



Item 1. Cover Page

PART 2A OF FORM ADV: FIRM BROCHURE

CARLYLE AVIATION PDP MANAGEMENT LLC

March 31, 2022

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*This brochure (this “**Brochure**”) provides information about the qualifications and business practices of Carlyle Aviation PDP Management LLC (the “**Investment Adviser**,” “**we**,” “**us**,” and similar terms). If you have any questions about the contents of this Brochure, please contact us at 305-579-2340 or compliance@carlyle.aero. 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.*

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

Item 2. Material Changes

This Brochure is intended to provide potential and existing clients with an overview of the Investment Adviser. It also contains important disclosures regarding items such as certain practices of Investment Adviser, 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 risk and current market condition risk factors), fees and expenses, as part of our annual updates, additional clarification and detail has been provided.

There are no material changes to the Investment Adviser's Brochure since the annual update filed on March 31, 2021.

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Item 4. Advisory Business

A. General Description of Advisory Firm

1. *Carlyle Aviation PDP Management LLC*

The Investment Adviser is a Delaware limited liability company that was formed in 2019 and has one office located in Miami, Florida.

We are a wholly-owned subsidiary of Carlyle Aviation Partners Ltd. (“CAP”), a Bermuda holding company, which also owns Carlyle Aviation Fund Management, LLC, Carlyle Aviation Fund Management II, LLC and Carlyle Aviation Management Limited (“CAML”), which are specialty managers of aviation assets. CAML also serves as an offshore manager to a private investment fund and files with the SEC as an exempt reporting adviser, and the Investment Adviser is a sub-advisor to CAML with respect to the aforementioned private investment fund. Carlyle Aviation Securities Partners LLC (“CASP”) is an investment adviser registered with the SEC.

Various entities affiliated with The Carlyle Group Inc. (“Carlyle” or the “Public Company”) (Nasdaq: CG), an affiliate of the Investment Adviser, directly and indirectly own and control the Investment Adviser. 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, at the specified effective time on January 1, 2020, each common unit of The Carlyle Group L.P. outstanding immediately prior to the effective time converted into one share of common stock, par value \$0.01 per share (“Common Stock”), of the Public Company and each special voting unit and general partner unit was cancelled 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. As of December 31, 2021, Carlyle Group Management L.L.C. held voting power for approximately 43% of Common Stock. The Investment Adviser does not hold any economic interest in the Public Company, although some of its officers 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 the Public Company and its affiliates.

A group of senior management professionals 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 of the Public Company. 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 the Investment Adviser do not include the Public Company or any of the Public Company's other affiliated entities.

B. Description of Advisory Services

This Brochure generally includes information about us and our relationships with our clients. While much of this Brochure applies to all such clients, certain information included herein applies to specific clients only.

1. Advisory Services, Investment Strategies and Types of Investments

The Investment Adviser has a sub-advisory arrangement with CAML. CAML, an offshore specialty manager of aviation assets, serves as the manager of a private investment fund that focuses on loan transactions for aviation assets (the "**PDP Fund**"). The PDP Fund seeks to achieve its investment objective primarily through the origination of loans, directly or indirectly, to airlines to allow such airlines to satisfy certain aircraft pre-delivery payment obligations due to aircraft manufacturers.

In providing services to an advisory client, we manage the client's assets in accordance with the terms of the governing documents applicable to such client.

* * *

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

C. Availability of Customized Services for Individual Clients

Our investment decisions and advice with respect to each client are subject to each client's investment objectives and guidelines, as set forth in its respective offering documents or in the case of a separate account, the investment management agreement.

CAML, in its role as investment manager to clients, may from time to time agree to supplements, clarifications, or variations of the terms of a client's offering, subscription, or

organizational documents in “side letters” or similar agreements which may vary rights or privileges among investors in some pooled investment vehicles.

D. Assets Under Management

The Investment Adviser provides non-discretionary investment advice to CAML and does not have advisory clients to which it provides discretionary investment advice with respect to securities. Our assets under management as of December 31, 2022, managed on a non-discretionary basis, are \$ 1,013,049,000.

Item 5.

Fees and Compensation

A. Advisory Fees and Compensation

The fees applicable to the PDP Fund are set forth in detail in the PDP Fund's offering documents. The PDP Fund is charged an annual management fee that is calculated as a percentage of PDP loan balances ("**Management Fee**") pursuant to the organizational and offering documents of the PDP Fund. The Management Fee is payable to CAML as the investment manager of the PDP Fund.

Carlyle Aviation Runway PDP GP LLC ("**PDP GP**"), the general partner of the PDP Fund, is entitled to receive 50% of the loan origination fees that are received from borrowers of PDP loans ("**Loan Origination Fees**").

The Investment Adviser may receive an agreed-upon fee for acting as a sub-adviser to CAML solely in connection with CAML's management of the PDP Fund (the "**Sub-Advisory Fee**"). CAML may modify the amount, timing and/or payment of the Sub-Advisory Fee. The Investment Adviser will not charge fees directly to the PDP Fund. The Investment Adviser does not receive fees directly or indirectly from other products managed by CAML or other CAP subsidiary specialty managers of aviation assets.

B. Payment of Fees

For the PDP Fund, fees and compensation paid to CAML or PDP GP are generally deducted from the assets of such clients. Management Fees are generally deducted in advance on a quarterly basis and Loan Origination Fees are generally paid to PDP GP as received.

C. Additional Fees and Expenses

The PDP Fund bears all fees, costs, expenses, liabilities and obligations relating to the PDP Fund's and any of its direct or indirect subsidiaries' or acquisition vehicles' activities, investments and business (to the extent not borne or reimbursed by any entity interests in which constitute a PDP loan investment or a potential PDP Loan investment or seller of PDP loans), including (i) all third-party fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, refinancing, managing, monitoring, valuing (including third-party valuations), operating, holding, winding up, liquidating, dissolving and disposing of the PDP loan investments, lease management software expenses, commitment, title and brokerage, finders', third-party lease administration, consignment (third-party and otherwise), consulting (including technical contractors and consultants), third-party diligence software and service providers fees; (ii) reasonable third-party legal, accounting, administration, reporting, auditing, insurance (including directors and officers and errors and omissions liability and other insurance), travel, accommodation, litigation and indemnification costs and expenses, judgments and settlements, investment banking, appraisal, valuation, filing, transfer, custodian, third-party fund administrators or similar service providers that perform anti-money laundering or "know your customer" diligence in connection with the onboarding and ongoing participation of investors in a client and other fees and expenses (including expenses associated with the preparation or distribution of the PDP Fund's financial statements, tax returns, tax estimates and Schedule K-1s

(or equivalents) or any other administrative, regulatory or other PDP Fund or investment related reporting or filing; provided that such expenses shall not include any expenses incurred in connection with registration of PDP GP, CAML, Carlyle Global Credit Investment Management L.L.C. or any of their affiliates or any other investment advisor under the Investment Advisers Act or compliance with the Investment Advisers Act, including the preparation and filing of Form PF; (iii) third-party fees and expenses associated with asset-backed securitizations (or similar structures), loan facilities and public offerings; (iv) third-party expenses associated with broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) expenses associated with brokerage, sale, custodial, depository, trustee, record keeping, registered office, registered agent, account and similar services; (vi) all fees, costs, expenses, liabilities and obligations incurred by the PDP Fund, PDP GP or any other CAP person relating to investment and disposition opportunities for the PDP Fund not consummated (including reasonable legal, accounting, auditing, insurance, travel, accommodation, consulting, brokerage, finders', financing, appraisal, third-party valuation, filing, printing, title, transfer, registration, reverse breakup, termination and other fees and expenses); (vii) all out-of-pocket fees, costs and expenses incurred by the PDP Fund, the PDP GP or any other CAP person in connection with any conference or meeting of the PDP Fund's limited partners (including any expenses attributable to representatives of PDP GP and other persons in attending such meetings); (viii) the Management Fee; (ix) any taxes, fees and other governmental charges levied against the PDP Fund (except to the extent that the PDP Fund is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed according to the limited partnership agreement ("LPA") of the PDP Fund); (x) third-party expenses associated with developing, structuring, operating and winding up administrative structures in the Cayman Islands, Luxembourg, other European countries and elsewhere, as applicable, that are put in place to operate the PDP Fund's investment activities (including any travel, accommodation and other expenses related to such structures); (xi) costs and expenses that are classified as extraordinary expenses under GAAP; (xii) all third-party fees, costs, expenses, liabilities and obligations incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles; (xiii) third-party expenses associated with amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the PDP Fund and related entities and any alternative investment vehicles, including the preparation, distribution and implementation thereof; (xiv) expenses associated with complying with any applicable law or regulation related to the activities of the PDP Fund (including regulatory expenses of PDP GP incurred in connection with the operation of the Partnership and legal fees and expenses); (xv) reasonable expenses associated with developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the PFP Fund or the limited partners, as well as any deal-related software; (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (xvii) any costs or expenses related to the revolving notes (as discussed in the LPA), including obtaining and/or maintaining an investment rating and/or a CUSIP number for the revolving notes and/or the PFP Fund; (xviii) all expenses (including travel, accommodation, printing, legal, accounting, regulatory, compliance, and any administrative or other filings) incurred in connection with the organization, funding and start-up of the PDP Fund, PDP GP and CAML; and (xix) all out-of-pocket legal fees of the limited partners incurred in connection with consummating their

respective investments in the PDP Fund, but not including (a) ordinary overhead and administrative expenses that are payable by PDP GP and/or CAML pursuant to the LPA, (b) any such amounts under clause (vi) above in excess of \$200,000 for any calendar year, which shall be borne directly by PDP GP or CAML or (c) any such amounts under clause (xviii) above in excess of \$350,000, which shall be borne directly by PDP GP or CAML.

D. Additional Compensation and Conflicts of Interest

Neither the Investment Adviser nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

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

The Investment Adviser provides sub-advisory services to CAML exclusively. Its sole form of compensation are Sub-Advisory Fees paid by CAML in exchange for services the Investment Provider provides to the PDP Fund.

Item 7. Types of Clients

We provide investment advice to the PDP Fund, as described above, pursuant to a sub-advisory relationship with CAML. CAML requires investors in the PDP Fund to be “accredited investors” as defined in Regulation D, “qualified purchasers” as defined in the Investment Company Act of 1940, as amended, or “non-U.S. persons” as defined in Regulation D. The governing documents for the PDP Fund outlines the minimum size of investments, which can be reduced or waived on a discretionary basis in the sole discretion of CAML. The Investment Adviser does not have advisory clients to which it provides discretionary investment advice with respect to securities.

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

A. Methods of Analysis and Investment Strategies

Our investment strategies are initially summarized in Item 4. As discussed therein, the PDP financing strategy that CAML seeks to employ for the PDP Fund is to capitalize on opportunities that provide PDP financing solutions for manufacturers, airlines and lessors to facilitate new aircraft deliveries. The Investment Adviser utilizes the same methods and strategy with respect to the services it provides to CAML. Generally, the risks identified under “PDP Financing” further below are generally specific to the PDP Fund.

The main risks to be considered in the management of a client’s portfolio include: (i) market risk, such as political and regulatory risk and credit market availability risk; (ii) individual positions risk, such as credit risk of borrowers, liquidity risk, counterparty risk, correlation and sensitivity risk; (iii) portfolio risk, such as correlation and sensitivity risk, company and asset concentration risk and liquidity risk; (iv) industry specific risk, such as macro and micro level risks; and (v) global economic risk, such as macro and micro level risks. The risks identified herein are examples of some, but not all, possible risks.

CAML seeks to manage portfolio risks through the regular evaluation of identified risk(s) associated with each investment. CAML monitors investments by gathering real-time data regarding market movements, borrower financial health and any other market intelligence.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us. **Prior to making any investment decisions, investors should carefully review the offering documents and other governing documents of an applicable fund or product for a more complete description of the risk factors and actual and potential conflicts of interest associated with such fund or product.**

Risk of Loss. No guarantee or representation is made that a client’s investment program, including, without limitation, a client’s investment objective, targeted returns, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

No Assurance of Investment Return. The Investment Adviser cannot provide any assurance whatsoever that it will be able to choose, make and realize investments for any client. There can be no assurance that any 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 client participates or (ii) make any distribution to its investors. Accordingly, an investment in a 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 the Investment Adviser or any client provide 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 client will be achieved.

Aviation Industry Risk. The aviation industry is susceptible to downturns as a result of various events, including fluctuation of fuel prices, geopolitical conflicts and/or terrorist attacks, general economic conditions, regulatory changes, epidemic diseases and severe weather conditions. The occurrence of any such event may have an adverse effect of the performance of the strategies pursued by the Investment Adviser.

In December 2019, an outbreak of a novel and highly contagious form of coronavirus (“COVID-19”) was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions, remote working and “shelter-in-place” or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, including the aviation industry, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impacts of COVID-19 on the operations of the Investment Adviser and the performance of its clients are difficult to predict. Any potential impacts on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of clients.

Currently, COVID-19 restrictions on travel, business activities and gatherings imposed by governments and businesses, the related temporary closures or cancellations of events and leisure destinations, have adversely impacted the aviation industry. For example, reduced demand for global business and leisure air travel, in addition to cancellations of booked travel, has resulted in losses for many airlines. This has had, or is likely to have if current conditions continue, an adverse impact on the financial position of certain airlines and their ability to meet contractual debt or lease obligations, which could negatively affect our clients’ portfolio investments and ability to make distributions to investors. The extent of COVID-19’s impact on our clients and the operational and financial performance of their portfolio investments will depend on several factors, including, but not limited to, the duration and scope of the resulting public health emergency; the extent of any related restrictions implemented; the extent of impact on goods and services, investor liquidity, consumer confidence and economic activity levels; the extent of its disruption to important global, regional and local economic markets, generally, and the aviation industry, in particular, all of which remain highly uncertain.

In response to Russia’s military invasion of Ukraine that began in February 2022, the United States, United Kingdom (“UK”), and the European Union (“EU”) imposed sanctions targeting the Russian financial system and industries critical to Russia’s economy, including civil aviation. In addition to banning Russian-operated aircraft from their airspace, countries have imposed sanctions that prohibit the supply of civil aircraft and their components to Russian persons. In response, the Russian government passed laws that, among other things, prevent leased aircraft from being returned to their owners without approval by the Russian government. Although most leased aircraft are subject to insurance policies intended to cover confiscation by

foreign governments (subject to terms that vary from policy to policy), insurance companies may dispute lessors' claims in an attempt to avoid significant losses to the insurance industry. The insurance industry may introduce changes (*e.g.*, higher premiums, withdrawal of previously offered coverage) that would have an adverse effect on aircraft operators and leasing companies, which, in turn, may have an adverse effect on client investments.

Following the invasion of Ukraine, the price of energy commodities increased dramatically as countries have imposed restrictions on the import of Russian commodities and Russian container vessels have been prevented from unloading their cargo at ports of call. The aviation industry has been both directly impacted by higher energy prices as fuel costs increase and indirectly impacted as inflation caused by higher energy prices may dampen consumer demand for air travel. To the extent that airlines are unable to pass fuel costs to passengers in the form of higher ticket prices, or passenger demand wanes in the face of higher energy costs, the aviation industry will have to absorb higher costs at a time when many airlines are still recovering from the disruption caused by the pandemic. Client investments may be adversely affected if energy commodity prices remain elevated and contribute to higher inflation in the broader economy.

In addition to energy commodities, Russia and Ukraine are significant producers of commodities used in industrial production (*e.g.*, palladium, neon) as well as grain commodities (*e.g.*, wheat). Industrial consumers of commodities, including the aviation industry, may face higher input prices or shortages, which could have an adverse impact on the operation of manufacturers of civil aircraft and components thereof. Higher input prices and potential shortages are likely to contribute to inflation in the broader economy, which may dampen consumer demand for air travel as the cost of goods and services with lower price elasticity of demand increases. Client investments may be adversely affected if commodity input prices remain elevated and contribute to disruption to manufacturer operations or higher inflation in the broader economy.

Although the aviation industry has historically demonstrated its resilience after past disruptions, a military conflict involving nuclear powers has potential to cause significant and unprecedented disruption to the aviation industry and global economy. Should the Russia-Ukraine war escalate to involve direct combat between NATO countries and Russia or the use of nuclear or chemical warfare, the global economy, including the aviation industry, is likely to face significant challenges, the extent of which are difficult to predict at this time.

Aircraft Groundings. Airline operators and aviation authorities in the United States, Europe, China, Canada and other countries suspended the use of the Boeing 737 MAX 8 over concerns about its safety, after an Ethiopian Airlines flight of the same model crashed in March 2019. The Boeing 737 MAX 9, which has nearly identical design features as the Boeing 737 MAX 8, was also grounded across the globe. Although the 737 MAX 8/9 has been cleared by the U.S. Federal Aviation Administration and aviation authorities in other jurisdictions, notably China, have not recertified the 737 MAX 8/9 as of March 2022. The event demonstrated the risk that aviation-focused investment strategies may be unable to source investments and implement their investment strategy if aircraft manufacturers are unable to deliver aircraft. In addition, aircraft groundings may cause airlines to suffer losses that may impair airlines' ability to meet their debt obligations.

Role of Investment Professionals. The success of each client will depend in part upon the Investment Adviser's ability to attract and retain talented investment professionals and the skill and expertise of the investment professionals who manage that client's investment program. There can be no assurance that such professionals will continue to be associated with the Investment Adviser throughout the life of any client and a loss of the services of key personnel could impair the Investment Adviser's ability to provide services to a client. Should one or more of these professionals become incapacitated or in some other way cease to participate in a client, the client's performance could be adversely affected. Moreover, there can be no assurances that such professionals will remain in the same roles at the Investment Adviser whether as officers, employees, consultants or otherwise throughout the life of a client. In addition, investment professionals involved in providing advisory services to a client may in the future cease providing such services while nonetheless remaining employed by the Investment Adviser. 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 professionals, including investment professionals. There can be no assurance that the Investment Adviser's personnel will not be solicited by and join competitors or other firms and/or that the Investment Adviser will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals.

Reliance on the Investment Adviser. CAML, as manager, and the Investment Adviser, as sub-adviser, will have exclusive responsibility for a client's activities, and, other than as may be set forth in the client's governing documents, investors will have no opportunity to control the day-to-day operation of a client or make investment, disposition or any other decisions concerning the management of a client. In order to safeguard their limited liability for the liabilities and obligations of a client, investors must rely entirely on the Investment Adviser to conduct and manage the affairs of a client.

General Economic and Market Conditions. The success of a client's investment activities will be affected by continued economic volatility as well as general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of an client's investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts, security operations or public health considerations). The aviation industry generally benefits from globalization in connecting people and economies, which has been a broad trend observed since the end of the second World War. The implementation of sanctions in response to Russia's invasion of Ukraine and any retaliatory actions taken by Russia have the potential to cause the trend toward globalization to reverse, which could have an adverse effect on the aviation industry and the investments held in client portfolios.

Misconduct of 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 the Investment Adviser. Misconduct by employees or by third-party service providers could cause significant losses to clients. Employee misconduct could include, among other things, binding a 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 a client. 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 client's business prospects or future activities. It is not always possible to deter misconduct by employees or service providers, and the precautions the Investment Adviser takes to detect and prevent this activity may not be effective in all cases.

Risks of Third-Party Service Providers. Certain of a client's and the Investment Adviser's operations interface with and/or depend on third parties and such client or the Investment Adviser may not be in a position to verify the risks or reliability of such third parties. A 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 a client instead of the Investment Adviser, thereby increasing the expenses borne by such client's investors.

Reliance on the General Partner. The PDP Fund has limited operating history and will be entirely dependent on PDP GP. The PDP GP will have exclusive responsibility for the PDP Fund's activities, and, other than as may be set forth in the governing documents, investors will have no opportunity to control the day-to-day operation of the PDP Fund or make investment, disposition or any other decisions concerning the management of the PDP Fund. In order to safeguard their limited liability for the liabilities and obligations of the PDP Fund, investors must rely entirely on the PDP GP and CAML to conduct and manage the affairs of the PDP Fund. Control over the operation of the PDP Fund will be vested with PDP GP, and the PDP Fund's future profitability will depend largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals could have an adverse effect on the PDP Fund's ability to realize its investment objectives. In addition, the principals currently, and may in the future, manage other investment funds besides the PDP Fund and the principals and other investment professionals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the principals and other investment professionals. There can be no assurance that the PDP Fund's investments will achieve results similar to those attained by previous investments of the principals.

Ongoing Turmoil in the U.S. and Global Financial Markets. Turmoil such as that currently experienced by the U.S. and global financial markets as a result of the Russia-Ukraine war and the ongoing 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 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 a client's 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.

The performance of client investments will be substantially impacted by prevailing prices of commodities (such as energy and metals). 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, including conflict such as the Russia-Ukraine war; (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) overall economic conditions; and (xvii) a variety of additional factors that are beyond the control of the Investment Adviser and its clients.

Trade Policies. Changes in trade policies among the United States and other countries, in particular, the imposition of new or higher tariffs, could have a material adverse effect on a client's performance. For example, original equipment manufacturers ("**OEMs**") (including Boeing and Airbus) may seek to offset the impact of increased tariffs by increasing the price of aircraft, engines and/or components.

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 a 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 client investments.

Tariffs on OEM's products may adversely affect client profitability. Many aircraft and engine OEMs operate in foreign countries. Accordingly, OEMs may be subject to many of the risks of international operations, including governmental controls and tariff restrictions. Tariffs could make the OEM's products less attractive. OEMs may begin implementing short-term price adjustments to offset such tariffs and transition their production and supply chains to new

locations, which could indirectly disrupt a client's investments. Increases in tariffs or the failure to resolve current international trade disputes could have a material adverse effect on clients.

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 a novel and highly contagious form of coronavirus (including related variants) 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. Additionally, in response to the spread of COVID-19, many businesses, including the Investment Adviser, have encouraged or mandated that their personnel work from home in an effort to help slow the spread of the coronavirus pandemic. Notwithstanding such precautionary measures, the Investment Adviser 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 a client may invest, and thereby adversely affect the performance of the 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, clients are expected to incur heightened legal expenses which could similarly have an adverse impact to their returns. For example, but not by limitation, 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 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 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 are 100 percent effective, which means a small 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 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 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 clients and/or their ability to operate and/or pursue their respective investment strategy.

On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions). On February 22, 2022, the United States, United Kingdom and European Union announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, on February 24 and 25, 2022, the United States, United Kingdom, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. Further sanctions continue to be imposed, and the U.S. and allied countries have recently announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighbouring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally (including in the countries in which a client invests), and therefore could adversely affect the performance of a client's investments. Furthermore, given the ongoing nature of the Russia-Ukraine conflict and its ongoing escalation (such as Russia's recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to a client and the performance of its investments or operations, and the ability of a client to achieve its investment objectives.

Highly Competitive Market for Investment Opportunities. The business of identifying, structuring and completing aviation asset transactions is highly competitive and involves a high degree of uncertainty. There can be no assurance that the PDP Fund will be able to (i) locate, complete and exit investments which satisfy its investment objective or (ii) fully invest its available capital if enough sufficiently attractive investments are not identified.

Potential competitors include, without limitation, other investment partnerships and corporations, financial institutions such as banks, industry groups and other financial investors investing directly or through affiliates, and a client may be unable to identify a sufficient number of attractive investment opportunities for such client to meet its investment objectives. Some of these competitors may have more relevant experience, greater financial and other resources and more personnel than the Investment Adviser. There can be no assurance that a client will be able to (i) locate, complete and exit investments which satisfy such 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 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 clients and potentially adversely affecting the terms, including price, upon which investments can be made. To the extent that the clients encounter competition for investments, returns to investors may decrease.

Risk of Limited Number of Investments. A client may participate in a limited number of investments and, as a consequence, the aggregate return of such client may be substantially adversely affected by the unfavourable performance of even a single investment. In addition, other than as set forth in the applicable 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 a client's investments, either by geographic region or transaction type. To the extent that a client concentrates investments in a particular issuer, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Moreover, there are no assurances that all of a client's investments will perform well or even return capital. Therefore, if certain investments perform unfavorably, for a 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.

Confidential or Material, Non-Public Information. By reason of their responsibilities in connection with their other activities, from time to time, certain personnel of the Investment Adviser may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. Due to these restrictions, clients may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

The Investment Adviser has erected an information barrier to segregate the flow of material, non-public information between the Investment Adviser 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 the Investment Adviser, 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.

The establishment and maintenance of the information barrier discussed above means the Investment Adviser 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 the Investment Adviser, on the one hand, and personnel of the rest of Carlyle, on the other hand, may be limited, reducing potential synergies.

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, investors are required to provide documentation verifying, among other things, such investors' identity and source of funds used to purchase the interests of such

client. The amount and types of such information requested may vary depending on a client's domicile (due to local regulatory requirements), and complying with such requests may be burdensome, inconvenient, and intrusive. The general partner of a 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 a client. The 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 a 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 a 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 client.

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. The Investment Adviser is subject to 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 its interactions with U.S. public pension funds. If the Investment Adviser or its 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 a client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Diversification and Concentration. A client's portfolio may become significantly concentrated in investments related to a single or a limited number of borrowers, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such investments.

Concentration Risk. The portfolio of a client may be concentrated in a limited number of investments. Beyond asset diversification requirements or concentration limitations set forth in a client's applicable governing documents or contractual agreements, clients do not have fixed guidelines for diversification, and investments may be concentrated in investments related to a single or limited number or type of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities. As a result, the aggregate returns realized may be significantly adversely affected if a small number of investments perform poorly or if the client needs to write down the value of one or more investments. Additionally, a downturn in the aviation industry could also significantly impact the aggregate returns realized.

Fundamental Analysis. Certain investment decisions made on behalf of clients may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to a client's trading strategies, clients may not be able to realize their investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Adviser misinterprets the meaning of certain data, clients may incur losses.

Small and Medium-Capitalization Companies. Investments in loans to smaller-capitalization companies involve higher risks in some respects than do investments in loans to larger "blue-chip" companies. The risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies.

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 client that may adversely affect such clients. 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 the PDP Fund and the ability of the PDP Fund 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 the Investment Adviser and may divert time and attention from portfolio management activities. There can be no assurance that any such scrutiny, regulation or focus will not have an adverse impact on a Fund's activities, including the ability of a Fund to effectively and timely address new rules and regulations, execute its investment strategy or achieve its investment objectives.

In particular, clients may be required to incur additional costs and expenses in implementing structural changes in the conduct of the Investment Adviser's business, and a client may also become directly or indirectly subject to additional tax liabilities (e.g., through restrictions on or denial of the deductibility of interest expenses against taxable profits). The foregoing may make it less attractive or impractical to continue to invest in one or more jurisdictions. Furthermore, it is unclear what further legal or regulatory changes may be implemented within those jurisdictions in which a client invests, which changes may result in increased costs and expenses being incurred by a client in order to ensure compliance with any new regimes.

Prospective investors should note that the outcome of presidential and other elections creates uncertainty with respect to legal, tax and regulatory regimes in which the Investment Adviser will operate. In addition to any proposed tax legislation, 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 clients and their investments.

In February 2022, the SEC voted to propose new rules and amendments (collectively, the "**SEC Proposed Rule**") to existing rules under the Advisers Act specifically related to registered investment advisers and their activities with respect to private funds. If enacted, the SEC Proposed Rule could create additional regulatory uncertainty and may have a significant impact on advisers to private funds, including the Investment Adviser. In particular, the SEC has proposed to limit circumstances in which a fund manager can be indemnified by a private fund; increase reporting

requirements by private funds to investors concerning performance, fees and expenses; require registered investment advisers to obtain an annual audit for private funds and also require such fund's auditor to notify the SEC upon the occurrence of certain material events; enhanced requirements, including the need to obtain a fairness opinion and make certain disclosures, in connection with adviser-led secondary transactions (also known as GP-led secondaries); prohibit advisers from engaging in certain practices, such as, without limitation, charging accelerated fees for unperformed services or fees and expenses associated with an examination to private fund clients and seeking reimbursement, indemnification, exculpation or otherwise limiting an adviser's liability for certain activities; and impose limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with an adviser. If adopted, including with modifications, this new SEC Proposed Rule could have a significant effect on private fund advisers and their operations, including increasing compliance burdens and associated regulatory costs, reducing the ability to receive expense or indemnification reimbursements, and increasing the risk of regulatory action, including public regulatory sanctions, and may result in a change to the Investment Adviser's practices and risk appetite in respect of investment strategies. Further, we note that in connection with the SEC Proposed Rule, if such rule were to be enacted, it could also significantly increase the cost of insurance, specifically D&O and E&O insurance, or may even make such insurance coverage unavailable.

Increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the Investment Adviser, and may furthermore place a client at a competitive disadvantage to the extent that the Investment Adviser is required to disclose sensitive business information.

Actions of the Committee on Foreign Investment in the United States. A number of jurisdictions have restrictions on foreign direct investment pursuant to which their respective heads of state and/or regulatory bodies have the authority to block or impose conditions with respect to certain transactions, such as investments, acquisitions and divestitures, if such transaction threatens to impair national security. In addition, many jurisdictions restrict foreign investment in assets important to national security by taking steps including, but not limited to, placing limitations on foreign equity investment, implementing investment screening or approval mechanisms, and restricting the employment of foreigners as key personnel. These U.S. and foreign laws could limit a client's ability to invest in certain businesses or entities or impose burdensome notification requirements, operational restrictions or delays in pursuing and consummating transactions.

A 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 these legal regimes and rapidly-changing agency practices. Other countries continue to establish and/or strengthen their own national security investment clearance regimes, which could have a corresponding effect of limiting a Fund's ability to make investments in such countries. Heightened scrutiny of foreign direct investment worldwide may also make it more difficult for a Fund to identify suitable buyers for investments upon exit. As a result of such regimes, a Fund may incur significant delays and costs, be altogether prohibited from making a particular investment or impede or restrict syndication or sale of certain assets to certain buyers, all of which could adversely affect the performance of such Fund and in turn, materially reduce such Fund's revenues and cash flow.

Cyber Security 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 the Investment Adviser faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target the Investment Adviser because it processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the clients and personally identifiable information regarding investors and employees. For example, related to the Russia-Ukraine war, Russia has threatened significant cyberattacks and other forms of cyberwarfare against military and civilian targets globally. Similarly, service providers of the Investment Adviser or a client, especially an administrator, may process, store and transmit such information. As a result, the Investment Adviser 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 Investment Adviser's 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 the Investment Adviser's reputation. Suppliers, contractors, investors, and other third parties with whom the Investment Adviser does business also experience cyber threats and attacks that are similar in frequency and sophistication. In many cases, the Investment Adviser has 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.

The Investment Adviser's 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, significant investment may be required to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Adviser's and/or its client's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to 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 a client (and the beneficial owners of investors). Cyber threats and/or incidents or data privacy breaches could cause financial costs from the theft of 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 or similar data protection regulations), 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 a client. Such a failure could harm the Investment Adviser's

and client'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 the Investment Adviser and its 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 client and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used or disclosed.

The Investment Adviser cannot make any prediction of specific scenarios with respect to the COVID-19 pandemic or significant political events such as war, and risk management and contingency plans the Investment Adviser has implemented may not adequately protect its business from such events. An extended period of remote work arrangements could strain the Investment Adviser's business continuity plans, introduce operational risk, including but not limited to cybersecurity risks (including heightened risk of cyber-attacks due to political events such as the Russia-Ukraine war), and impair the Investment Adviser's ability to manage its business. The business operations of the Investment Adviser could be significantly disrupted if its critical workforce, key vendors, third-party suppliers or counterparties with whom the Investment Adviser, as applicable, transact are unable to work effectively, including because of illness, quarantines, government actions in response to COVID-19, disruptions in access to remote working capabilities, including as a result of internet service outages, or other reasons. The Investment Adviser may outsource certain critical business activities to third parties. As a result, the Investment Adviser may rely upon the successful implementation and execution of the business continuity planning of such entities in the current environment. Successful implementation and execution of business continuity strategies by these third parties are largely outside the Investment Adviser's control. If one or more of the third parties to whom the Investment Adviser outsources certain critical business activities experience operational failures as a result of the impacts from the spread of COVID-19, or claim that they cannot perform due to a force majeure, it could cause a material adverse effect on the business, financial condition, results of operations and cash flows of a client.

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 a client that invests in a non-U.S. country, investments involve certain risks not typically associated with investing in the instruments of an issuer organized, headquartered and principally operating in the 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 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 a 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 a 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, the Investment Adviser'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 the Investment Adviser 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.

In addition, a 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.

Data Protection Regulation. Cybersecurity incidents, data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions and/or other penalties.

In February 2022, the SEC proposed new cybersecurity rules and amendments to existing rules under the Advisers Act and the 40 Act specifically related to registered investment advisers, investment companies and BDCs ("**SEC Cyber Proposed Rule**"). The proposed rules would require advisers and funds to adopt, implement and annually test written cybersecurity policies and procedures, promptly report significant cybersecurity incidents to the SEC and investors, and comply with certain additional recordkeeping requirements. If adopted, including with modifications, the SEC Cyber Proposed Rule could have a significant effect on registered advisers and funds and their operations, including increasing compliance burden and associated regulatory costs and increasing the risk of regulatory action. Increased reporting, registration and compliance

requirements may divert the attention of the Investment Adviser's personnel and may furthermore place a client at a competitive disadvantage to the extent that the Investment Adviser is required to disclose sensitive business information, including about its information systems.

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 (which may include processing that takes place outside 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, the 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) in the context of the activities of an establishment in the UK (which may include processing that takes place outside 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 impose a number of obligations to comply with that are aimed at greater protection for data subjects (including obligations and restrictions relating to the manner in which and purposes for which personal data is processed, and measures to ensure personal data security and to be able to respond appropriately to a number of rights held by data subjects under the GDPR and UK GDPR). This may require 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 a Fund, particularly because penalties for non-compliance are material. The more serious breaches of these data protection laws could incur significant administrative penalties, for example, in the case of the GDPR, a fine of up to the greater of €20 million or 4% of aggregate global turnover for the preceding year (whichever is higher).

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 took effect on March 21, 2020; a range of proposed additional laws in California, New York, Texas, Washington, Virginia 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.

The Cayman Islands Data Protection Law, 2017 ("**DPL**") came into force in September 2019. The DPL is compatible with data protection rules in the EU and shares many of the same

definitions and provisions with the GDPR. It is intended to regulate the collection, storage and processing of personal data in the Cayman Islands and to give individuals greater control over that data. The DPL applies to the Funds and any personal data provided to the Funds will be within the scope of the DPL regardless of where the investor providing that data is located. Breaches of the DPL could result in fines of up to C\$100,000 per breach, imprisonment for a term of up to 5 years, or both. Other monetary penalties of up to C\$250,000 are also possible under the law.

United Kingdom Exit from the European Union. On January 31, 2020, the UK formally left the EU (“**Brexit**”). This triggered a transition period that ended on December 31, 2020. The political discourse in the UK and EU with respect to Brexit may result in conditions that cause airlines, and by extension client investments, to suffer losses. 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, 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 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).

Affiliation with Carlyle. There are risks related to Carlyle’s ownership interest in the Investment Adviser. These relate to the risk of third-party litigation, the potential for increased regulatory scrutiny, and Carlyle’s ability to influence the Investment Adviser.

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 potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across the Investment Adviser’s areas of operation or expertise that a client expects to draw on for purposes of pursuing attractive investment opportunities.

C. Risks Associated with PDP Financing

As described above, the PDP Financing strategy that CAML seeks to employ for the PDP Fund is to capitalize on opportunities to provide PDP financing solutions to market participants by focusing on originating and investing in aviation assets. The PDP Fund seeks to achieve its investment objective primarily through the origination and investment in loans, directly or indirectly, to airlines to allow such airlines to satisfy certain aircraft pre-delivery payment obligations. The Investment Adviser generally utilizes the same methods and strategy with respect to the services it provides to CAML. In addition to the applicable risks described above, the risks to be considered in connection with the management of the PDP Fund include those set forth in the PDP Fund’s governing documents, which include, but are not limited to, the following:

Structure; Ratings. An investment in the PDP Fund on the basis of the structure and potential benefits to investors of investing in a rated instrument involves a high degree of risk that such benefits may not be achieved for a variety of reasons and factors. Such factors include the fact that, at any point, there is a risk that the investment rating (the “**Rating**”) of the Revolving Note (as defined below)¹ or the PDP Fund may be downgraded, not maintained or withdrawn for any number of reasons (including, but not limited to, a failure by PDP GP or its affiliates to use commercially reasonable efforts to maintain the Rating). Thus, each prospective investor must consider, in connection with any decision to invest in the PDP Fund on the basis of the Rating, that there is no guarantee that the Rating will be maintained and that none of the PDP Fund, CAML, CAP (together with certain affiliates, “**Carlyle Aviation**”²) or any of their respective affiliates shall be liable for any change, downgrade or withdrawal of the Rating. The requirements of the National Association of Insurance Commissioners (the “**NAIC**”), measurement scale and standards associated with maintaining the Rating may change from those in effect as of the date hereof, and it may become impracticable to maintain the Rating. None of the PDP Fund, CAML, Carlyle Aviation or any of their respective affiliates make any guarantee that any investor will receive the desired risk-based capital treatment or that favorable risk-based capital treatment will be respected by insurance regulators.

Volcker Rule. On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”). The Dodd-Frank Act includes the addition of a new Section 13 of the Bank Holding Company Act of 1956 and a new

¹ “**Revolving Note**” means the revolving promissory notes issued by the PDP Fund to each investor in respect of such investor’s debt commitment to the PDP Fund.

² References to “**Carlyle Aviation**” (or its affiliates or its related entities) do not include references to Carlyle or any of its other affiliated entities, including Carlyle Global Credit Investment Management L.L.C., a registered investment adviser.

Section 27B of the Securities Act (as defined below) (the “**Volcker Rule**”). Subject to certain exceptions, the Volcker Rule prohibits any “banking entity” (generally defined as any insured bank or thrift and any bank holding company) from engaging in proprietary trading, or sponsoring or investing in a hedge fund or private equity fund. While it may be some time until the Dodd-Frank Act reforms are broadly implemented and the direct and indirect impact of this legislation is fully understood, it is clear that most advisors to private equity funds, as well as most hedge funds and other private pools of capital, are affected. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and the PDP Fund specifically. Neither CAML nor Carlyle Aviation has sought any assurances from the National Association of Insurance Commissioners (“**NAIC**”) as to whether it has endorsed or otherwise approved this structure or the benefits for insurance companies that choose to invest in this or similar structures. Additionally, the NAIC has not provided any representations or warranties to the PDP Fund, CAML, investors, Carlyle Aviation or anyone else as to whether this structure is endorsed or approved by the NAIC.

Illiquid Interests; Distributions In-Kind. Although CAML may, in its discretion, agree to redeem an investor’s interest in the PDP Fund, an investor shall have no right to redeem its interest in the PDP Fund or the Revolving Note and any transfer of an interest in the PDP Fund or a Revolving Note without the consent of the PDP GP, as set forth in the PDP Fund’s limited partnership agreement (“**PDP Fund Agreement**”). Unless otherwise agreed to by PDP GP, no investor may transfer its limited partnership interest in the PDP Fund or the Revolving Note without transferring a *pro rata* portion of each in accordance with the requirements of the PDP Fund Agreement.

PDP GP may choose to distribute some of the PDP Fund’s investments “in-kind” to the investors. When an investor receives an in-kind distribution of an investment, such investor shall have to make investment decisions concerning the investment without the services of PDP GP, CAML or Carlyle Aviation. In addition, after receiving an in-kind distribution of an investment, the investor shall be responsible for all costs associated with the maintenance and disposition of such investment, which could reduce the investor’s return on such investment had the distribution in-kind not occurred. Further, there may be no market for such investment and such investor may have to hold such investment for an indefinite period of time.

Illiquidity; Lack of Current Distributions. An investment in the PDP Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains, if any, on successful investments are realized. The expenses of operating the PDP Fund (including the Management Fee payable to CAML) may exceed its income, thereby requiring that the difference be paid from the PDP Fund’s capital, including, without limitation, unfunded commitments.

Because there is significant uncertainty as to the valuation of illiquid investments, the market prices, if any, of such investments may not necessarily reflect the fair value that could actually be realized by a client. Under limited circumstances, the Investment Adviser 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 client’s investments, and, consequently, the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties and may not be readily ascertainable.

No Required Distributions or Payments. There is no guarantee that the PDP Fund will receive sufficient proceeds to be able to make regular interest payments on the Revolving Notes. As such, except as otherwise set forth in the PDP Fund Agreement or the Revolving Notes, the accrued interest on the Revolving Notes is not due and payable until maturity, which is concurrent with the end of the term of the PDP Fund (including any extensions).

No Security Interest. The Revolving Notes are unsecured and, as such, do not have the benefits of debt instruments that are secured by assets. Each investor shall have equal and proportionate rights under the Revolving Notes, and no investor shall have a priority right to repayment. The sole recourse of the investors with respect to obligations of the PDP Fund under the Revolving Notes shall be to the assets of the PDP Fund. In the event of any action by the investors to enforce any obligations of the PDP Fund under the Revolving Notes (and as otherwise set forth in the PDP Fund Agreement), the PDP Fund will distribute its limited partnership interests “in kind” to the investors, as well as any cash or other assets on hand (after payment of, or reserves for, all expenses, liabilities, commitments and obligations) in full satisfaction of all obligations under the Revolving Notes and redemption of interests.

Business Risks. The PDP Fund’s investment portfolio consists primarily of investments, directly or indirectly, in aviation assets, and investment performance in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. For further discussion of business risks, see generally “Investment Strategy Risks” and “Risks Relating to the Aviation Industry” below.

Future and Past Performance. The PDP Fund is a recently-formed entity and has limited operating history upon which an investor may evaluate its performance. Past performance of the investments made by Carlyle Aviation principals and/or their affiliated investment entities or managed accounts is not necessarily indicative of the PDP Fund’s future results and there can be no assurance that the PDP Fund will achieve comparable results or that targeted returns will be met. The PDP Fund’s investments differ from previous investments made by the principals in a number of respects, including investments targeted, target return levels, investment strategy, level of risk associated with a particular investment, amount invested in a particular investment, amount of leverage used, structure and holding period. The PDP Fund’s investment program should be evaluated on the basis that there can be no assurance that CAML’s strategies will be executed in whole or in part, or that the PDP Fund will achieve its objective investment.

While CAML intends for the PDP Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. With respect to certain of the platforms managed by CAML and/or its affiliates that are managed accounts, certain of the owners thereof retain varying degrees of control and involvement rights with respect thereto, including in certain cases retention of final approval authority over investment decisions.

The PDP Fund’s investment strategy differs from the investment strategy pursued by the other Investment Platforms affiliated with Carlyle Aviation.³ Unlike its experience investing in

³ “**Investment Platforms**” means prior and future investment entities and their respective affiliated investment entities, including without limitation and only by way of example, private equity funds, hedge funds, managed accounts, proprietary vehicles and ABS-like vehicles, in each case sponsored, formed, managed, advised and/or serviced by Carlyle Aviation.

used mid-life to end-of-life commercial aircraft, engines and/or components, Carlyle Aviation has limited experience or operating history origination and/or investment in such loans for a prospective investor to consider. The investments made by the PDP Fund are expected to differ from previous investments made by the principals in a number of respects.

In addition, the investment team will consist of, and certain day-to-day operations of the PDP Fund will be made and carried out by, certain personnel who Carlyle Aviation has recently hired or engaged. Such personnel may not have prior involvement with the other Investment Platforms. There can be no assurance that Carlyle Aviation personnel will not be solicited by and join competitors or other firms or that Carlyle Aviation will be able to hire and retain any new personnel or add to its roster of professionals. Accordingly, investors should draw no conclusions from the prior experience of Carlyle Aviation, the investment professionals or the performance of any other affiliated investments and should not expect to achieve similar returns.

Concentration Risk. The portfolio of the PDP Fund is comprised of a limited number of investments concentrated in the aviation industry. As a result, the aggregate returns realized may be significantly adversely affected if a small number of investments perform poorly or if the PDP Fund needs to write down the value of one or more investments. Moreover, a downturn in the aviation industry could also significantly impact aggregate returns realized. In addition, except as otherwise provided in the PDP Fund Agreement, there is no restriction requiring diversification by region or by asset type. The PDP Fund may have fewer aviation asset investments than anticipated and thus be less diversified.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for PDP Fund investments, and hence, most of the PDP Fund's investments will be difficult to value. Certain investments may be distributed in kind to the investors.

Estimates. Any future aviation asset investment returns are strictly estimates of future results based upon assumptions made at the time the estimates are developed. Accordingly, the estimates should not under any circumstances be understood as the performance of any actual investment vehicle or account. There can be no assurance that the results set forth in the estimates will be attained, and actual results may be significantly different from the estimates. Also, general economic factors, which are not predictable, can have a material effect on the reliability of estimates.

The estimates have been prepared based on CAML's current view in relation to future events and various other estimations and assumptions made CAML, including assumptions about events that have not occurred of which any may be incorrect. Therefore, the estimates are subject to uncertainties, changes and other risks that are beyond CAML's or PDP GP's control and any of which may cause the relevant actual, financial and other results to be materially different from the results expressed or implied by such estimates.

The estimates are subject to a number of important risks, qualifications, limitations, and exceptions. The estimates reflect assumptions about market and economic conditions such as the availability of investments for purchase, any of which, if not true, could materially alter the hypothetical performance expressed or implied by the estimates. There are numerous factors related to the markets in general or the implementation of any specific investment program that

cannot be fully accounted for in the preparation of estimated performance results, all of which can adversely affect actual investment results.

Significant Adverse Consequences for Default. The PDP Fund Agreement provides for significant adverse consequences in the event an investor defaults on its commitment or any other payment obligation (including Aircraft Purchases). In addition to losing its right to potential distributions from the PDP Fund, a defaulting investor may be forced to transfer its interest in the PDP Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Bankruptcy Risks. The PDP Fund's investment activities may result in it becoming involved as a creditor in bankruptcy proceedings.

Many of the events within a bankruptcy proceeding are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions (and creditors with respect to certain aviation-related assets that may become subject to Chapter 11 proceedings are, pursuant to Section 1110 of the Bankruptcy Code of 1978, as amended (the "**Bankruptcy Code**"), under certain circumstances generally allowed to repossess such assets in the event of default), there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the PDP Fund.

Generally, the duration of a bankruptcy proceeding can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the PDP Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to reorganize and may be required to liquidate assets. Furthermore, the debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

In addition, U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the PDP Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by over the claims of certain creditors (for example, claims for taxes) may be quite high.

There are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the PDP Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the PDP Fund may lose its priority if the debtor can demonstrate that it was adversely impacted or other creditors and equity holders were harmed by the PDP Fund.

Also, commercial bankruptcy laws in Europe are slowly evolving into a system more akin to the Chapter 11 process in the United States, supporting potential financial restructurings rather than effective liquidations. U.S. insolvency procedures have historically been, and remain, on average more debtor orientated. The reverse is true for the United Kingdom and many other European jurisdictions where secured creditors have had extensive powers to protect their own rights, frequently overriding the interests of other creditors and the debtor. Changes in bankruptcy or other applicable laws may have a material adverse effect on the PDP Fund.

Litigation. As a result of the PDP Fund’s potential counterparties becoming distressed and the possibility that PDP GP may participate in restructuring activities, it is possible that the PDP Fund may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails legal expenses and the possibility of counterclaims against the PDP Fund, the PDP GP and/or CAML, and may be rendered against the PDP Fund for which the PDP Fund does not carry insurance.

D. Risks Relating to Investment Strategy

The PDP Fund may be required to make additional payments to an OEM if it exercises remedies and forecloses on an aviation asset and such payments will not be known at the time the PDP loan is initially made. The PDP Fund’s investment strategy involves originating and investing in loans made to airlines the proceeds of which the airlines will use to satisfy pre-delivery payment (“PDP”) obligations to an OEM in respect of yet to be delivered aircraft. The borrowers under these loans will generally be bankruptcy-remote special purpose entities formed by, or on behalf of, the airline for the purpose of borrowing money to make PDP payments (the “**Borrowers**”). The Borrowers’ obligations under these PDP loans will be guaranteed by the airline obligated under the purchase agreement with the OEM (the “**Airline Guarantor**”). The Airline Guarantor or an affiliate will typically assign its rights and obligations under the purchase agreement with the OEM to the related Borrower and the Borrower in turn will assign its rights as collateral to a subsidiary of the PDP Fund (the “**PDP Fund Lender**”) to secure its obligations under the PDP loans. If a Borrower or Airline Guarantor defaults under the PDP loans and the PDP Fund Lender determines to exercise available remedies, the PDP Fund Lender will assume the rights and obligations of the Borrower under the purchase agreement with respect to the aircraft. Among these potential obligations are the requirement to pay the “step-in” purchase price which is generally determined by subtracting from the base price for the aircraft the amount of concessions agreed between the OEM and the PDP Fund Lender and PDPs already received by the OEM.

While the PDP Fund will know the initial estimate of the step-in purchase price under a purchase agreement at the time it initially makes a PDP loan, such price could fluctuate depending on a number of factors including changes to the associated aircraft mandated by regulatory authorities, changes to the configuration or specification of the aircraft made by the airline, and escalation adjustments based on employment cost, consumer price or other indices. While there will be limitations under the PDP loans from making configuration or specification changes that could increase the step-in price, there will be no limitation on other factors that may cause such increases.

If the PDP Fund Lender (and thereby the PDP Fund) were required to fund the step-in purchase price, it could affect the PDP Fund's expected return on that specific PDP loan, require the PDP Fund to utilize liquidity that would have otherwise been available to make investments in other aviation assets or, in certain cases, require the investors to make additional payments on top of their respective commitments in the event that there are insufficient remaining commitments to make such step-in payments.

Claw-back of PDPs may increase the step-in purchase price. In determining the step-in purchase price, an OEM may not give credit for PDPs previously paid or financed by the airline if the OEM is required by a bankruptcy or insolvency court to return PDPs. While establishing the Borrower as a bankruptcy-remote special purpose entity and assigning the purchase agreement to the Borrower is designed to mitigate this risk, no assurance can be given that the use of bankruptcy remote entities for these purposes will be successful.

The only security for the PDP loans will be the PDP Fund Lender's right to assume the purchase agreement. While the PDP loans will be secured obligations of the Borrower and guaranteed by the Airline Guarantor, the assets securing the PDP loans will be limited to the contractual rights of the Borrower under the applicable purchase agreement. If the PDP Fund Lender determines to enforce remedies but not accede to the purchase agreement, there will be no other assets to foreclose upon and the PDP Fund Lender will become an unsecured creditor of the Borrower and Airline Guarantor and would be treated the same as any other unsecured creditor of the Borrower and Airline Guarantor.

It may be costly for an PDP Fund Lender to enforce remedies. If a Borrower or Airline Guarantor defaults on its obligations under a PDP loan, the PDP Fund Lender may be required to expend a significant amount of money in order to properly enforce its remedies. In addition to typical costs associated with the enforcement of remedies (such as legal and other professional advisor costs), the PDP Fund Lender could incur costs associated with the aircraft that is the subject of that applicable purchase agreement. These costs may include any PDPs not funded by the PDP loans or otherwise previously paid by the Borrower or Airline Guarantor and the difference between the PDPs and the purchase price of the aircraft. In addition, if the PDP Fund Lender were to take delivery of the aircraft pursuant to the purchase agreement, it would be required to store the aircraft until it could be sold or leased to another airline or aircraft lessor. Further, in connection with a sale or lease of the aircraft to another airline or aircraft lessor, the PDP Fund Lender may be required to reconfigure the aircraft for the new purchaser or lessee's needs and requirements.

If the PDP Fund Lender (and thereby the PDP Fund) were required to purchase an aircraft and make these expenditures, it could affect the PDP Fund's expected return on that specific PDP loan, require the PDP Fund to utilize liquidity that would have otherwise been available to make investments in other aviation assets or, in certain cases, require the investors to make additional payments on top of their respective commitments in the event that there are insufficient remaining commitments. No assurance can be given that upon the sale or lease of the aircraft in these situations that the PDP Fund will be able to recover its expenditures let alone realize its expected return on the applicable PDP loan.

The Borrower and Airline Guarantor may not have sufficient funds to repay the loans. Each PDP loan entered into by an PDP Fund Lender will generally mature at the end of the scheduled delivery month of the aircraft that is the subject of the applicable purchase agreement whether or not the aircraft has been delivered. While the PDP Fund Lender can agree to extensions, it is not obligated to do so. Many of the airlines that will be Airline Guarantors will look to finance or sell the aircraft upon delivery and use a portion of the proceeds to repay the PDP loans. If the PDP loans mature at a time when the airline cannot finance or sell the aircraft – whether as a result of the failure to take delivery of the aircraft during the scheduled delivery month, a displacement in the capital markets leading to lack of aircraft financing or otherwise – the Borrower and Airline Guarantor may not have sufficient funds to repay the PDP loans at maturity. Under these circumstances, the PDP Fund Lender may be able to enforce remedies but enforcement of such remedies may be subject to the risks described elsewhere in this “Investment Strategy Risks” section.

OEM Performance. Each OEM is required to manufacture the aircraft to conform to the terms specified in the applicable purchase agreement, including the appropriate type certificate issued by the Federal Aviation Administration (“FAA”) or the European Aviation Safety Agency. If an OEM fails to do so, the Borrower will only be able to terminate the Purchase Agreement after an extended period of time, usually 12 months, and only then could it request a refund of the PDPs. Any such delay in a refund of PDPs could further affect the Borrower’s ability to repay the PDP loans.

Ownership Risk. The PDP Fund’s investment strategy involves originating and investing in (*e.g.*, through secondaries) loans, directly or indirectly, to airlines in respect of such airlines satisfying their aircraft pre-delivery payment obligations to an aircraft manufacturer in respect of aircraft purchased thereby.

Numerous factors, many of which are beyond the control of the PDP GP, may have an impact on the ability to complete aviation asset investments. Such factors include the demand for various types of aircraft, engines and other major components, general market and economic conditions, regulatory initiatives (particularly those imposing environmental, maintenance and other requirements on the operation of aircraft), significant shifts in the supply of or demand for aviation assets, and technological advances in airframe and/or engine technology.

Aircraft Accidents. An aircraft collision, crash or other serious accident could expose the PDP Fund to significant liability and reduce the demand for aircraft made by certain manufacturers; moreover, airline operators and/or aviation authorities may ground certain aircraft for investigations related safety concerns. As a result, the PDP Fund may be forced to bear substantial losses stemming from any accident or safety incidents involving aircraft. For example, airline operators and aviation authorities in the United States, Europe, China and other jurisdictions suspended the use of the Boeing 737 MAX 8 aircraft model over safety concerns after the same aircraft model operated by Ethiopian Airlines crashed mid-flight in March 2019. The Boeing 737 MAX 9, which has nearly identical design features as the Boeing 737 MAX 8, was subsequently grounded across the globe. Given that the PDP Fund expects airlines to purchase aircraft manufactured by Boeing, the PDP Fund may not be able to implement its investment strategy if the demand for certain aircraft models (or aircraft from certain manufacturers) decreases

significantly or certain aircraft are grounded for an extended period of time and/or fail to meet safety standards.

In addition, any crash or serious aircraft accident may adversely impact public perception of certain aircraft manufacturers, which could result in general reluctance to travel by air or to travel by air on such aircraft and may adversely impact the PDP Fund's business, results of operations and financial condition.

E. Risks Relating to the Aviation Industry

Aviation Regulation. The aviation industry is subject to strict regulations, both domestically in the United States and internationally, and thus subject to regulatory change. While the PDP Fund intends to make investments that comply with relevant laws and regulations, certain aspects of the PDP Fund's operations may not be subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements, could have a material adverse effect on the PDP Fund's investments. The U.S. Congress may introduce legislative proposals that would effect major changes in the U.S. aviation industry. The aviation industry outside of the United States is also subject to significant regulatory changes. It is not clear at this time what changes, if any, will occur and what effect any proposals would have on the aviation industry.

Effects of Industry Economic Losses and Airline Reorganizations. The aviation industry as a whole suffered significant losses as a result of deteriorating international economic conditions during the global financial crisis and may again do so in the future. Many airlines have announced reductions in capacity, services and employee workforce in response to industry-wide reductions in passenger demands and yields. Over the past decade, multiple airlines have sought to reorganize and seek protection from creditors under their local laws. Airlines involved in reorganizations typically undertake substantial fare discounting to maintain cash flows and to encourage continued customer loyalty. Such fare discounting has led to lower yields for all airlines.

Airline Credit Risk. CAML endeavors to evaluate the credit risk associated with its counterparties. In addition to CAML's independent assessment of the counterparty's credit standing from various sources (*e.g.*, public information, data provided by the operator, financial institutions, industry periodicals, trade references, and/or regulatory authorities), CAML utilizes, when deemed appropriate and practical, credit and rating agency reports and/or research reports published by investment banks to obtain a better understanding of the counterparty's financial condition and viability. On the basis of such review, CAML assesses the credit rating of the operator and determines whether the operator meets the PDP Fund's criteria by weighing that credit evaluation against (i) asset risk, (ii) interest rate, (iii) security held and (iv) loan structure.

Nonetheless, many factors can dramatically and quickly impact an individual airline's viability. These include fuel prices, pandemics, labor disruptions, air crashes, and new or intensified competition. Should an airline file for a re-organization under bankruptcy statutes, there is the added risk the owner may be at least temporarily prohibited from foreclosing on or repossessing its aircraft.

It is expected that the PDP Fund will make loans to airlines for the purchase of aircraft from Boeing and Airbus. The bankruptcy or insolvency of Boeing and/or Airbus would have a material adverse effect on the PDP Fund. If Boeing and/or Airbus fail to meet their respective contractual obligations, file for bankruptcy or otherwise experience significant business interruption, the PDP Fund may not be able to conduct its investment strategy. Furthermore, this may expose the PDP Fund to the risk that there may be a delay in the manufacturing and/or delivery of aircraft. Mechanical, safety or regulatory issues associated with Boeing and/or Airbus aircraft may adversely and materially impact the returns of the PDP Fund. See “Aircraft Accidents” above for additional information.

Default of Airline Payments. The investors will remain obligated to make capital contributions to the extent necessary to make purchase price payments for aircraft which the PDP Fund must acquire in light of an aircraft default (such acquisitions, “**Aircraft Purchases**”). If the capital contributions made by investors are inadequate to cover the purchase price, the PDP Fund may, and is expected to, require additional capital contributions from investors to fund the shortfall. For the avoidance of doubt, Aircraft Purchases may require investors to make additional payments on top of their respective commitments in the event that there are insufficient remaining commitments to make such purchase(s).

Re-possession of aircraft after a default may result in the PDP Fund incurring costs in excess of those that would have been incurred had the airline fulfilled its payment obligations. Those additional costs include legal and other expenses of court or governmental proceedings to obtain possession and/or re-registration of the aircraft and flight and export permissions. Delays resulting from any of these proceedings would also increase the period during which the relevant aircraft is not generating revenue. In addition, the PDP Fund may need to pay off liens, taxes and governmental charges in order to obtain unencumbered possession and sell the aircraft effectively. The PDP Fund may also incur costs in connection with the physical possession of the aircraft. Any of these costs or delays may adversely and materially impact the returns of the PDP Fund. The rights of the PDP Fund upon an airline default may be subject to limitations of applicable law, including the need to obtain a court order for possession of aircraft and/or consents for deregistration or re-export of aircraft. When a defaulting airline is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions will give rights to the trustee in bankruptcy or a similar officer to assume or reject the loan agreement or to assign it to a third party, or will entitle the airline or another third party to retain possession of the aircraft (without having to perform all or some of the obligations under the relevant loan agreement). Accordingly, the PDP Fund may be delayed in or prevented from, or may incur additional costs including legal costs, enforcing certain of the PDP Fund’s rights under the relevant loan agreement and in selling the affected aircraft. Such delays and costs may adversely and materially impact the returns of the PDP Fund.

Effect of Airworthiness Directives and Operating Restrictions. The maintenance and operation of aircraft, engines and related technology assets are strictly regulated by the FAA in the U.S. and similar governmental authorities in foreign jurisdictions. These rules and regulations govern such matters as certification, registration, inspection, operation and maintenance procedures, personnel certification and record keeping. Periodically, the FAA issues airworthiness directives requiring changes to aircraft, engine or related technology assets maintenance programs and procedures. Such airworthiness directives are issued from time to time with respect to aircraft,

aircraft engines and related technology assets to ensure that they remain airworthy and safe. The cost of compliance with such requirements may be significant and could negatively affect the PDP Fund's ability to make distributions to investors.

Requirement for Certain Licenses and Approvals. Some transactions may require the PDP Fund to obtain licenses, consents or approvals from governmental or other regulatory authorities. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might be withdrawn or expire without renewal. The PDP Fund may have difficulty acquiring the licenses, consents or approvals. Any of these events could negatively affect the PDP Fund's ability to make distributions to investors.

Item 9. Disciplinary Information

The Investment Adviser and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Investment Adviser or its personnel. For information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of the various Carlyle-affiliated investment advisers, available at: <https://www.adviserinfo.sec.gov/>.

Item 10. Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

The Investment Adviser is not registered as a broker-dealer and does not have any application pending to register as a broker-dealer or registered representative of a broker-dealer. The Chief Compliance Officer of the Investment Adviser is a registered representative and supervisory principal of TCG Capital Markets L.L.C., which is discussed in further detail below.

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 Global Credit Markets (“**GCM**”) platform within Carlyle’s Global Credit segment, 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.

The Investment Adviser does not use TCG Capital Markets to execute trades on behalf of clients and TCG Capital Markets does not hold funds or securities for, or owe money or securities to, clients of the Investment Adviser. TCG Capital Markets may act, from time to time, as a placement agent with respect to advisory services offered by the Investment Manager.

GCM is expected to collect the following types of capital markets fees, 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 Carlyle clients and their portfolio companies, including with respect to an initial public offering or private placement, the arranging or provision of credit facilities for such 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 a Carlyle 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. Certain registered representatives of TCG Capital Markets also are expected to be providing investment advisory services to Carlyle’s 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.

In addition to TCG Capital Markets, there are other U.S. and non-U.S. broker-dealer affiliates of Carlyle whose activities are unrelated to the activities of the Investment Adviser. For information regarding Carlyle, please see Part 1 and Part 2 of Form ADV of the various Carlyle-affiliated investment advisers, available at: <https://www.adviserinfo.sec.gov/>.

B. Material Relationships or Arrangements with Industry Participants

1. The Carlyle Group Inc.

As discussed in Item 4 above, the Investment Adviser is affiliated with Carlyle. The Investment Adviser operates separately from, and carries out its investment process independent of, Carlyle and other Carlyle-affiliated investment advisers.

Carlyle is a global alternative asset management firm with business operations across several business segments. Although the Investment Adviser is a separately-registered investment adviser and carries out its investment operations independently of Carlyle, the Investment Adviser's status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Further, the Investment Adviser intends to share or leverage certain operational functions and resources at Carlyle, such as corporate accounting, information technology, and compliance. Because Carlyle has many different asset management and advisory businesses and operates on a global basis, the Investment Adviser may be subject to greater regulatory oversight than it would be absent its relationship with Carlyle. The Investment Adviser and its clients also may be subject to certain legal and other restrictions on their investment activities as a consequence of the Carlyle relationship including, for example, limitations imposed by non-U.S. regulatory authorities, or restrictions on the purchase or sale of, or exercise of voting or other rights with respect to, the debt instruments of an issuer when a Carlyle advisory client holds the equity of the issuer and the issuer is an affiliate of Carlyle.

Carlyle and its directors, members, managers, partners, shareholders, officers, employees, agents and affiliates (including the Investment Adviser and its officers, employees, agents and affiliates) may conduct any other business, including any business within the securities industry, whether or not such business competes with the Investment Adviser. Without limiting the generality of the foregoing, Carlyle and its affiliated companies and persons act and will continue to act as general partner, investment adviser or investment manager for others, manage funds, separate accounts or capital for others, have, make and maintain investments in their own name or through other entities and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

For the purposes of this brochure, references to the "Investment Adviser" include its affiliates specified above, but do not include references to Carlyle. For additional information regarding Carlyle-affiliated investment advisers, such as Carlyle Global Credit Investment Management L.L.C. and CELF Advisors LLP, including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators please see Part 2 of Form ADV of such particular investment adviser, available at: <https://www.adviserinfo.sec.gov/>.

C. Material Conflicts of Interest Relating to Other Investment Advisers

We do not recommend or select other investment advisers for our clients. The Investment Adviser is affiliated with CAML, which files as an exempt reporting adviser with the SEC. As described above, the Investment Adviser will provide non-discretionary investment advisory services to CAML pursuant to a sub-advisory agreement in connection with CAML's management

of the PDP Fund. The Investment Adviser will have no authority to make investment decisions for the PDP Fund and will solely provide non-discretionary advisory services to CAML pursuant to the terms of the sub-advisory agreement with CAML. For additional information regarding affiliated investment advisers, including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators, please see Form ADV of such particular investment adviser, available at: <https://www.adviserinfo.sec.gov/>.

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

A. Code of Conduct

We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Conduct (the “**Code**”). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of clients, including a client’s investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

As noted above, the Investment Adviser is also subject to 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 Conduct, which governs the Investment Adviser’s interactions with U.S. public pension funds. Clients may request a copy of this Code of Conduct by contacting us at the address or telephone number listed on the first page of this document.

The Investment Adviser may take disciplinary measures against any of the Investment Adviser’s personnel who violate the Code, including, without limitation, imposing penalties, reducing compensation, demotion, requiring unwinding of any applicable trade, requiring disgorgement of trading gains, suspending or terminating employment, or any combination of the foregoing. The Investment Adviser’s personnel are also required to promptly report any violation of the Code of which they become aware.

B. Securities in which the Investment Adviser or a Related Person Has a Material Financial Interest

1. *Cross Transactions*

Given the nature of the PDP Fund’s investment strategy, it is unlikely that cross trades will occur. However, CAML or the Investment Adviser may determine that it would be in the best interests of certain clients to transfer an investment from one client to another (each such transfer,

a “**Cross Trade**”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If CAML or the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients. Further, no cross trades may be effected without the express written approval of the Investment Adviser’s Chief Compliance Officer.

2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, CAML and the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by CAML or the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations. Further, no principal transactions may be effected without the express written approval of the Investment Adviser’s chief compliance officer.

C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions, such as investments in private placements and initial public offerings. Employees are also required to pre-clear any investments in aviation-related securities and, in general, requests to trade in aviation-related securities will only be considered if the request is to dispose of aviation-related securities positions that were established prior to being employed by the Investment Adviser.

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts and other clients that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading

It is the policy of the Investment Adviser to allocate investment opportunities among all clients in a fair and equitable manner, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time.

As noted above, the Investment Adviser provides non-discretionary services to CAML with respect to CAML's management of the PDP Fund. If CAML or the Investment Adviser have multiple clients in the future, the PDP loans originated to implement the investment strategy may be allocated on a rotational basis or on a pro-rata basis if such an arrangement can be permitted according to the PDP loan documents negotiated with the borrowers and the aircraft manufacturer.

E. Other Potential Conflicts

From time to time, the Investment Adviser and its affiliated persons may come into possession of material non-public or other confidential information with respect to an issuer of publicly traded securities. In such circumstances, the Investment Adviser (as applicable) generally would be prohibited, by law, policy and/or contract, for a period of time from (i) unwinding a client position in such issuer, (ii) establishing an initial client position or taking any greater client position through a secondary market PDP loan transaction and/or (iii) pursuing other investment opportunities related to such issuer that involve the trading of securities on the secondary market.

Allocations. The PDP Fund is the sole client to which the Investment Manager provides sub-advisory services on behalf of CAML. All PDP loans originated by CAML will be for the benefit of the PDP Fund.

Intangible Benefits. The Investment Adviser 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 clients that will not be subject to the management fee offset or otherwise shared with clients or investors. For example, airline travel or hotel stays incurred as fund or account expenses typically result in cash rebates, "miles," "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 such personnel (and not the clients and/or investors) even though the cost of the underlying service is borne by the clients and/or investors. Although the Investment Adviser has never charged travel-related expenses to clients and/or investors, such expenses may be incurred in the future.

Item 12. Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

The Investment Adviser neither uses the services of broker-dealers nor selects or recommends broker-dealers. Therefore, the Investment Adviser does not benefit from soft dollar arrangements and does not have a need to aggregate the purchase or sale of investments for client accounts.

1. *Research and Other Soft Dollar Benefits*

The Investment Adviser currently does not expect to receive or use soft dollars as neither the Investment Adviser nor CAML expect to engage broker-dealers to implement their investment strategy.

2. *Brokerage for Client Referrals*

Neither the Investment Adviser nor any related person receives client referrals from any broker-dealer or third party.

3. *Directed Brokerage*

The Investment Adviser does not recommend, request or require that a client direct the Investment Adviser to execute transactions through a specified broker-dealer.

B. Order Aggregation

Neither the Investment Adviser nor CAML expects to have a need to aggregate the purchase or sale of investments for client accounts since all investments in PDP Loans will be the made for the benefit of the PDP Fund.

C. Trade Errors

The Investment Adviser maintains an internal trade error policy that will apply in the absence of any specific regulatory or contractual provisions (*e.g.*, for an account that constitutes “plan assets” under ERISA). Among other things, this policy requires that the Investment Adviser’s personnel correct errors as soon after discovery as reasonably practical, report errors to the Chief Compliance Officer, and reverse losses suffered as a result of the Investment Adviser’s gross negligence or willful misconduct.

Item 13. Review of Accounts

A. Frequency and Nature of Review of Client Accounts or Financial Plans

We perform periodic reviews of each client's portfolio. Such reviews are conducted by the members of the Investment Adviser, CAML, or compliance group.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

We generally provide annual audited financial statements to our clients within 90 days of the applicable client's fiscal year end.

Investors in PDP Fund receive a letter from CAML, no less frequently than quarterly, documenting the performance of the PDP Fund, along with a commentary by CAML. Information also may be available through a fund administrator's password-protected website. In addition, CAML issues investors tax reports and audited financial statements concerning their respective Funds within 90 days of the end of the Fund's fiscal year.

Item 14. Client Referrals and Other Compensation

A. Economic Benefits for Providing Services to Clients

We do not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

As described in Item 10 above, TCG Capital Markets may serve as a placement agent with respect to advisory services offered by the Investment Manager. Neither the Investment Manager nor its clients pay TCG Capital Markets for such services.

Item 15. Custody

The Investment Adviser and/or CAML is deemed to have custody of client funds and securities in instances when it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to the Investment Adviser and CAML.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) for its Fund clients. However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund for which it has custody because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that the Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that the Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16. Investment Discretion

The Investment Adviser will serve as a non-discretionary sub-adviser solely to CAML pursuant to the terms of a sub-advisory agreement.

Item 17. Voting Client Securities

A. Policies and Procedures Relating to Voting Client Securities

It is not expected that the clients will hold equity securities, thus we do not expect to participate in proxy votes. In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable client’s best interests and is in line with each client’s investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities;
- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

In certain circumstances, the Investment Adviser may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of the clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our proxy voting policies and procedures. Clients may obtain a copy of our proxy voting policies and our voting record upon request.

Investors in the PDP Fund are passive investors and have minimal ability to influence voting decisions. CAML, as manager of the PDP Fund, exercises voting rights on behalf of the PDP Fund. The Investment Adviser does not have and will not accept the authority to vote in relation to CAML or PDP Fund securities matters.

Item 18. Financial Information

The Investment Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual obligations to clients and has not been the subject of a bankruptcy petition , including in the past ten years.

Item 19. Requirements for State Registered Advisers

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