or investors may disagree with such valuations. The valuation of investments may also affect the ability of Carlyle to raise a successor fund to an Advisory Client. As a result, there may be circumstances where the general partner is incentivized to determine valuations that may be higher than the actual fair value of investments.

Insurance

The general partner of an Advisory Client will cause such Advisory Client to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers and insurance lawyers) for, insurance to insure such Advisory Client, its general partner, CGCIM, Carlyle and/or their respective directors, officers, employees, agents, representatives, members of the Advisory Client's Investor Advisory Committee and other indemnified parties, against liability in connection with the activities of such Advisory Client. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by Carlyle that cover the Advisory Client, other Carlyle advisory clients, CGCIM and/or Carlyle (including their respective directors, officers, employees, agents, representatives, members of the Investor Advisory Committee and other indemnified parties). Carlyle will make judgments about the allocation of premiums, fees, costs and expenses for

such “umbrella” or other insurance policies among Advisory Clients, other Carlyle advisory clients, CGCIM and/or Carlyle on a fair and reasonable basis, in its sole 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 an Advisory Client bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Certain Guarantees

From time to time, counterparties to transactions in which an Advisory Client participates (including lenders) may require such Advisory Client to guarantee, or otherwise be liable for, the obligations of other Advisory Clients and accounts participating in such transactions. In such situations, it is not expected that such Advisory Client would be compensated for providing such guarantee.

TCG BDC Ownership of CDL CLO’s Preferred Interests

TCG BDC, as CDL CLO’s originator, holds all of CDL CLO’s outstanding preferred interests. CDL CLO’s documentation provides for certain actions to occur at the direction of the specified percentage of preferred interests, including an optional redemption of securities issued by CDL CLO. In addition, in the event of a resignation, termination or removal of CGCIM as the collateral manager of CDL CLO, a majority of the preferred interests will have the right to appoint a successor collateral manager, subject to certain limitations. It may be difficult or not possible, so long as TCG BDC owns the preferred interests, to take such actions without the consent of TCG BDC. To the extent that the interests of the holders of the rated notes issued by CDL CLO differ from the interests of the holders of the preferred interests, TCG BDC’s ownership of all or a significant portion of the outstanding preferred interests may create additional conflicts of interest. In addition, TCG BDC, as the initial holder of all of the preferred interests issued by CDL CLO, will exercise the rights of such a holder, which may conflict with or be adverse to the interests of the holders of the rated notes issued by CDL CLO.

TCG BDC Ownership of MMCF

TCG BDC and its affiliates that are advised by CGCIM may be required to present certain qualifying investments to MMCF.⁷

Fortitude Re Insurance-Related Strategic Asset Management Relationships

An Advisory Client holds a 71.5% controlling interest in Fortitude Reinsurance Company Ltd., a Bermuda domiciled reinsurer (“Fortitude Re”), inclusive of a 19.9% interest previously acquired by Carlyle that was contributed to the Advisory Client.

Carlyle has entered into investment management agreements (the “IMAs”) with Fortitude Re and certain AIG-affiliated ceding companies it has reinsured (the “AIG Ceding Companies”) pursuant to which Fortitude Re and the AIG Ceding Companies have invested in, and have granted Carlyle with discretionary authority to continue to invest certain of their assets into various funds, investment vehicles and other direct investments sponsored or managed by Carlyle, AlpInvest and NGP. Pursuant

⁷ See also Item 11 – “Allocation of Investments”.

to a portfolio services agreement with Fortitude Re, CIM is the exclusive provider of alternative asset management and advisory services with respect to certain new business acquired by Fortitude Re with respect to certain asset classes, and provides (among other services) advice on asset allocation and selection of investment advisors with respect to all asset classes. Carlyle expects to continue to pursue strategic asset management relationships with other insurance and reinsurance companies.

Carlyle receives compensation, including management fees and carried interest or incentive fees, in connection with investments made in Advisory Clients under the IMAs. These amounts will not offset the management fee payable by any Advisory Client to CIM and will not be shared with any Advisory Client. It is expected that the AIG Ceding Companies will be represented on the Investor Advisory Committees of the Advisory Clients that Carlyle causes them to invest in under the IMAs with full voting power and that the AIG Ceding Companies will be entitled to vote in connection with any limited partner vote of an Advisory Client. It is expected that Fortitude Re will be a non-voting observer on the Investor Advisory Committees of the Advisory Clients that Carlyle causes it to invest in under the IMAs with no voting power and that Fortitude Re will not be entitled to vote in connection with any limited partner vote of an Advisory Client. In light of the reinsurance relationship between Fortitude Re and the AIG Ceding Companies, which provides that the investment performance of the AIG Ceding Companies inures to Fortitude Re's benefit, it is possible that the AIG Ceding Companies may exercise their Investor Advisory Committee or limited partner votes in a way that is different than they would absent this relationship.

Class Action Notices

On occasion, CGCIM receives class action notifications inviting Advisory Clients to participate in a class action lawsuit and/or settlement as applicable. In assessing whether to participate, CGCIM will calculate an estimate of the potential recovery amount, including projected legal and administrative costs. If the cost of participation appears likely to exceed the potential recovery amount or result in a *de minimis* settlement amount for the Advisory Client, CGCIM may conclude that it is not appropriate for the Advisory Client to participate in the class action.

ITEM 9. DISCIPLINARY INFORMATION

Except as described below, none of CGCIM, its affiliates or any of their respective professionals has been the subject of any legal or disciplinary matter of an investment-related nature that would be material to an existing or prospective Advisory Client's evaluation of CGCIM's advisory business or the integrity of its management.

In the ordinary course of business, Carlyle is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims. Certain of these matters are described below. Carlyle believes that the matters described below are without merit and intends to vigorously contest such allegations. Additional information may also be available in current public filings with the SEC for the Public Company (see ir.carlyle.com). For information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of Carlyle Investment Management L.L.C. available at: <http://www.adviserinfo.sec.gov/>.

Along with many other companies and individuals in the financial sector, Carlyle and Carlyle Mezzanine Partners, L.P. (“CMP”) are named as defendants in *Foy v. Austin Capital*, a case filed in June 2009 in state court in New Mexico, which purports to be a *qui tam* suit on behalf of the State of New Mexico under the state Fraud Against Taxpayers Act (“FATA”). The suit alleges that investment decisions by New Mexico public investment funds were improperly influenced by campaign contributions and payments to politically connected placement agents. The plaintiffs seek, among other things, actual damages for lost income, rescission of the investment transactions described in the complaint and disgorgement of all fees received. In September 2017, the Court dismissed the lawsuit and the plaintiffs then filed an appeal seeking to reverse that decision. In June 2020, the Court of Appeals affirmed the decision dismissing the case. On June 24, 2020, plaintiffs filed a motion for rehearing with the Court of Appeals. On June 30, 2020, the Court of Appeals denied that motion. Plaintiffs filed an appeal to the New Mexico Supreme Court. On October 9, 2020, the New Mexico Supreme Court denied Foy’s petition for certiorari. On October 27, 2020, Foy filed two motions for rehearing with the New Mexico Supreme Court.

Carlyle Capital Corporation Limited (“CCC”) was a fund sponsored by Carlyle that invested in AAA-rated residential mortgage backed securities on a highly leveraged basis. In March of 2008, amidst turmoil throughout the mortgage markets and money markets, CCC filed for insolvency protection in Guernsey. The Guernsey liquidators who took control of CCC in March 2008 filed a suit on July 7, 2010 against Carlyle, certain of its affiliates and the former directors of CCC in the Royal Court of Guernsey seeking more than \$1.0 billion in damages in a case styled *Carlyle Capital Corporation Limited v. Conway et al.* On September 4, 2017, the Royal Court of Guernsey ruled that Carlyle and Directors of CCC acted reasonably and appropriately in the management and governance of CCC and that none of Carlyle, its affiliates or former directors of CCC had any liability. In December 2017, the plaintiff filed a notice of appeal of the trial court decision. On April 12, 2019, the Guernsey Court of Appeal dismissed the appeal and affirmed the trial court’s decision. On July 31, 2019, the plaintiffs filed a notice of appeal with the Judicial Committee of the Privy Council. On April 2, 2020, the parties entered into a binding Heads of Agreement and on April 21 executed a definitive settlement agreement, which received court approval on May 1, 2020. Pursuant to this agreement, Carlyle retains the amounts already received from the plaintiff to reimburse Carlyle for legal fees and expenses incurred to defend against the claims (approximately £23.3 million) and received the funds deposited as security with the Privy Council (approximately £850,000). All claims have now been dismissed.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The following discussion enumerates certain potential conflicts of interest arising from certain of the financial industry activities and affiliations of CGCIM and its affiliates.

Affiliated Broker-Dealers

TCG Securities

An affiliate of CGCIM, TCG Securities, L.L.C. (“TCG Securities”), is registered with the SEC as a limited purpose broker-dealer and is a member of the FINRA. TCG Securities acts as placement agent (and provides related services), on a best efforts basis, with respect to the offer and sale of investment funds and certain interests in private investment vehicles (most of which are affiliated, and include Advisory Clients) and interests in special purpose vehicles (including debt and equity tranches of

collateralized loan obligations for which CGCIM or CLO Management serves as collateral manager). TCG Securities does not intend to hold funds or securities for, or owe money or securities to, clients generally. Certain registered representatives of TCG Securities also may be providing investment advisory services to Advisory Clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Securities when engaging in securities-related transactional activities in addition to CGCIM's (or the relevant Carlyle-affiliated advisers') policies and procedures.

TCG Capital Markets

In 2018, Carlyle obtained FINRA approval for TCG Capital Markets L.L.C. ("TCG Capital Markets"), an affiliated broker-dealer entity that operates as part of the GCM platform within Global Credit, and engages in the underwriting, syndication and placement of securities of corporate issuers in private transactions, underwriting, syndication of corporate issuers in public offerings (including IPOs) and/or participating in the underwriting syndicate for public offerings, underwriting or sponsoring mutual funds in a wholesaler capacity, among other related activities, including U.S.-based marketing and fundraising for Global Credit advisory clients. In addition, TCG Capital Markets is registered as a broker-dealer with the SEC and in 49 states and the District of Columbia. The GCM platform also includes TCG Senior Funding, L.L.C., an affiliate of TCG Capital Markets, which has been established to arrange, place underwrite, originate and syndicate loans, and may act as the initial purchaser of such loans.

GCM is expected to collect a variety of fees including the fees discussed in Item 5. Certain registered representatives of TCG Capital Markets also are expected to be providing investment advisory services to Advisory Clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Capital Markets when engaging in securities-related transactional activities in addition to CIM's (or the relevant Carlyle-affiliated investment advisers') policies and procedures. Also see "Carlyle Global Capital Markets Provider" in Item 8.

A GCM Provider may, from time to time, manage or otherwise participate in underwriting syndicates and/or selling groups with respect to the securities, debt instruments and loans of portfolio companies and other non-controlled entities in or through which Advisory Clients and other Carlyle-affiliated advisory clients have invested including in respect of securities or other instruments of such portfolio companies in which Advisory Clients and other Carlyle-affiliated advisory clients have invested, and with respect to securities and other instruments held directly or indirectly by certain co-investment vehicles. In addition, a GCM Provider may otherwise be involved in the public or private placement of such securities and other instruments, and/or may provide capital markets advisory services to portfolio companies and other noncontrolled entities in or through which Advisory Clients or other Carlyle-affiliated advisory clients invest, including in connection with mergers and acquisitions, and may provide acquisition financing and other corporate lending services to such entities in addition to financing provided through investments of Advisory Clients or other Carlyle-affiliated advisory clients. A GCM Provider may also provide syndication services to such entities including in respect of co-investments in transactions participated in by Advisory Clients or other Carlyle-affiliated advisory clients. A GCM Provider may receive GCM Fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments and other compensation, which may be payable in cash or securities and/or loans, in respect of the activities described above and may elect to waive such fees. A GCM Provider may, as a consequence of such activities, from time to

time hold positions in instruments or securities and/or loans issued by portfolio companies, including, for example, where a GCM Provider commits to fund the shortfall amount, if any, resulting from the incomplete syndication of debt, including loans, or equity. Under such circumstances, the GCM Provider may commit to provide capital support for the syndication on a short-term basis (*i.e.*, to provide certainty to Advisory Clients or other Carlyle-affiliated advisory clients that there will be sufficient capital to complete the proposed transaction) or fund a different instrument or security in the portfolio company than that held by Advisory Clients or other Carlyle-affiliated advisory clients to facilitate the syndication. In either scenario, the GCM Provider typically will sell its holdings prior to Advisory Clients or other Carlyle-affiliated advisory clients disposing of their respective investments in the portfolio company.

A GCM Provider also may act as placement agent or underwriter of securities and/or loans of a third party that Advisory Clients or other Carlyle-affiliated advisory clients may purchase. A GCM Provider may act as the placement agent, generally on a best efforts basis, with respect to the offer and sale of certain interests in private investment vehicles and special purpose vehicles for Advisory Clients or other Carlyle-affiliated advisory clients in certain jurisdictions. A GCM Provider does not generally receive compensation for such service; however if compensation is received, such compensation would be made on a fully disclosed basis. A GCM Provider does not otherwise execute transactions on behalf of Advisory Clients or other Carlyle-affiliated advisory clients. While fees, commissions, upfront placement fees, interest payments and other compensation paid to a GCM Provider are generally believed to be reasonable and charged at rates that are market rates for the relevant activities, there may be substantial limitations in obtaining market rates as described more fully herein. Under certain circumstances, such compensation could be determined through negotiation with related parties. Advisory Clients or other Carlyle-affiliated advisory clients generally do not have the right to share in the compensation received by a GCM Provider for its role in any transaction, unless specifically required (*e.g.*, Exemptive Relief).

The relationship CGCIM has with a GCM Provider may give rise to a potential conflict of interest between CGCIM and Advisory Clients or other Carlyle-affiliated advisory clients that have an interest in any portfolio companies or investment vehicles with respect to which a GCM Provider provides services. In particular, CGCIM may be seen as incentivized to seek to influence the decision to retain a GCM Provider, or transact with a GCM Provider, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. Where a GCM Provider acts as a lender to a portfolio company in which Advisory Clients or other Carlyle-affiliated advisory clients hold investments in the same or different levels of the capital structure, the arrangement may lead to a conflict between such GCM Provider and the Advisory Clients or other Carlyle-affiliated advisory clients in the event of a default by, or the liquidation of, the portfolio company or a restructuring or renegotiation of the terms of the loan. In certain circumstances, including without limitation, where a portfolio company becomes distressed and the participants in the relevant offering have a valid claim against the underwriter, the participating Advisory Clients or other Carlyle-affiliated advisory clients may have a conflict in determining whether to seek recourse or sue such GCM Provider. CGCIM could also be seen as incentivized to structure portfolio company transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for the GCM Provider to be retained by a portfolio company or acquisition company established for the relevant transaction and generate fees, including underwriting, placement, transaction and syndication fees, commissions, underwriting discounts, interest payments or other compensation for such an affiliated broker).

A GCM Provider also provides financing and capital markets services to third parties that are not portfolio companies, including to Competitor Companies, and may act as placement agent in respect of investment funds that are sponsored and managed by other third party investment managers, including funds that may compete with Advisory Clients or other Carlyle-affiliated advisory clients. In addition, a GCM Provider may also be engaged to provide financing or other capital markets services to third parties in connection with transactions that may also be appropriate for Advisory Clients or other Carlyle-affiliated advisory clients. In some cases, these services offered to third parties in connection with a transaction may be provided concurrently with services being provided in a similar manner to Advisory Clients or other Carlyle-affiliated advisory clients even if the Advisory Clients or other Carlyle-affiliated advisory clients has a competing interest with the third party. In providing such services to third parties, including to Competitor Companies, a GCM Provider may come into possession of information that they are prohibited from acting on (including on behalf of an Advisory Client or other Carlyle-affiliated advisory clients) or disclosing to CGCIM or CIM or its affiliates as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of Advisory Clients or other Carlyle-affiliated advisory clients.

A GCM Provider's ability to receive commissions or other transactional compensation in certain capital markets transactions on the basis of an Advisory Clients' or other Carlyle-affiliated advisory clients' participation may be limited in certain circumstances. As a result, in the event that such services are provided to an issuer that is or becomes a potential investment opportunity for Advisory Clients or other Carlyle-affiliated advisory clients, this limit on compensation may create a conflict of interest with such Advisory Clients or other Carlyle-affiliated advisory clients. Where a GCM Provider serves as underwriter with respect to a security or loan in which an Advisory Client or other Carlyle-affiliated advisory client invests, such Advisory Client or other Carlyle-affiliated advisory client may be subject to a "lock-up" period during which time the investment may not be sold, and may prejudice the Advisory Clients' or other Carlyle-affiliated advisory clients' ability to dispose of such investment at an opportune time. A GCM Provider may have access to confidential and/or material, non-public information regarding Advisory Clients, other Carlyle-affiliated advisory clients or their portfolio companies and, subject to applicable law and confidentiality agreements, may use such information in connection with financing and other services provided by a GCM Provider.

Transactions involving an Advisory Client and an affiliated broker-dealer are reported periodically to the Capital Markets Oversight Committee. In addition, CIM reviews such transactions to ensure that the requirements of Section 206(3) of the Advisers Act in respect of principal transactions between any Advisory Clients or other Carlyle-affiliated advisory clients and Carlyle or its affiliates (including a GCM Provider) are complied with in the context of such transactions.

In addition, Carlyle's investment advisory professionals are expected to be involved in such activities (e.g., participating in underwriting and lending syndicates and otherwise acting as arrangers of financing, including with respect to the public offering and private placement of debt or equity securities issued by, and loan proceeds borrowed by, the Advisory Clients and their portfolio companies) of broker-dealer affiliates of CIM who are U.S.-registered broker-dealers (or affiliates providing similar services with respect to loans), and their activities will often give rise to fees that are not subject to any management fee offset, even though such persons are involved in investment-related activities on behalf of one or more Advisory Clients.

Underwritings and financings can be on a firm commitment basis or on an uncommitted, or “best efforts,” basis, and the underwriting or financing parties are under no duty to provide any commitment unless specifically set forth in the relevant contract. Carlyle can be expected to also provide placement or other similar services to purchasers or sellers of securities, including loans or instruments issued by portfolio companies and other Advisory Clients. A GCM Provider will from time to time act as the member of the underwriting syndicate or broker for the Advisory Clients or their portfolio companies, or as dealer, broker or advisor to a counterparty to the Advisory Clients or a portfolio company, and purchase securities from or sell securities to the Advisory Clients or portfolio companies of Advisory Clients. A GCM Provider will also from time to time, on behalf of the Advisory Clients or their portfolio companies, or other parties to a transaction involving the Advisory Clients or their portfolio companies, effect transactions, including transactions in the secondary markets, that result in commissions or other compensation paid to a GCM Provider by the Advisory Clients or their portfolio companies or the counterparty to the transaction, thereby creating a potential conflict of interest. This could include, by way of example, fees and/or commissions for equity syndications to co-investment vehicles. Subject to applicable law, a GCM Provider will from time to time receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing fees, capital markets advisory fees, lending arrangement fees, asset/property management fees, insurance (including title insurance) fees and consulting fees, commitment fees, syndication fees, origination fees, organizational fees, operational fees, loan servicing fees, and financing and divestment fees (or, in each case, rebates in lieu of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where a GCM Provider, the Advisory Clients or their portfolio companies are purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with the Advisory Clients or investors, and the management fee with respect to an investor generally will not be reduced by such amounts. CGCIM has sole discretion to approve the foregoing arrangements if CGCIM believes in good faith that such transactions are appropriate for the Advisory Clients.

Other Affiliated Broker-Dealers

An affiliate of CGCIM, Carlyle Australia Equity Management Pty Limited (“CAEM”), is incorporated in Australia and is licensed by the Australian Securities and Investments Commission as an Australian financial services licensee. As an Australian financial services licensee, CAEM is authorized to carry on a financial services business to provide advice on and deal in financial products (managed investment schemes and securities) for wholesale clients. CAEM does not currently intend to hold client monies or securities for, or owe money or securities to, clients generally. CAEM and its individual staff members are subject to the policies and procedures of CAEM when performing its authorized financial services activities in addition to CGCIM’s (or the relevant Carlyle-affiliated advisers’) policies and procedures.

Another affiliate of CGCIM, Carlyle Hong Kong Equity Management Limited (“CHKEM”), is incorporated in Hong Kong and is licensed by the Hong Kong Securities and Futures Commission to carry on Type 1 (dealing in securities) regulated activity in respect of professional investors. CHKEM does not hold client monies or assets on behalf of clients. CHKEM and its individual staff members are subject to the policies and procedures of CHKEM when performing its regulated activities in addition to CGCIM’s (or the relevant Carlyle-affiliated advisers’) policies and procedures.

Another affiliate of CGCIM, Carlyle Singapore Investment Advisers Pte Limited (“CSIAL”) holds a capital market services license and an exempt financial adviser status registration with the Monetary Authority of Singapore to carry on fund management and dealing in securities activities in respect of institutional and accredited investors. CSIAL and its individual staff members are subject to the policies and procedures of CSIAL when performing its regulated activities in addition to CGCIM’s (or the relevant Carlyle-affiliated advisers’) policies and procedures.

Carlyle Japan Equity Management L.L.C. (“CJEM”) is registered with the Financial Services Agency of Japan as a Japanese Type II Financial Instruments Business Operator, and is also a member of T2FIFA, a self-regulatory organization in Japan. Pursuant to this registration, CJEM is permitted to perform marketing activities to and private placements for specified investors with respect to interests in a limited partnership.

DGAM retains an exempt market dealer license with the Ontario Securities Commission to facilitate certain marketing activities in Canada for Advisory Clients.

Affiliated Advisers under Common Control – Separate Federal Registrants

CGCIM is under common control with several Carlyle-affiliated investment advisers that are separately registered as investment advisers under the Advisers Act, including CIM, Carlyle CLO (a relying adviser of CIM), CASP and CAPDP, which were described above in Item 4.

CGCIM is approved to provide portfolio management services with respect to certain private investment funds that are managed by the CIM AIFM, an affiliated alternative investment fund manager licensed with the Luxembourg Commission de Surveillance du Secteur Financier (the “CSSF”) under the Directive (as defined above).

Related General Partners/Managing Members

CGCIM is under common control with several general partners/managing members of Carlyle-sponsored investment vehicles. CGCIM, either directly or indirectly, enters into investment advisory agreements to provide all investment advisory services regulated by the Advisers Act to certain Carlyle-sponsored investment vehicles.

Other Carlyle Affiliations

Due to the fact that the Public Company is a publicly traded company and that Carlyle has many different asset management and advisory businesses that operate on a global basis, CGCIM may be subject to increased scrutiny and greater regulatory oversight than it would be absent the Carlyle relationship. In addition, increased regulatory oversight of Carlyle and its affiliates may impose additional requirements and administrative burdens on CGCIM, including, without limitation, implementing new policies and procedures and complying with reporting obligations.

CGCIM may invest on behalf of its Advisory Clients in companies or other entities in which Carlyle-affiliated advisory clients have or are concurrently making a separate investment and, likewise, Carlyle-affiliated advisory clients may invest in companies or other entities in which Advisory Clients have an existing investment or are concurrently making an investment. In such situations, Advisory Clients and

such other Carlyle-affiliated advisory clients may have conflicting interests (*e.g.*, over the terms of, or actions taken with respect to, their respective investments). Further, in a bankruptcy proceeding, the interests of CGCIM's Advisory Clients may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to such affiliate's investment.

As noted in Item 4, certain supervised persons of CIM and Carlyle CLO are also supervised persons of CGCIM. Providing investment advisory services to more than one advisory client managed by different investment advisers may give rise to conflicts to the extent that an employee's fiduciary duties to one advisory client may conflict with the interests of another advisory client. To address perceived conflicts of this nature, CGCIM has adopted and implemented policies and procedures, including regarding the allocation of investment opportunities, described in Item 11.

Other Competitive Activities

Other investment advisers affiliated with Carlyle (or their employees), including CIM, Carlyle CLO, CASP and CAPDP may conduct other business activities that could present a potential conflict of interest with Carlyle, CGCIM and/or CGCIM's Advisory Clients. For example, within Global Credit, advisory clients of CIM, Carlyle CLO, CASP and CAPDP, and Advisory Clients of CGCIM may be in competition for similar investment opportunities. Please see "Allocation of Investments" below for a more detailed discussion of the procedures adopted regarding this potential overlap.

Possession of Material, Non-Public Information and other Trading Restrictions

As discussed in Item 8, Carlyle has implemented an information barrier to segregate the flow of material, non-public information between Global Credit, including CGCIM and other investment advisers, as well as personnel in Global Credit, and the rest of Carlyle. The purpose of this information barrier is, among other things, to insulate material, non-public information, such that the investment activities of Global Credit, on the one hand, and the rest of Carlyle, on the other hand, are not otherwise restricted because one business unit may have material, non-public information that would be imputed to the other business unit in the absence of an information barrier. From time to time Carlyle may permit an investment professional within Global Credit to participate in certain Carlyle-related investment advisory activities outside of Global Credit. To the extent such investment professional acquires material, non-public information in connection with such activities Global Credit may be restricted from making certain investments.

At the same time, within Global Credit, there is no information barrier between CIM, CGCIM and certain other separately registered investment advisers affiliated with CGCIM that are part of the group (with the exception of an information barrier within Carlyle Aviation Partners affecting CASP). Global Credit generally operates a restricted list to which CGCIM's Advisory Clients and Global Credit's CIM advisory clients are subject. As a consequence, CGCIM and CIM may not be able to buy or sell a particular security on behalf of certain of its advisory clients because Global Credit may be deemed to be in possession of material, non-public information. Similarly, in such circumstances, CGCIM and CIM may not be able to dispose of a security owned by an advisory client, even in a declining market, until the information becomes publicly available or no longer material and the security is no longer restricted.

Carlyle, including Global Credit, also may from time to time erect information barriers or similar policies, procedures or guidelines for reasons of insulating material, non-public information and Carlyle may decide to remove information barriers. Carlyle has established policies and procedures regarding the implementation and operation of information barriers and trains its professionals on such policies and procedures.

Other Activities and Relationships

CGCIM personnel may serve on the boards of directors of portfolio companies of Advisory Clients. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of an Advisory Client.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Codes of Conduct

CGCIM has adopted and implemented a Code of Conduct that sets forth standards of ethical conduct for personnel and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act and Rule 17j-1 of the 1940 Act. Among other things, the Code of Conduct prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures, including Carlyle's Policies and Procedures Regarding Material, Non-Public Information and the Prevention of Insider Trading. The Code of Conduct provides guidance in specific areas, including but not limited to, confidentiality of Carlyle information, personal investments, gifts and entertainment, protection of persons who engage in "whistle blowing" activities from retaliation and personal political activities. This Code of Conduct is available to Advisory Clients, investors or prospective Advisory Clients or investors by writing to Carlyle Global Credit Investment Management L.L.C., 520 Madison Avenue, 38th Floor, New York, NY 10022, Attn: Investor Relations.

Further, Carlyle has adopted additional written policies and procedures to account for the pay-to-play regulations promulgated by the SEC, and to comply with the New York Attorney General's Public Pension Fund Reform Code of Conduct⁸, which governs Carlyle's interactions with U.S. public pension funds.

Carlyle has developed and integrated into its investment process a set of responsible investment guidelines that consider the environmental, social and governance implications of its control-oriented investments. Those guidelines are available to clients, investors or prospective clients or investors by writing to the address noted above or by visiting Carlyle's website (www.carlyle.com).

⁸ This code of conduct is available to clients, investors or prospective clients or investors by writing to Carlyle Investment Management L.L.C., 1001 Pennsylvania Avenue, NW, Suite 220 South, Washington, DC, 20004, Attn: Investor Relations.

Cross Transactions

A cross transaction occurs when one client of an investment adviser sells an asset directly to, or purchases an asset directly from, another client of that investment adviser. CGCIM from time to time allows its Advisory Clients to engage in cross transactions.

Cross transactions may benefit advisory clients because they can eliminate certain transaction fees. They also create conflicts of interest because, by not exposing buy and sell transactions to market forces, advisory clients may not receive the benefits of best price, or, an adviser might seek to prop up the performance of one advisory client by selling its under-performing assets to another advisory client in order, for example, to earn higher fees.

CGCIM has established policies and procedures that address permissible cross transactions between Advisory Clients. Subject to the terms of the Advisory Client's organizational documents (which may exclude certain follow-on investments and other transactions from any applicable consent requirements) as well as applicable law and regulations: (i) notice must be provided to each Advisory Client or an independent representative of each such Advisory Client prior to proceeding with the cross transaction; (ii) if an investor advisory committee of a particular Advisory Client has been established under the Advisory Client's charter and organizational documents, it must provide consent (generally by majority of the committee's members) prior to engaging in such cross transaction; and (iii) records of such notices and consents must be maintained as part of CGCIM's books and records.

Typically, the governing agreements for each of the Advisory Clients address permissible cross transactions. In the case of a separately managed account, the investment management agreement or similar documentation addresses cross transactions. See also Item 8 – "Co-Investments" regarding transfers of an investment from an Advisory Client to an entity formed to hold co-investment.

Global Credit follows separate procedures when a cross transaction involves Private Credit RIC, the BDCs, CDL CLO, MMCF or MMCF II and advisory clients to which the U.S. Structured Credit investment team provides advisory services. CGCIM has established the following procedures in such context: (i) unless otherwise preapproved by the CGCIM Chief Compliance Officer, who will preapprove the transaction only if it is also preapproved by Carlyle's Global Chief Compliance Officer, no consideration should be paid (aside from customary fees for advice and management) other than the current market price of the instrument (including brokerage commissions); (ii) generally, the execution price reflects the average of the midpoints of the then-prevailing related bid and ask quotations of at least two independent brokers and/or pricing services (and if two market or pricing service quotations are not available, the instrument will be fair valued in accordance with appropriate valuation policies and procedures, except that a proposed transaction involving a BDC will not be approved unless market quotations are readily available (other than, as described below, the transfer of assets to CDL CLO by TCG BDC in its role of CLO originator or capital contributions to MMCF or MMCF II by TCG BDC in its capacity as an MMCF Member)); (iii) settled cross transactions must be reviewed by the Global Credit Compliance and Regulatory Committee, a committee comprising senior personnel from Carlyle's compliance department and Global Credit, to determine compliance with CGCIM's procedures; (iv) internal documentation of the cross transaction must be established and maintained, including (among other things) internal transaction reports that contain material transaction information, such as independent pricing of the investment crossed between Advisory Clients; (v) Advisory Clients will

receive notification of cross transactions in periodic reports; and (vi) Carlyle's Global Chief Compliance Officer or designee must pre-approve the cross transaction.

TCG BDC functions as the CLO originator for CDL CLO, which means that TCG BDC, in such role, acquires or originates certain loan assets and transfers them to CDL CLO as a contribution to equity in accordance with the purchase and contribution agreement between TCG BDC and CDL CLO (such asset transfers, "Originator Transfers"). Transfers may also be made from CDL CLO to TCG BDC, for example, for portfolio rebalancing purposes. Since each of TCG BDC, and CDL CLO is an Advisory Client, Originator Transfers constitute cross transactions. Such transactions are made pursuant to an exemption under rules promulgated under the 1940 Act. However, due to (among other reasons) the general unavailability of bid-ask quotations for loan assets of the type to be transferred, Originator Transfers do not lend themselves fully to the cross transaction procedures described in the preceding paragraph. Rather, it is expected that with respect to ensuring the fairness to each Advisory Client of the consideration paid in an Originator Transfer, the purchase and contribution agreement governing such transfers will provide that the price paid by CDL CLO to or from TCG BDC for the transferred asset will be the approximate fair value of such asset. In all cases, CGCIM will seek to ensure that the Originator Transfer is effected for fair market value and on terms as favorable to the CDL CLO as would be the case in a transaction with an independent third party.

With respect to MMCF and MMCF II, the MMCF Members may from time to time make capital contributions ("Capital Contributions") to MMCF or MMCF II in the form of investments then owned by the MMCF Members. These Capital Contributions are counted toward each MMCF Member's total capital commitment to MMCF. Capital Contributions made by or on behalf of TCG BDC constitute cross transactions, since each of TCG BDC, on the one hand, and MMCF and MMCF II, on the other, is an Advisory Client. As with Originator Transfers, discussed above, these Capital Contributions are made pursuant to an exemption under rules promulgated under the 1940 Act. However, as is the case with Originator Transfers, discussed above, bid-ask quotations for loan assets of the type to be contributed by TCG BDC to MMCF or MMCF II in the form of Capital Contributions do not lend themselves fully to the cross transaction procedures described above. Rather, it is expected that with respect to ensuring the fairness to each Advisory Client in the exchange of an investment in the form of a Capital Contribution for MMCF or MMCF II membership interests, Capital Contributions will be subject to valuations approved by the board of managers of MMCF or MMCF II, on the one hand, and a majority of the independent directors of TCG BDC, on the other hand, which should approximate fair value.

Principal Transactions

CGCIM, as investment manager, or an affiliate in limited circumstances engages in principal transactions (*i.e.*, transactions in which CGCIM or an affiliate is deemed to be acting for its own account by buying a security from, or selling a security to, an Advisory Client). These transactions introduce a potential conflict of interest between its own interests and those of the Advisory Client.

CGCIM has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with Advisory Clients. Additionally, investment guidelines and an Advisory Client's charter documents may limit principal transactions on a more restrictive basis than the Advisers Act. In general, CGCIM avoids secondary market transactions in which it knowingly transacts, directly or through a broker-dealer, with advisory clients of CGCIM, CIM, CASP or CAPDP.

In connection with CGCIM's business, transactions between an affiliated broker-dealer and an Advisory Client may constitute a principal transaction. Accordingly, prior to any potential principal transaction involving an Advisory Client, CGCIM will determine whether or not the trade would constitute a principal transaction, and if so, that all required notice and consent requirements have been satisfied.

Such transactions are prohibited with the BDCs and Private Credit RIC pursuant to the 1940 Act.

In the event CGCIM does engage in such a principal transaction, CGCIM must comply with policies and procedures that it has adopted to ensure compliance with the Advisers Act in respect of principal transactions. These policies and procedures provide, among other things, that if CGCIM contemplates engaging in a principal transaction, CGCIM will give prior notice to and obtain prior consent from independent representatives or independent members of the board of directors of the relevant Advisory Client before proceeding with the transaction. Such notice and approval requirement applies on a transaction-by-transaction basis.

Fund Notice and Consent

Details of any such transaction typically are disclosed in the offering documents of an Advisory Client. In other cases, principal transactions may occur after an Advisory Client has held an initial closing. In those cases (other than certain Global Credit advisory clients), either the Advisory Client or an independent representative of the Advisory Client must receive notice of the transaction and consent to the transaction prior to CGCIM or an affiliate settling the principal transaction. An Investor Advisory Committee is typically established for each Advisory Client to, among other things, receive notice of, advise on and provide consent to certain conflicts of interest matters, such as principal transactions.

Certain Global Credit advisory clients may follow a different procedure because of the absence of a separate Investor Advisory Committee. In the case of a principal transaction, typically a qualified independent agent is engaged to review and approve of such transactions (where the independent agent determines, in its sole judgment, that the monetary or business consideration arising therefrom would be substantially as advantageous to the Advisory Client as the monetary or business consideration which the Advisory Client would obtain in a comparable arm's-length transaction with a person who is not an affiliate of the Advisory Client). In the case of Global Credit advisory clients, principal transactions generally require that the price reflect the average of the midpoints of the then-prevailing related bid and ask quotations of at least two independent brokers and/or pricing services as a condition to the engaging in the transaction. If two market or pricing service quotations are not available, the instrument will be fair valued in accordance with CGCIM's valuation policies and procedures.

Separate Account Notice and Consent

In the case of an Advisory Client that is a separately managed account, CGCIM will notify the Advisory Client itself or a duly appointed, independent representative of the Advisory Client to obtain consent for any principal transaction.

Other Notice and Consent Considerations

In general, CGCIM will not engage in principal transactions with accounts of a retirement plan subject to ERISA unless approved by Carlyle's General Counsel, Chief Compliance Officer, and, if necessary, competent ERISA counsel.

Cross Trades that are Affiliate Transactions under the 1940 Act

The 1940 Act prohibits an investment vehicle or other entity deemed to be under the control of CGCIM or its affiliates (and therefore deemed to be an affiliate of Private Credit RIC or a close affiliate of the BDC for purposes of the 1940 Act affiliate transaction rules) from selling securities to or buying securities from a BDC or Private Credit RIC or a company controlled by the BDC or Private Credit RIC, absent exemptive relief from the SEC or otherwise subject to an exemption under the 1940 Act. While the BDCs and Private Credit RIC generally do not engage in such affiliate transactions, CGCIM has established policies and procedures to comply with the 1940 Act affiliate transaction rules if and when such a transaction were to occur. Transfers of assets by TCG BDC, in its role of CLO originator, to CDL CLO, a wholly-owned subsidiary of TCG BDC, will not be subject to such restrictions pursuant to an exemption under the 1940 Act; however, such transfers will be approved by the CDL CLO's board of managers, including an approval by a majority of the independent directors of TCG BDC as a designated manager of CDL CLO and approval of the CCO of CGCIM or designee. Similarly, as noted above, transfers of assets by TCG BDC in the form of Capital Contributions to MMCF and MMCF II will not be subject to such restrictions pursuant to an exemption under the 1940 Act; however, such transfers will be approved by a majority of the independent directors of TCG BDC, by a quorum of the board of managers of MMCF or MMCF II, as applicable, and the CCO of CGCIM or designee.

Financial Interests in Advisory Client Recommendations

As described in more detail in Item 5 – “Fees and Compensation”, in addition to management fees payable, incentive fees payable and carried interest allocable to CGCIM and its affiliates, with regards to certain Advisory Clients, CGCIM and its affiliates receive acquisition, monitoring, disposition and certain other fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

CGCIM generally has a conflict of interest to the extent that it has an opportunity to earn such a fee in connection with investments by Advisory Clients. However, CGCIM believes that applicable management fee offset provisions described in Item 5 and the substantial equity commitment by CGCIM and its affiliates in Advisory Clients substantially mitigates this incentive. Any fees paid to CGCIM by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis and generally on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party. Accordingly, the agreements pursuant to which such fees are paid typically are not required to be reviewed by the Investor Advisory Committee or the investors of the participating Advisory Clients. CGCIM's policies prohibit the allocation of investment opportunities based on anticipated compensation or profits to Carlyle, CGCIM, any affiliates or their professionals.

Further, CGCIM may recommend the securities or loan instruments of portfolio companies for acquisition by an Advisory Client where Carlyle, its affiliates (including a portfolio company of a different Advisory Client), or a Carlyle professional renders services to, engages in transactions with, or has a business relationship with (*i.e.*, board seat), and receives fees from, the portfolio company. See Item 17 for additional information regarding CGCIM's policies on voting on behalf of Advisory Clients, which include protocols on handling conflicts of interest (*e.g.*, when Advisory Clients or GCM are invested in different parts of the capital structure).

In addition, CGCIM or its affiliates may own equity interests in certain CLOs to which CGCIM provides advisory services pursuant to separate collateral management agreements. CGCIM's equity interests and contractual rights in these CLOs may give it voting rights on certain matters relevant to the funds. On matters involving retention of the collateral manager (CGCIM or its affiliates), CGCIM does not, and would not be expected to, have any voting rights. On other matters, CGCIM's voting interest could be significant enough to affect the outcome depending on the governance matter, especially matters that may require a super majority to effectuate a particular outcome, such as an early wind up of a fund, which, if blocked by CGCIM, would continue the collateral management arrangement and fees to CGCIM or a Carlyle affiliate. CGCIM expects that, as an equity owner, its economic interests would in most, if not all, cases align with the economic interests of other equity owners in a fund; however, the possibility exists that CGCIM could take a position on governance matters that would be adverse to other equity holders and indirectly, any noteholders in these particular CLOs. Should CGCIM's interests diverge from the interests of other equity owners, decisions on how to vote CGCIM's interest will be presented to Carlyle's Conflicts Committee, a committee comprising senior management to help manage conflicts of interest that may arise during the conduct of Carlyle's business, for review and resolution.

Participation of GCM in Advisory Client Transactions

As described in response to Item 10, a GCM Provider manages or otherwise participates in underwriting syndicates and/or selling groups with respect to securities and debt instruments issued by portfolio companies, holding companies and other controlled or non-controlled entities in or through which Advisory Clients invest (including securities that are senior or junior within the capital structure of those held by Advisory Clients) or otherwise are involved in the public or private placement of securities or debt instruments issued by Advisory Clients or Carlyle portfolio companies and other controlled or non-controlling entities in or through which an Advisory Client invests. A GCM Provider also provides capital markets advisory services to portfolio companies of Advisory Clients or other Carlyle portfolio companies and other controlled or non-controlling entities in or through which an Advisory Client invests, including in connection with mergers, acquisitions and restructurings; and will alone, or with other counterparties, which might include other Advisory Clients, third-party banks or other unaffiliated finance providers, provide acquisition financing, loans and services to such entities in addition to financing provided through an Advisory Client's investment. In addition, affiliated broker-dealers may arrange lines of credit for (i) portfolio companies and other controlled or non-controlled entities in or through which Advisory Clients invest; (ii) Advisory Clients; and (iii) other third parties. A GCM Provider also provide loans and lines of credit to such entities.

A GCM Provider may also provide investment banking, advisory and other services to affiliated or unaffiliated corporations, financial sponsors, management or other persons. Such services could relate to transactions that could give rise to investment opportunities that are suitable for Advisory Clients. In such case, A GCM Provider's particular client would typically require it to act exclusively on its behalf, thereby precluding Advisory Clients from participating in such investment opportunities. A GCM Provider would not be obligated to decline any such engagements in order to make an investment opportunity available to Advisory Clients. In addition, GCM could come into the possession of information through these new businesses that limits an Advisory Client's ability to engage in potential transactions. As described in response to Item 11, Carlyle has implemented information barrier policies to mitigate these risks, see Possession of Material, Non-Public Information and other Trading Restrictions.

Allocation of Investments

When allocating investment opportunities across Global Credit advisory clients, there could be differences in the financial structure of the Global Credit advisory clients potentially participating in the opportunity that could introduce an incentive for a particular investment team on behalf of CGCIM or another affiliated adviser to favor one Global Credit advisory client over another. In addition, there may be other investment vehicles, including advisory clients of CIM, Carlyle CLO and GCM affiliates, who may also have the ability to participate in an investment opportunity.

The objective of Global Credit with respect to allocations of investment opportunities is to ensure that all advisory clients to which its investment teams provide investment advisory services, including Advisory Clients, are treated in a fair and equitable manner under the particular circumstances. Accordingly, CGCIM and Carlyle CLO have established allocation policies and procedures for Global Credit in an effort to ensure that investment opportunities are allocated among advisory clients, including Advisory Clients, and GCM affiliates, in a fair and equitable manner. These policies and procedures seek to provide consistent treatment, to the extent possible and consistent with legal, regulatory and contractual restrictions, of advisory clients within Global Credit that have similar investment objectives and guidelines. There can be no assurance that the application of these policies and procedures will result in fair or equivalent allocation of, or participation in, investment opportunities, or comparable performance of investments allocated to one advisory client as compared to another.

CGCIM and Carlyle CLO advisory clients may vary substantially in size, investment objectives, risk tolerance, return targets, permissible asset classes, preferred asset classes and liquidity requirements. At the same time, certain investment opportunities will be appropriate for multiple advisory clients (“Overlapping Opportunities”). More specifically, these allocation policies and procedures also require that investment allocations in negotiated co-investment transactions amongst Advisory Clients involving one or more BDCs and Private Credit RIC (such BDCs and Private Credit RIC are each a “Regulated Fund Advisory Client” and, together, the “Regulated Fund Advisory Clients”) must also be in accordance with the terms and conditions of the Exemptive Relief. In addition, these allocation policies and procedures also require that investment allocations in non-negotiated co-investment transactions amongst Advisory Clients involving one or more Regulated Fund Advisory Clients must comply with certain SEC no-action guidance regarding funds regulated under the 1940 Act investing alongside an affiliate (e.g., if the transaction involves no negotiation of terms other than price and certain other conditions are met). As described in detail in Item 11, every investment opportunity that falls within a Regulated Fund Advisory Client’s investment objective/strategies (and board-established criteria, where applicable) must be shown to that Regulated Fund Advisory Client. Although the Regulated Fund Advisory Client is not required to participate, if the investment opportunity is an Overlapping Opportunity, such requirements could introduce a potential conflict of interest between the Regulated Fund Advisory Client and other Advisory Clients.

The primary allocation principles for each Global Credit advisory client are derived from respective prospectus, fund partnership or operating agreements and related side letters, offering memoranda, investment or collateral management agreements, limited liability company agreements, trust indentures or other charter documents (“Client Agreements”) that govern the investment programs for such advisory clients. These allocation parameters may include: investment objective or category, industry focus, geography, security or instrument type, diversification requirements, available commitments or

liquidity, target investment size, applicable law and/or regulatory guidance. Subject to the foregoing investment parameters, the investment or credit committees have the discretion to construct what, in their business judgment, constitutes an appropriate investment portfolio for a Global Credit advisory client. As such, in determining what they believe to be an appropriate portfolio for a particular Global Credit advisory client, they may give consideration to factors in addition to those outlined above. After consideration of the various factors, it may not be desirable for a Global Credit advisory client to participate in an investment opportunity or acquire all of an investment opportunity.

In the case of Overlapping Opportunities, when the amount of the investment available to Global Credit advisory clients, including Advisory Clients, is less than the aggregate amount that Global Credit advisory clients desire to purchase, or if the Global Credit advisory clients are not permitted to make a joint investment, an allocation of such Overlapping Opportunities will generally be made in accordance with the allocation policies and procedures adopted and implemented by CGCIM and Carlyle CLO. The terms of the Client Agreements with respect to certain Global Credit advisory clients require Carlyle CLO to allocate investment opportunities to such Global Credit advisory clients in priority to allocations to other vehicles. As a result, there will likely be circumstances where Overlapping Opportunities appropriate for Advisory Clients are allocated instead to such other advisory clients of Carlyle CLO.

In addition, it is anticipated that there will be situations where GCM underwrites, originates and syndicates loans or securities in which Global Credit advisory clients may wish to invest. In such cases, GCM affiliates will only receive an allocation of a negotiated Overlapping Opportunity if the Global Credit advisory clients receive their full participation request.

Global Credit Allocation Committee. A Global Credit allocation committee (the “GCAC”) has been established to oversee the allocation of investment opportunities in accordance with the allocation policies and procedures adopted by CGCIM and Carlyle CLO. The GCAC has established a Global Credit Screening Committee to review and assess potential investments, including potential suitable negotiated co-investments in reliance on the Exemptive Relief, and make an initial assessment regarding which Global Credit advisory client(s) should review the potential investment. The Global Credit Screening Committee is authorized by the GCAC to review allocations among Regulated Funds and other advisory clients investing in middle market loans as well as allocations among Regulated Funds and advisory clients of Carlyle CLO.

Co-Investments Involving Regulated Fund Advisory Clients. A Regulated Fund Advisory Client, on the one hand, and its existing and future affiliated persons, including the other Advisory Clients, on the other hand, generally are required to rely on the Exemptive Relief to co-invest alongside each other in negotiated Overlapping Opportunities. In addition, a Regulated Fund Advisory Client may co-invest with funds managed by Carlyle, including Global Credit advisory clients, when the Overlapping Opportunity involves no negotiation of the terms of such transaction other than price and subject to certain other conditions. A Regulated Fund Advisory Client may also co-invest with any of its downstream affiliates pursuant to an exemption under rules promulgated under the 1940 Act.

Middle Market Loans. As a general rule, the Regulated Fund Advisory Clients and other Advisory Clients that pursue a Direct Lending mandate are expected to be the primary investors in middle market loan investments. Overlapping Opportunities may occur across Advisory Clients, and to a lesser extent among Global Credit advisory clients. Pursuant to the Exemptive Relief, Overlapping Opportunities in middle market loans with attributes meeting certain investment criteria must be shown to the Regulated

Fund Advisory Clients. Any allocation and participation in a middle market loan by an Advisory Client must be in accordance with the Exemptive Relief or other regulatory guidance, as applicable. To the extent the aggregate “internal orders” by the Global Credit advisory clients, which are determined in accordance with the allocation policies and procedures, are less than the total investment opportunity, the GCM affiliates and/or another affiliated adviser may consider the Overlapping Opportunity for themselves or their advisory clients, as applicable, as appropriate and subject to the availability and conditions of the Exemptive Relief, if applicable.

Broadly Syndicated Loans. As a general rule, Carlyle CLO advisory clients and other Advisory Clients that pursue a Liquid Credit mandate are expected to be the primary investors are expected to be the primary investors in broadly syndicated loans. Overlapping Opportunities in the primary or secondary broadly syndicated loan market sourced by the US Structured Credit platform first will be allocated across US Structured Credit advisory clients in accordance with the Carlyle U.S. Structured Credit Allocation Policy, provided, however, that any negotiated Overlapping Opportunity in broadly syndicated loans with attributes meeting certain investment criteria must be shown to the Regulated Fund Advisory Clients in accordance with the Exemptive Relief. When the amount of an Overlapping Opportunity that falls outside of such criteria exceeds the amount that US Structured Credit desires, CGCIM will be offered the Overlapping Opportunity for its Advisory Clients. While CGCIM is not often expected to source broadly syndicated opportunities, to the extent it does, such investment allocations are subject to review and approval by the GCAC or the Global Credit Screening Committee, as applicable.

Allocation of Investment Opportunities between TCG BDC and CDL CLO

CDL CLO is a wholly-owned subsidiary of TCG BDC and its initial loan portfolio consisted (i) primarily of investments then held by TCG BDC (or TCG BDC SPV LLC, a wholly owned subsidiary of TCG BDC) meeting discrete criteria set forth in the indenture, which TCG BDC, as the CLO originator, transferred to CDL CLO through a series of cross trades, and (ii) of new loans directly originated by CDL CLO. Following the initial portfolio construction of CDL CLO, new investments by CDL CLO are made in a similar manner in accordance with CGCIM’s policies and procedures regarding cross trades (see the discussion above under “Cross Transactions”), however, Overlapping Opportunities involving the purchase of loans for TCG BDC and/or CDL CLO generally will be allocated by CGCIM based on the amount of cash CDL CLO has available for reinvestment at the time an Overlapping Opportunity arises while taking into consideration discrete criteria set forth in the indenture.

Allocation of Investment Opportunities between MMCF, MMCF II and other CGCIM Advisory Clients

As noted above, during MMCF’s investment period, TCG BDC and its affiliates that are controlled, managed or advised by CGCIM, which include the Advisory Clients, will refer to MMCF all investment opportunities that meet certain criteria, as set forth in its limited liability company agreement. It is anticipated that certain investment opportunities that meet the criteria of MMCF’s investment strategy will constitute Overlapping Opportunities. Subject to the regulatory restrictions discussed above⁹ and contractual obligations between TCG BDC and MMCF, Overlapping Opportunities involving the purchase of loans by one or more Advisory Client, on the one hand, and MMCF, on the other hand, will

⁹ See Item 11 – “Co-Investments”.

be allocated in accordance with the allocation policies and procedures adopted and implemented by CGCIM, taking into account the size of the proposed investment and its anticipated yield.

MMCF Members may also seek to co-invest with MMCF. Provided that such co-investment opportunities fit within the allocation policies procedures described above, where demand from MMCF Members and MMCF is higher than the investment opportunity available, TCG BDC will propose allocations to MMCF such that MMCF's allocation on any loan is never less than either MMCF Member's allocation unless approved by the MMCF Investment Committee.

Under its limited liability company agreement, MMCF II is expected to make only limited new investments. However, to the extent that MMCF II does seek to make such new investments, and such investments are in Overlapping Opportunities, such investments will also be allocated in accordance with the allocation policies and procedures adopted and implemented by CGCIM.

Possession of Material, Non-Public Information and other Trading Restrictions

Carlyle espouses a management philosophy of collaboration and information sharing among investment professionals to create a unified global network. Carlyle, its affiliates, and their professionals may come into contact with material, non-public information in connection with their activities for Carlyle, CGCIM, or their affiliates. Carlyle has established policies and procedures intended to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Under no circumstances may a professional trade in a security while in possession of material, non-public information about that security for his or her own account, the accounts of certain family members or the account of an Advisory Client. Further to this end, as discussed in Item 8, Carlyle has implemented various information barriers to segregate the flow of material, non-public information and other confidential information between its business segments.

Other Potential Conflicts

The legal and/or organizational documents of an Advisory Client, the investment management agreement between CGCIM (or an affiliate) and the Advisory Client or the agreements in respect of the portfolio investments establish complex arrangements among the parties, including between investors and Advisory Clients. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to the situation. While CGCIM will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to an Advisory Client.

ITEM 12. BROKERAGE PRACTICES

Broker Selection

CGCIM has discretion to select brokers and dealers to execute transactions in securities or instruments for Advisory Clients. CGCIM is obligated by law and under its investment advisory agreements and

collateral management agreements to seek to obtain best execution for orders executed for Advisory Clients, taking into account quantitative and qualitative factors affecting the execution quality of portfolio transactions. In particular, CGCIM reviews factors, such as the experience of the broker or the dealer, its ability to handle the order to the best advantage of the Advisory Client, the nature of the investments to be bought or sold, special circumstances affecting the instrument (*e.g.*, redemption features), and the overall price of the order. As a result, although CGCIM will seek competitive commissions and spreads, it may not necessarily obtain the most competitive price/commission/spread for portfolio transactions.

From time to time, brokerage firms may provide services to CGCIM in addition to order execution. As discussed in Item 8, certain large investment banks that may act as service providers to CGCIM and its affiliates, Advisory Clients and Carlyle portfolio companies may also invest in an Advisory Client (directly, or by sponsoring a feeder fund).

From time to time, CGCIM selects brokers and dealers who are owned in part by an Advisory Client to execute transactions in securities and other instruments for another Advisory Client. Certain other Advisory Clients, CGCIM affiliates or affiliated investment advisers may utilize an affiliate for execution of transactions in securities and other instruments, or other investment-related services. In addition, please see “Affiliated Broker-Dealers” in Item 10 above with respect to conflicts involved in the selection of a broker-dealer affiliated with CGCIM.

Portfolio trades of certain CGCIM investment vehicles can be expected to generate commissions, mark-ups/mark-downs, and other transaction charges that each Advisory Client is responsible for paying. CGCIM has complete discretion in deciding the brokers and dealers to execute Advisory Client transactions and the fees that will be paid to selected broker-dealers for their services. CGCIM seeks to obtain best execution of Advisory Client transactions based on a number of factors that include net price for the order, experience of the broker-dealer, order handling ability (particularly block orders), and the nature of the investments to be bought or sold. From time to time, CGCIM engages in transactions with broker-dealers that also have other dealings with Carlyle or its affiliates, including investor referrals and investments in Advisory Clients. Such business relationships could present a potential conflict of interest for CGCIM. However, CGCIM maintains approved broker-dealer lists and the Global Credit Compliance and Regulatory Committee meets periodically to review and analyze trades executed by approved broker-dealers as part of its requirement to seek best execution for its respective Advisory Client transactions.

When CGCIM engages in a market transaction on behalf of an Advisory Client through a broker-dealer, it will seek best execution of such transaction and the Global Credit Compliance and Regulatory Committee will monitor the quality of execution of transactions. To the extent such broker-dealers or similar service providers (*e.g.*, sponsors, agents) provide additional services, including conferences or seminars, all such activity must be in accordance with the gifts and entertainment policy set forth in the Code of Conduct. The Global Credit Compliance and Regulatory Committee will assess the types of products and services that are provided (whether solicited or unsolicited) to determine whether they are in accordance with applicable law and the safe harbor of Section 28(e) of the Exchange Act, where applicable, appropriate under the circumstances, and whether the provision of such products and services had any effect on the net price to the Advisory Client. In assessing the quality of execution for Advisory Client transactions, the Global Credit Compliance and Regulatory Committee will consider the full range of services available from and the characteristics of each broker-dealer, including, but not limited

to execution capabilities, responsiveness, trading experience, reputation and integrity, overall reliability, and access to underwritten offerings and secondary market trades.

By their nature, the BDCs, CDL CLO, MMCF and MMCF II generally do not engage in market transactions and therefore CGCIM does not utilize brokerage services on an ongoing basis in connection with its advisory services for the BDCs, CDL CLO, MMCF and MMCF II.

CGCIM does not currently participate in any soft dollar relationships with brokers for research or any other service.

From time to time, Global Credit will engage in transactions with broker-dealers that also have other dealings with Carlyle or its affiliates, including investor referrals and investments in Advisory Clients. Such business relationships could present a potential conflict of interest for CGCIM. However, Global Credit performs an analysis and review of each broker-dealer's trading and execution capabilities as part of its requirement to seek best execution. That analysis and review is presented to the Global Credit Compliance and Regulatory Committee for assessment. In the context of investment activity outside of these groups, CGCIM periodically reviews its relationships and levels of business allocated to key service providers, especially investment banks.

Bunching or Aggregating Trades

CGCIM may aggregate its Advisory Clients' trades if CGCIM believes that aggregation benefits the Advisory Clients and is consistent with CGCIM's obligation to seek best execution. CGCIM is not obligated to aggregate Advisory Client trades, however, and there may be reasons, such as Advisory Client specifications or logistics of the trade itself, where aggregation is not possible. In such situations, the inability to aggregate the trade could result in an increase in transaction costs for the Advisory Client.

CGCIM may trade the same instruments for multiple Advisory Clients with a particular broker throughout the day. Where possible, the price at which that particular broker handles these multiple orders generally will be averaged among the multiple Advisory Client accounts during a trading day. Trades with a particular broker that occur in the same instruments for multiple Advisory Clients on the same day may be averaged across multiple Advisory Client accounts if determined by CGCIM to be fair, reasonable and appropriate under the circumstances. All exceptions to CGCIM's policy on the aggregation of trades must be approved by Carlyle's Chief Compliance Officer or designee.

As noted above in Item 11, the SEC granted CGCIM, the BDCs, as well as other existing and funds advised by CGCIM Exemptive Relief to co-invest in suitable investments, subject to certain terms and conditions in the Exemptive Relief. These conditions require, among other things, that the terms, conditions, price, class of securities or instruments to be purchased, settlement date, and registration rights will be the same for each co-investing Advisory Client.

Trade Errors

Carlyle seeks to detect and correct trade errors. Should a trade error occur and be detected before the trade has been settled in the Advisory Client account, Carlyle will reverse the trade or reallocate, as necessary and appropriate. In any event, the Advisory Client account will be made whole (put in a position as if the error had not been made), with Carlyle absorbing any loss, where Carlyle's conduct does not meet the standard for exculpation set forth in the governing documentation for the relevant

Advisory Client(s), and not in other cases. Advisory Clients regulated under the 1940 Act will be made whole with Carlyle absorbing losses any time a trade error cannot be reversed or reallocated.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

The portfolio investments of certain Advisory Clients are regularly reviewed by a team of investment professionals. Depending on the Advisory Client, the team generally includes principal executive officers of CGCIM, certain Carlyle Managing Directors and other investment professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of the investments owned by the Advisory Clients.

The specific parameters relating to the oversight and monitoring of the portfolio investments of the Advisory Clients for which there is shared oversight (*i.e.*, joint ventures) are set forth in the related offering or other governing documents.

The portfolio investments of the Advisory Clients are monitored by professionals of CGCIM under an organizational structure deemed appropriate to provide oversight. The portfolio assets are reviewed and monitored consistent with trading guidelines and events in the capital markets.

Reports to Advisory Clients and Investors

Investors in CGCIM-advised Advisory Clients typically receive quarterly financial reports and audited annual reports. Investors have the ability to access these reports via a password-protected website. Each of the Global Credit advisory clients is required to fulfill reporting obligations to investors based on the terms and conditions of the particular Advisory Client organizational documents (or investment management agreement in the case of a separately managed account). Certain of the Global Credit advisory clients deliver annual audited financial statements to investors. Depending on the particular Advisory Client, investors may receive monthly reports or letters, quarterly financial and capital account statements. Reports to separately managed account Advisory Clients are based on the terms of the particular investment management agreement.

Certain investors are expected to have the right to obtain information relating to an Advisory Client. Accordingly, such investors may possess information regarding the business and affairs of an Advisory Client that may not be known to other investors. As a result, certain investors will be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

For new Advisory Clients, a copy of this Brochure is delivered prior to or at the time of entering into an advisory contract. Existing investors are notified electronically when updates to this Brochure are available for their review, and a copy is posted to the respective investor reporting site.

BDCs and Private Credit RIC

Quarterly financial reports and audited annual reports of the BDC Advisory Clients and Private Credit RIC are made available to investors on the SEC's website at <http://www.sec.gov/edgar/searchedgar/companysearch.html> (type in the appropriate Advisory Client

name in the “Company Name” field and then select). BDC investors have the ability to access their account statements via a password-protected website.

CDL CLO

Monthly Trustee reports are made available to CDL CLO Advisory Client investors. Investors have the ability to access these reports via a password-protected website.

MMCF and MMCF II

MMCF each provide quarterly unaudited financial statements, holding reports and capital account statements to each respective MMCF Member. MMCF and MMCF II will each also provide audited annual reports and annual tax reporting to each applicable MMCF Member.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

As described in more detail in Item 5 – “Fees and Compensation”, in addition to management fees payable, incentive fees and carried interest allocable to CGCIM and its affiliates, CGCIM and its affiliates are expected to receive acquisition, monitoring, disposition and certain fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

CGCIM and its affiliates have and may in the future enter into cash compensation arrangements with its affiliated broker-dealers, including TCG Securities, TCG Capital Markets and affiliates, through TCG Securities, unaffiliated placement agents or third parties for introducing investors to CGCIM in respect of an Advisory Client.

In accordance with CGCIM’s policies, no investor will bear any portion of any fee paid to any third-party solicitor with respect to such investment (whether in the form of higher management fees or other types of fees) without the consent of Carlyle’s General Counsel and Carlyle’s Head of Investor Relations.

ITEM 15. CUSTODY

CGCIM uses unaffiliated, qualified, third-party custodians to hold the assets of its Advisory Clients for which it has custody in a manner that it believes complies with SEC standards and guidance. For example, these qualified custodians maintain the client assets in a manner that segregates them from assets of other clients of the custodian.

CGCIM is deemed to have custody of the underlying assets of certain of its Advisory Clients. In addition to holding client assets with an unaffiliated, qualified, third-party custodian, these client assets (where CGCIM is deemed to have custody) are generally also subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board (“PCAOB”), and the audited financial statements are then provided to the underlying investors of these Advisory Clients within 120 days of the end of the fiscal year. For Advisory Client assets that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), CGCIM relies on an exception from the notification, account statement delivery obligations, and is deemed compliant with the surprise audit obligations imposed by the SEC’s custody rule. For Advisory Client assets that are BDCs, CGCIM relies on an exception available to “registered investment companies”,

which mandates compliance with the custody requirements of the 1940 Act, including utilizing banks or broker-dealers as custodians as prescribed under Section 17(f) of the 1940 Act.

To the extent that CGCIM is deemed to have custody of the underlying assets of an Advisory Client that is not deemed to be a “pooled investment vehicle” or a “registered investment company”, CGCIM would engage a PCAOB major accounting firm to subject such assets to a surprise audit and requests requisite reporting to the Advisory Client. Such Advisory Clients may also have a statutory obligation to perform a year-end audit.

ITEM 16. INVESTMENT DISCRETION

Typically, CGCIM provides investment advice to all its Advisory Clients on a discretionary basis. For Advisory Clients advised on a discretionary basis, CGCIM typically has the authority to determine the instruments to be bought and sold without obtaining Advisory Client consent to specific transactions. CGCIM is also authorized to determine the broker or dealer to be used for each transaction for its Advisory Clients. Certain investments require the approval of the respective Advisory Client investment committee.

When making investments, CGCIM observes the investment policies, limitations and restrictions of the Advisory Clients. For the BDCs and Private Credit RIC, CGCIM’s authority to trade instruments may also be limited by certain federal securities and tax laws that require diversification of investments, limit leverage, prohibit certain joint and principal transactions and favor the holding of investments once made.

All investments, regardless of type, made by the BDCs and CDL CLO must receive approval of the Direct Lending Investment Committee. This process assists in ensuring that investments are compliant with the various legal, tax, and other investment policies, limitations and restrictions in effect for each Advisory Client making an investment.

CGCIM provides investment advisory services with respect to MMCF and MMCF II on a non-discretionary basis. As noted in Item 4, the CGCIM personnel associated with MMCF and MMCF II cannot unilaterally effect any investment decision without the approval of at least one non-Carlyle representative of the MMCF Investment Committee or one non-Carlyle representative of the MMCF II board, respectively.

ITEM 17. VOTING CLIENT SECURITIES

Because CGCIM has, or will accept, authority to vote public company securities and other debt instruments (*e.g.*, loans) held by an Advisory Client, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that it believes are reasonably designed to comply with the requirements of the Advisers Act. The Proxy Voting Policies and Procedures reflect CGCIM’s commitment to vote such instruments in a manner consistent with the best interests of the Advisory Clients.

Under the Proxy Voting Policies and Procedures, unless faced with a conflict of interest between or among Advisory Clients, CGCIM will vote proxies in a manner that serves the best interest of its Advisory Clients, as determined by CGCIM in its discretion, taking into account relevant factors,

including (i) the impact on the value of the securities owned by the Advisory Client and the returns on those securities; (ii) alignment of portfolio company management's interest with the Advisory Client's interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the Advisory Client and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; (iv) industry business and practices; and (v) the requirements imposed on CGCIM in the Advisory Client governing documents.

CGCIM reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Advisory Client. As a result, depending on the Advisory Client's particular circumstances, CGCIM may vote on one Advisory Client's instruments differently than it votes those of another Advisory Client, or may vote differently on various proposals, even though the instruments or proposals are similar (or identical). In some instances, CGCIM may determine that it is in the Advisory Client's best interest for CGCIM to "abstain" from voting or not to vote at all, and will do so accordingly.

At times, conflicts may arise between the interest of an Advisory Client, on the one hand, and the interest of either another Advisory Client of CGCIM or its affiliates on the other hand in the consideration of a proxy vote. To address such potential conflicts, CGCIM follows the procedures outlined in the Proxy Voting Policies and Procedures, which include the potential involvement of Carlyle's General Counsel, the Carlyle Global Chief Compliance Officer and/or the Carlyle Conflicts Committee, a committee comprising Carlyle senior management to help manage conflicts of interest that may arise including during the conduct of CGCIM's business. The Proxy Voting Policies and Procedures require that in all situations involving a potential conflict between two Advisory Clients, the vote will be made without regard to CGCIM's actual or anticipated compensation. In general, the requirements set forth in each relevant Advisory Client's investment advisory or organizational agreements or investment objectives, policies and procedures will be followed.

To ensure that the vote is not the product of a conflict of interest, CGCIM will require that: (1) anyone involved in the decision-making process disclose to CGCIM's investment committee, Regulated Fund independent directors as applicable, any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (2) personnel involved in the decision-making process or vote administration are prohibited from revealing how CGCIM intends to vote on a proposal in order to reduce any attempted influence from interested parties. CGCIM is not authorized to vote on behalf of MMCF or MMCF II.

Information about how CGCIM voted proxies is available upon written request for proxy voting information to: Carlyle Global Credit Investment Management L.L.C., 520 Madison Avenue, 38th Floor, New York, NY 10022, Attn: Investor Relations.

ITEM 18. FINANCIAL INFORMATION

At this time, CGCIM is not aware of any financial condition that is reasonably likely to impair CGCIM's ability to meet its contractual obligations to its clients. CGCIM has not been the subject of any bankruptcy petitions, including in the past ten years.

Additional financial information is also available in current public filings with the SEC for the Public Company (see ir.carlyle.com).

ITEM 19. REQUIREMENTS FOR STATE REGISTERED ADVISERS

This item is not applicable as the Adviser is not registered in any state.