

Part 2A of Form ADV



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March 30, 2022

This Form ADV Part 2A (the “**Brochure**”) provides information about the qualifications and business practices of Brinley Partners, LP (“**Brinley**”). If you have any questions about the contents of this Brochure, please contact our compliance department at legalnotices@brinleypartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

Although Brinley is registered under the Investment Advisers Act of 1940 (the “**Advisers Act**”) as an investment adviser, such registration does not imply that Brinley or its personnel have a certain level of skill or training.

Item 2. Material Changes

This is Brinley's Annual Amendment to Form ADV for the fiscal year ending December 31, 2021. Since Brinley's last Other-Than-Annual Amendment, filed on January 25, 2022, there have been no material changes.

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IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- an offer or agreement to provide advisory services to any person or separately managed account;
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any private fund or other pooled investment vehicle; or
- a complete discussion of the features, risks or conflicts associated with any advisory service, private fund or other investment vehicle.

*As required by the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), Brinley Partners, LP, a Delaware limited partnership (“**Brinley**”, “**Registrant**”, “**we**”, “**us**” or “**our**”) provides this Brochure its current Clients (as defined herein). We anticipate that we will also provide this Brochure to prospective Clients, along with other relevant governing documents, such as any offering or private placement memorandum, limited partnership agreement, investment management agreement and any associated side letters or other letter agreements (collectively, “**client documents**” or “**governing documents**”), in connection with an investment. Additionally, this Brochure is available through the SEC’s website.*

Although this publicly available Brochure describes investment advisory services and products that we currently provide and/or anticipate providing in the near future, persons who receive this Brochure (whether or not from us) should be aware that it is designed solely to provide information about us as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in client documents. Complete information about Brinley’s current Clients and any prospective Clients and other investment vehicles is or will be included in the relevant client documents, certain of which are provided to current and eligible prospective Clients only by us or persons authorized by us to communicate with current or prospective investors. The relevant client documents shall govern and control to the extent that there is any conflict between discussions herein and similar or related discussions in any client documents.

No offer of or solicitation for an account, private fund or investment vehicle that we manage will be made before we deliver client documents to a prospective Client. You should read the client documents carefully and consult with your tax, legal and financial advisors before making any investment decision.

Item 4. Advisory Business

Brinley was formed in July 2021. A Delaware limited partnership, Brinley is owned by Tucuxi IMC LLC, a Delaware limited liability company, and Kerry Dolan. Tucuxi IMC LLC is owned by its managing members, which are controlled by British Columbia Investment Management Corporation.

Brinley is an independent investment firm specializing in private debt and will generally have broad investment discretion over the investments it makes for its Clients (as defined below). Examples of the types of investments Brinley can make include senior debt (*e.g.*, first lien loans, unitranche or middle-market loans), junior debt (*e.g.*, second lien loans, secured and unsecured bonds), preferred equity and other equity interests, in each case, in transactions involving private or public companies.

Brinley currently serves as the investment adviser to one private investment fund, Brinley Private Debt Fund I LP (“**Fund I**”) and we anticipate that we will offer investment management services in the future to other clients, including but not limited to, pooled investment vehicles, co-investment vehicles, single investor vehicles and separately managed accounts (Fund I and any such future clients, individually a “**Client**” and, collectively, “**Clients**”). We are headquartered in New York, New York.

We provide tailored investment advisory services to our Clients in accordance with their investment objectives, strategies, restrictions and guidelines as set forth in their governing documents. Prospective investors in any Clients that Brinley offers must consider whether that vehicle meets such investor’s investment objectives and risk tolerances prior to investing. Additional information about prospective investment vehicles is contained in the relevant governing documents, which will be available to current and eligible prospective investors only through us or another authorized party.

Brinley does not offer or participate in wrap fee programs.

As of December 31, 2021, Brinley managed approximately \$1,520,566,000 in regulatory assets under management on a discretionary basis.

Item 5. Fees and Compensation

The following disclosures represents the compensation arrangements Brinley currently has in place with its Clients.

Management Fees

The fee for investment advisory and management services that we provide to Fund I is a base management fee, calculated on Fund I’s capital invested in investments, including the amount of any borrowings used to finance the purchase of an investment, as applicable (less any write downs or write offs, but adding back certain permanent enhancements in the value of such investments). Management fees for any other Client will be set forth in such Client’s governing documents and could be based on metrics such as, *e.g.*, capital commitments, unreturned capital contributions, cost basis of investments or the net asset value of the Client’s investments.

Management fees for Fund I are payable quarterly in arrears and deducted from Fund I’s assets and paid, or otherwise allocated, to us in accordance with the terms of Fund I’s governing documents. Management

Form ADV Part 2A: Firm Brochure

fees for other Clients could be charged monthly or quarterly, in arrears or in advance, and deducted or invoiced, as determined at the commencement of the Registrant's advisory relationship with such Client.

In addition to third party investors, certain Brinley employees may invest in our Clients from time to time, and the Registrant intends to waive management fees and any performance-based compensation with respect to any such employee investments. Employees, however, will bear a *pro rata* portion of the relevant Client's expenses (described below).

Performance-Based Compensation

Pursuant to the governing documents of Fund I, its general partner, an affiliate of the Registrant, is entitled to receive an allocation of the net profits of Fund I after returning investors' invested capital and a preferred return thereon. In addition, the governing documents of other Clients are expected in many cases to provide for an incentive fee, carried interest or incentive allocation (collectively, "**performance-based compensation**") determined with reference to the net income and gains derived from such Clients' portfolio investments.

As set forth in the governing documents of any such Clients, any performance-based compensation may be subject to a preferred rate of return, "soft" hurdle or "hard" hurdle, which are typically based on (i) a fixed percentage rate of return (annual or cumulative), (ii) a floating rate of return (e.g., the London Interbank Offered Rate or Secured Overnight Financing Rate plus a spread, or (iii) the performance of designated indices. In addition, the governing documents of certain Clients may provide for a "high water mark" (which is also referred to at times as a "loss recovery account").

All compensation arrangements in which the Registrant receives compensation based on a share of capital gains or capital appreciation will comply with the requirements of Rule 205-3 of the Advisers Act.

For additional information about performance-based fees, please refer to Item 6, "Performance-Based Fees and Side-By-Side Management."

Investment-Related Fees

In connection with investments made by certain Clients, we and/or our affiliates often receive origination, commitment, documentation, structuring, facility, monitoring, amendment, upfront, administrative agent and/or other transaction fees from portfolio investments in which one or more Clients invest or propose to invest. To mitigate conflicts, such fees that we and our affiliates receive from portfolio companies in connection with our or our affiliates' services related to portfolio investments or transactions are generally partially or fully offset against the management fees payable to us by the applicable Client.

However, with respect to Fund I (and potentially for future Clients, depending on the applicable Client's governing documents) certain categories of fees, such as origination or commitment fees, are part of our advisory compensation and are not offset or fully offset against management fees. With respect to any Client where we are permitted to retain certain investment-related fees but not others, we will face a conflict of interest, because determining whether an economic benefit received in connection with a transaction related to a portfolio investment is deemed to be of the type that is fully, partially or not offset against management fees (based on the applicable Client's governing documents) requires subjective judgment. If the applicable fees are not offset (or are only partially offset) against management fees payable to us, we would receive higher total compensation than we would receive in a compensation structure that does not contain investment-related compensation or for which such compensation is fully offset. As such, we have

a financial incentive to originate investments other than the incentive associated with a management fee and performance-based compensation.

Furthermore, because we are often heavily involved in negotiating our Clients' portfolio investments, we have the ability and an incentive to structure portfolio investments to generate the types of fees that would not be offset or only partially offset against management fees. Finally, to the extent that the Registrant simultaneously manages Clients that permit it to retain all such investment-related fees, and other Clients that conversely require all or a portion of such fees to be offset against management fees or otherwise credited to the Client and its investors, we could be incentivized to allocate investments preferentially to those Clients that permit us to retain all such fees.

To seek to mitigate the conflicts and risks described above, Brinley has adopted policies and procedures reasonably designed to ensure that it complies with its fiduciary duties under the Adviser's Act, including a Code of Ethics, which requires Brinley and its employees to act in the best interests of its Clients.

Other Expenses

Clients generally bear any and all fees, costs, expenses, liabilities or obligations attributable to their activities or the Registrant incurred for their benefit, in accordance with the terms of their respective governing documents.

These fees, expenses and costs generally include, but are not limited to fees, expenses and costs relating to the following:

(1) Organizational Expenses

These expenses are related to the organization of Clients and related entities and the fees, costs and expenses of negotiating and entering into a Client's governing documents, including all out-of-pocket fees, costs and expenses incurred directly by the Client or for or on behalf of the Client by us or our affiliates ("**Organizational Expenses**"). Organizational Expenses are not directly related to operating or administering a Client or sourcing its investments. A Client and its investors, subject to its governing documents, will typically pay or otherwise bear all fees, costs, expenses, and other liabilities incurred in connection with the formation and organization of, or pre-marketing and sale of interests in, such Client, its general partner or similar person and/or investment manager, preparation by the Client to commence business operations, including (but not limited to) all fees, costs, expenses, liabilities or obligations related or attributable to:

- printing, legal, filing, capital raising, accounting and regulatory compliance services;
- administrative or other filings (including fees, expenses and other costs incurred in connection with complying with legal and regulatory requirements in relation to private placements in U.S. and non-U.S. jurisdictions);
- other related legal and organizational matters; and
- travel in connection with offering interests in such Client (including, internet access, international cell phone charges, lodging, meals or entertainment and, where appropriate, of the use of private aircraft but charged to the applicable Client at the cost of a comparable business-class commercial airfare).

(2) Administrative Expenses

In addition to the management fees, performance-based compensation and investment-related fees (where applicable) payable to Brinley and its affiliates, a Client will generally pay or otherwise bear all or a portion of the fees, costs, expenses, and other liabilities arising in connection with its operation and administration (including the operation and administration of any parallel funds, subsidiaries, alternative investment vehicles and other special purpose vehicles) (collectively, “**Administrative Expenses**”).

Examples of Administrative Expenses that a Client may pay or otherwise directly or indirectly bear include (but are not limited to) all fees, costs, expenses, liabilities or obligations related or attributable to:

- legal services; accounting, auditing, tax, and other services of independent certified public accountants; consulting, administration (including third-party administrators), and other third-party professional services;
- the maintenance of registered offices, corporate licensing and similar matters;
- preparation, delivery and implementation of side letters and compliance with any “most favored nations” process;
- banking, custodial, depository, trustee, record keeping, registered agent, and similar services;
- appraisal (including the costs of any third-party valuation agents or pricing services);
- filing, printing, technology and systems development, to the extent attributable to activities undertaken for the benefit of a Client or its investors (but not the Registrant), title, transfer, registration, and similar matters; and administrative, compliance or regulatory filings or reports (including the fees and expenses related to the preparation and filing of Form PF, but excluding the fees, costs and expenses related to the Registrant’s Form ADV and other registration or filing obligations of the Registrant not directly related to a Client or its investors);
- taxes and other governmental assessments against a Client; tax audits and similar proceedings; and services of any partnership representative or its equivalent for tax matters;
- meetings, communications, capital calls, distribution, defaults, or reports with, to, or of investors, including the preparation and distribution of financial statements, tax returns, and Schedules K-1;
- the start-up and maintenance of any investor information portals or websites through which reports are distributed, extranet tools, computer software (including accounting, compliance, administration, investor reporting), or other administrative or reporting tools;
- actual or prospective indebtedness or guarantees, and all related fees and repayment of principal and interest;
- amendments and waivers of, consents under, and compliance with the applicable Client’s governing documents;
- actual or prospective transfers or other modifications of interests;
- the termination, winding up and dissolution of Clients or their alternative investment vehicles, acquisition vehicles or subsidiaries;
- compliance and regulatory matters, including compliance with tax information exchange, privacy, confidentiality, data protection, know-your-customer, anti-money laundering, sanctions, anti-terrorism laws and similar laws, rules and regulations;
- indemnification of the Registrant and its affiliates for actual or threatened litigation, other dispute resolution processes, or governmental inquiries or investigations, including any judgments, fines, penalties, amounts paid in settlement, attorneys’ fees and costs of investigation paid in connection therewith, subject to any limits on indemnification in a Client’s governing documents;
- insurance, including directors’ and officers’ and errors and omissions liability insurance;

- alternative investment vehicles and feeder vehicles, to the extent that the fee, cost, expense, liability or obligation would be borne by the applicable Client if related to the Client and is not charged to the participants in such vehicle;
- credit facilities and leverage employed by a Client (including interest and fees on money borrowed by a Client or the Registrant or its affiliates on the Client's behalf);
- meetings of the investors in any Client including (including, without limitation, travel, meal, and lodging expenses of the Registrant's and its affiliates' employees);
- structuring or restructuring of a Client or its subsidiaries; and
- travel (including, internet access, international cell phone charges, lodging, meals or entertainment and, where appropriate, of the use of private aircraft by investment professionals but charged to the applicable Client at the cost of a comparable business-class commercial airfare).

(3) Deal Sourcing and Diligence Expenses

These expenses relate more generally to investment sourcing and diligence for a particular investment and include fees, costs and expenses of identifying, investigating (including the conducting of due diligence with respect to), evaluating, structuring and negotiating potential investments (collectively, **"Deal Sourcing and Diligence Expenses"**), whether or not consummated and including any portion of such expenses that is not borne by co-investors. Examples of Deal Sourcing and Diligence Expenses that a Client may pay or otherwise bear include (but are not limited to) all fees, costs, expenses, liabilities or obligations related or attributable to:

- commissions, brokerage fees, and similar charges incurred in connection with the purchase or sale of investments (including any merger fees payable to third parties and whether or not any such purchase or sale is consummated);
- identifying, sourcing, originating, evaluating, conducting due diligence, investigating, developing (including any retainers, success and finder's fees and other compensation paid to contractors, joint venture partners and sourcing and operating partners), negotiating, structuring, organizing, studying (including any market studies and/or the use of expert networks), financing, purchasing, settling, obtaining ratings, monitoring, advising or managing, valuing, disclosing (including press releases and other marketing), holding (including expenses of portfolio tracking facilities), taking public or private, valuing, winding up, liquidating, dissolving, and selling or otherwise disposing of portfolio investments, and related environmental, social and governance matters;
- travel (including internet access, international cell phone charges, lodging, meals or entertainment and, where appropriate, of the use of private aircraft by investment professionals but charged to the applicable Client at the cost of a comparable business-class commercial airfare);
- legal, tax, consulting and accounting services;
- Attendance by the Registrant's or its affiliates' employees at industry and trade association meetings, conferences or similar meetings to source and evaluate investment opportunities;
- research and technology (including costs of specialty data subscription and license-based services and risk analysis software); and
- investments that are not consummated, including legal, accounting, auditing, insurance, travel, consulting, brokerage, finders', financing, appraisal, filing, printing, technology, real estate title, survey, reverse breakup, termination and other fees and expenses (which may include the portion of such expenses that would have been allocated to co-investors had such proposed investment been consummated) (collectively, **"Broken Deal Expenses"**).

(4) Deal Oversight Expenses

These expenses are incurred in connection with the oversight of portfolio companies. Examples of expenses that fall within this category include (but are not limited to) all fees, costs, expenses, liabilities or obligations related or attributable to:

- travel for Brinley employees to attend board of directors or similar meetings at portfolio companies (including internet access, international cell phone charges, lodging, meals or entertainment and, where appropriate, of the use of private aircraft by investment professionals but charged to the applicable Client at the cost of a comparable business-class commercial airfare);
- directors' fees;
- consultants (including expert networks);
- brokerage commissions, clearing and settlement charges, investment banking fees and expenses, bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, bridge financing expenses and other investment, marketing, execution, closing and administrative fees, costs and expenses of portfolio companies;
- maintaining holding structures for portfolio investments, including any related legal, accounting, tax, banking, corporate governance, filing, registered office and administrative fees, costs and expenses;
- portfolio and risk management (including hedging transactions and related costs); and
- any actual or potential litigation or other dispute or investigation or inquiry related to any portfolio company.

The Registrant, and not its Clients, will bear Registrant's own operating and overhead expenses, including salaries, bonuses and office rent. Travel-related expenses incurred by Brinley employees are subject to Brinley's Travel & Expense Policy.

In addition to the above, in connection with cash-management activities, we may invest Client assets in shares of (or other interests in) pooled investment vehicles, including mutual funds and exchange-traded funds. Where such investments are made, Clients will typically incur additional expenses, such as advisory fees and other operating expenses, at the investment vehicle level, which are in addition to any management fees and performance-based compensation paid by such Clients to us and our affiliates.

The Registrant seeks to allocate fees, costs and expenses among Clients and the Registrant in a fair and equitable manner consistent with its Fee Billing and Expense Allocation Policy, as determined by the Registrant in good faith. Fees, costs and expenses will generally be allocated to applicable Clients and related entities on a *pro rata* basis based on a measure of available capital, assets under management, or otherwise as deemed fair and equitable by the Registrant in good faith.

In its sole discretion, Brinley may offer to form co-investment vehicles or accounts for certain investors ("**Co-Investment Accounts**"). Alternately, co-investors may from time to time invest in investments sourced by Brinley on their own balance sheet without Brinley's further involvement. Co-Investment Accounts will generally be allocated expenses that are directly or indirectly for their benefit, as well as their *pro rata* share of expenses relating to the sourcing, research, consummation and/or management of applicable co-investments in which they participate or are expected to participate, even if they are ultimately abandoned, in a manner that we determine is fair and equitable. While the Fee Billing and Expense Allocation Policy described above generally applies to Co-Investment Accounts, the methodology may differ on a case-by-case basis. In some cases, Clients and/or investors may agree to bear expenses in excess of the portion of expenses allocable to a Co-Investment Account. If a co-investment is ultimately not

consummated, then, unless otherwise agreed with such Co-Investment Account, the portion of transaction-related expenses allocable to such co-investment will generally be borne by the Registrant's other Clients who would have participated had such investment been consummated, unless the Registrant determines to bear such expense. These expenses include any break-up fees or Broken Deal Expenses and/or other fees, costs and expenses related to such investment and co-investment.

Brinley anticipates that future Clients and their underlying investors can additionally negotiate variations from our standard fees, costs and expenses.

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

As discussed in Item 5, "Fees and Compensation", we receive performance-based compensation, from our Clients.

The existence of the performance-based compensation provides the Registrant with an incentive to engage in more speculative investment strategies than it might otherwise be inclined to do, in order to maximize gross profits, which lead to greater compensation.

Additionally, many of the assets in which we invest do not have readily observable values. As a result, we determine the fair value of these assets. If our determinations regarding the fair value of the investments are materially higher than the values that are ultimately realized upon the sale of such investments, the value of the portfolio investments could be affected. Because our compensation is based, in part, on valuations of assets and performance, there is an incentive to assign valuations that are higher than could be, or ultimately are, realized upon sale.

Furthermore, to the extent that in the future the Registrant manages both Clients that pay performance-based compensation and Clients that do not, or manages Clients with more favorable performance-based compensation terms than other Clients, we could be incentivized to allocate investment opportunities to Clients that pay performance-based compensation, or pay performance-based compensation on terms that are preferential to us. For Clients with unfunded commitments and credit lines or other financing facilities (including subscription credit facilities), where the Registrant has the discretion to either call capital or to draw on the credit line or other financing facilities, the Registrant could be incentivized to draw on such credit line or other financing facilities rather than calling capital, if doing so is expected to generate a higher internal rate of return (or a lower preferred return) for purposes of calculating performance-based fees, even if the Client will bear increased expense as a result.

To seek to mitigate the conflicts and risks described above, Brinley has adopted policies and procedures reasonably designed to ensure that it complies with its fiduciary duties under the Adviser's Act, including a Code of Ethics, which requires Brinley and its employees to act in the best interests of its Clients.

Item 7. Types of Clients

Currently, Brinley provides investment advisory services to Fund I, but we anticipate that we will provide advisory services to additional Clients, including private investment funds, other pooled investment vehicles, single investor funds, co-investment vehicles, alternative investment vehicles, feeder vehicles, other separately managed accounts and other institutional Clients. While Fund I currently has one limited partner, we anticipate that the investors in future Clients will be comprised of a variety of qualified

institutions and individuals, including, but not limited to, government and private pension funds, sovereign wealth funds, endowments, foundations, family offices, banks, investment companies, insurance companies, private corporations, and high net worth individuals. All investors must meet certain suitability and net worth qualifications, such as being (a) an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”), (b) a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act, (c) a “knowledgeable employee” within the meaning of Rule 3c-5 of the Investment Company Act or (d) a non-U.S. person, depending on the applicable eligibility requirements of the respective Client.

Pooled funds for which the Registrant or an affiliate will serve as general partner and/or investment adviser may impose a minimum investment requirement for admission as a limited partner, shareholder or similar investor, although in most cases the general partner and/or the investment adviser of the applicable fund has the authority, in its sole discretion, to accept commitments of lesser amounts (subject to applicable law).

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

Overview

We utilize various investment strategies and methods of analysis to manage Fund I’s assets, as described below. This section also contains a discussion of the primary risks associated with these investment strategies, though it is not possible to identify all the risks associated with investing.

While Brinley seeks to manage Fund I’s portfolio (and will seek to manage future Clients’ portfolios) so that the risks are appropriate to the return potential for the strategy, it is often not possible or desirable to mitigate fully all possible risks. Any investment includes the risk of loss, and there can be no guarantee that a particular level of return will be achieved. Investors should understand that they could lose some or all of their investments and should be prepared to bear the risk of such potential loss. Investors should be aware that, while we do not limit our advice to particular types of investments, mandates could be limited to certain types of investments (*e.g.*, corporate debt) and therefore not be diversified. Investors are responsible for appropriately diversifying their assets to reduce the risk of loss. Past performance is not necessarily indicative of future results, and investors should be prepared to lose the value of their investments.

Methods of Analysis and Investment Strategies

Brinley leverages our team’s deep understanding of credit and experience through multiple cycles to identify high-quality investments across the capital structure. Our flexible mandate enables investments in, without limitation, unitranche term loans, 2nd lien term loans, revolvers, first lien term loans, high yield bonds and preferred equity. The firm’s core target end market exposures include technology, healthcare, financials and industrials/business services.

Brinley’s thorough due diligence process centers around identifying attractive credit attributes including (but not limited to):

- **Strong Free Cash Flow:** revenue visibility and predictability through contracts, high switching costs or mission-critical applications, coupled with manageable capital expenditures and/or working capital needs
- **Compelling Industry Fundamentals:** leading market positions in end markets with low or no cyclicality that benefit from growing secular tailwinds
- **High Barriers to Entry:** protected market positions through high switching costs, regulatory barriers, contracted revenues and/or reputational advantages in winning new business

- **Downside Protection:** borrower downside protection through predictable revenue trends with manageable downside cases; structural downside protection through maximizing risk-adjusted returns via investing in the appropriate position in the capital structure

Brinley adopts a “cradle to grave” staffing approach, where the initial investment team monitors performance through the life of the investment, ensuring continuity and accountability. Potential company and industry-specific risks are evaluated during the initial underwrite. Borrowers and counterparties are then assessed on a continual basis, allowing the team to take a proactive approach in resolving any potential issues.

Risks Relating to Investment Strategies

Prospective Clients and investors should carefully evaluate the following considerations and other risks before making an investment with the Registrant. Investing involves the potential for loss, and not all risks can be mitigated.

Risk of Loss

No guarantee or representation is made that the Registrant’s investment program, including the investment objective, 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.

Loan Origination

Clients are expected to participate in certain loan origination activities. If a Client originates a loan with the intention of later reducing its exposure through syndication or sale, but is unable to sell, assign or successfully close transactions for participations in the loans that it originates, such Client will be forced to hold its excess interest in such loans for an indeterminate period of time.

Leverage Risk

Clients’ investment strategies may involve the use of leverage, including the use of subscription lines. A Client may also participate in leveraged acquisitions of portfolios of debt instruments. Such investments are inherently more sensitive to declines in revenues and to increases in expenses. Utilization of leverage is a speculative investment technique and involves risks to investors. The leverage provided will result in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash flows. In addition, a Client may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of such Client’s investments). Because amounts borrowed under a subscription line typically are secured by pledges of the relevant general partner’s right to call capital from its limited partners, the limited partners may be obligated to contribute capital on an accelerated basis if the Client fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. While leverage may enhance total returns to a Client and its investors, if investment results fail to cover borrowing costs, then returns will be lower than if there had been no leverage.

Investment Due Diligence and Uncertainty of Financial Projections

Before making portfolio investments, Brinley will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. When conducting due diligence, Brinley may be required to evaluate important and complex business, financial, tax, accounting, regulatory, and legal issues, some of which may be based on information or projections by the

target company. The due diligence investigation that we will carry out with respect to an investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. General economic conditions, which are not predictable, along with other factors, may cause actual performance to fall short of projections. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. When conducting due diligence and making an assessment regarding an investment, Brinley will rely on the resources reasonably available to it, which in some circumstances, whether or not known to Brinley at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

Competition for Investment Opportunities

There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable a Client to invest all of its commitments in opportunities that satisfy such Client's investment objectives, or that such investment opportunities will lead to completed investments by such Client. The process of identifying, structuring, implementing and realizing on attractive investment opportunities is highly competitive. The investment management business is intensely competitive, with competition based on a variety of factors, including business relationships, brand recognition and business reputation. Brinley and its Clients will compete with a number of private equity funds, specialized funds, hedge funds, corporate buyers, traditional asset managers, commercial banks, investment banks, other investment managers, domestic and international pension funds and sovereign wealth funds and other financial institutions. Additionally, Brinley's Clients may compete amongst one another for investment opportunities. Our Clients' competitors may be substantially larger and have greater financial, technical, marketing and other resources and more personnel than we do. Some of our competitors may have higher risk tolerances or different risk assessments or lower return thresholds than us, which could allow them to consider a wider variety of investments and to bid more aggressively than us for an investment that we want to make. As a result, competitive pressures faced by a Client may have a material adverse effect on such Client's investment performance. Also, as a result of this competition, a Client may not be able to secure attractive investment opportunities from time to time and may not be able to identify and make investments that meet a Client's investment objectives.

Lack of Diversification and Portfolio Concentration

Brinley may select investments that are concentrated in a limited number or types of investments. In addition, a Client's portfolio may become significantly concentrated in investments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose a Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such investments.

Limited Control of Underlying Investments

Our Clients will invest in debt instruments and may invest in equities of companies that Brinley generally does not control. Such investments will be subject to the risk that the issuer may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve our Clients' interests. In addition, to the extent Brinley does have control or the ability to exercise influence over a particular issuer, our Clients may share control or influence with co-investors, which may make it more difficult for such Clients to implement their investment approach or exit the investment when they otherwise would. The occurrence of any of the foregoing could have a material adverse effect on a Client and its investors.

Illiquidity of Client Assets

Certain investments may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such investments. Valuation of such investments may be difficult or uncertain because there may be limited information available about the issuers of such investments. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and a Client may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid investments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of investments eligible for trading on national securities exchanges or in the over-the-counter markets. A Client may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, such Client may be required to hold such investments despite adverse price movements. Even those markets we expect to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Contingent Liability on Disposition of Investments

In connection with the disposition of an investment in private investments, a Client may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. A Client also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain potential liabilities or other liabilities. The obligations of a Client would be payable from the assets of such Client, including the unused commitments of its investors. If the assets of a Client are insufficient to pay such obligations, its investors may be required to return distributions previously made to them in order to satisfy such obligations.

Counterparty Risk

Clients are expected to establish relationships to obtain financing, derivative intermediation, and prime brokerage services. However, there can be no assurance that a Client will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could create losses or preclude a Client from engaging in certain transactions. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on a Client's business due to such Client's reliance on such counterparties.

If there is a default by a counterparty, a Client under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of such Client being less than if the Client had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of a Client's investments from such counterparty or the payment of claims therefor may be significantly delayed and such Client may recover substantially less than the full value of the securities entrusted to such counterparty.

Collateral that a Client posts to its counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty was to become insolvent, a Client may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, a Client may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to a Client's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on a Client and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering a Client's investments from or the payment of claims therefor by such counterparty and a loss to the Client, which could be material.

Litigation Risk

A Client's investment activities may subject it to risks of becoming involved in litigation or other dispute with third parties. The outcome of such proceedings may materially and adversely affect the value of such Client's investments and may continue without resolution for long periods of time. Litigation entails expense and the possibility of counterclaims against a Client, Brinley, or its affiliates and ultimately judgments may be rendered against a Client for which such Client may not carry insurance. Any litigation may consume substantial amounts of time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. The expense of prosecuting or defending any such disputes or paying any amounts pursuant to settlements or judgments will be borne by a Client and will reduce amounts available for distribution to its investors. Pursuant to the term of a Client's governing documents, Brinley and its affiliates will generally be indemnified by the Client in connection with such disputes, subject to certain limitations.

Exposure to Material Non-Public Information

From time to time, the Registrant may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, its Clients may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer and, as a result, the receipt of such information may adversely impact the performance of such Clients.

Transfer Restrictions

An investment in a Client may require a long-term commitment, with no certainty of return on investment or return of advances. Interests in a Client will generally not be registered under the securities laws of any state or other jurisdiction and cannot be resold except as permitted pursuant to applicable securities laws. There is no public market for these interests and none is expected to develop.

Middle Market Company Exposure

Registrant's Clients are expected to invest, directly or indirectly, in U.S. middle market companies, which involve a significant number of risks. For example, compared to larger companies, middle market companies often have shorter operating histories, newer technologies and/or products, quickly evolving markets, less experienced management teams and less predictable operating results and are often more reliant on a small number of products, managers or clients or subject to other individual company risks. Neither we nor our Clients are expected to control any portfolio company's management or risk mitigation activities except in the event that a portfolio company defaults on its loans from our Clients, and our Clients seek to enforce their security interests or otherwise in a workout situation. In addition, middle market companies often require additional financing to expand or maintain their competitive positions, and they typically have a more difficult time acquiring additional capital than larger companies.

Special Purpose Entities

Brinley can, in its discretion, structure any investment, in whole or in part, as an investment made directly by a Client and/or through one or more special-purpose entities or subsidiaries and/or restructure an existing investment that was initially held directly by one or more Clients such that, following such restructuring, such investment is held indirectly through one or more special-purpose entities or subsidiaries, in each case, in order to address legal, tax, regulatory, currency or other considerations with respect to the applicable Clients and/or the administrative convenience of the Registrant, its affiliates and/or one or more other Clients, in each case as deemed appropriate. If a Client invests through any such special purpose entity or subsidiary, such Client will bear any and all fees, costs and expenses in connection with the formation, organization, operation, management and dissolution of such special purpose entity or subsidiary (including the fees, costs and expenses of preparing the constituent documents and any other agreements of (or related to) such special purpose entity or subsidiary) and any borrowings incurred by such special purpose entity or subsidiary. To the extent a Client holds an investment through a special purpose entity or subsidiary, the Client's returns may be adversely impacted.

Valuation Risk

Many of the investments made by our Clients are illiquid and thus have no readily ascertainable market prices. We value these investments based on our estimate, or an independent third party's estimate, of their fair value as of the date of determination, which often involves significant subjectivity. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. We estimate the fair value of our investments based on third-party models, or models developed by us, which include discounted cash flow analyses, adjusted EBITDA and other techniques and may be based, at least in part, on independently sourced market parameters. The estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute, the timing of and the estimated proceeds from expected financings, some or all of which factors may be ascribed more or less weight in light of the particular circumstances. The actual results related to any particular investment could vary materially as a result of the inaccuracy of these estimates and assumptions. In addition, because many of the illiquid investments held by Clients are in industries or sectors which are unstable, in distress or undergoing some uncertainty, valuations of such investments may be subject to rapid and/or significant changes caused by, among other matters, sudden company-specific or industry-wide developments or significant market volatility as caused by the COVID-19 pandemic or other global events.

Because such valuations will be inherently uncertain, may fluctuate significantly over short periods of time and will be based on estimates and other material assumptions, our determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the values that a Client may ultimately realize on such investments.

The amount and timing of performance-based compensation received by Brinley or its affiliates with respect to a Client could depend in part on the value of such Client's assets if such assets are distributed in kind. If the valuations are incorrect, the amount of performance-based compensation received, could also be incorrect.

Client Expenses

Clients will pay and bear Organizational and Administrative Expenses, Deal Sourcing and Diligence Expenses, and Deal Oversight Expenses related to its operations. The amount of these Client expenses will be substantial and will reduce the actual returns realized by investors on their investments (and will reduce the amount of capital available to be deployed by a Client in investments). These expenses include recurring

and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of expenses ultimately called or called at any one time may exceed expectations. As described further in the governing documents of each Client, operating expenses encompass a broad swath of expenses and include all expenses of operating the Client. Expenses to be borne by the general partner of a Client or Brinley are only limited to those items specifically enumerated in the governing documents (such as rent for office space, office furniture and salaries of its employees), and all other operating expenses will be borne by the a Client and its investors. From time to time, Brinley and its affiliates will be required to decide whether costs and expenses are to be borne by a Client, on the one hand, or the general partner, Brinley or its affiliates, on the other. Brinley will make such judgments notwithstanding its interest in the outcome, but investors should be aware that these judgments are subjective in nature Brinley will face a conflict of interest in making such determinations.

Third Party Involvement in Investments

The participation of co-investors in an investment opportunity may be substantial and may involve greater risks than an investment in which there are no co-investors, and the risks may be even greater if they are third-party co-investors. It is possible that a co-investor may at any time have economic or business goals that are inconsistent with those of our Clients or be in a position to act contrary to Brinley's objectives for the investment. Clients in certain circumstances may become liable for the actions or omissions of co-investors, including, without limitation, in connection with indemnification obligations jointly assumed by Clients and co-investors or any actions or omissions resulting in fees, costs or expenses that are not borne by co-investors depending upon circumstances.

Reliance on Management

All decisions with respect to the management of investments for a Client will be made by us, and thus the investors therein must rely on the ability of Brinley to make appropriate investments for our Clients and to manage and dispose of such investments. In addition, the timing and form of distributions from a Client to its investors will be subject to the discretion of Brinley. Investors in a Client will generally have no right or power to participate in the affairs or investment activities of such Client. Accordingly, no person should commit capital to a Client unless such person is willing to entrust all aspects of the management of such Client and the investments of such Client to us.

Dependence on Key Professionals

Brinley's success is dependent upon the ability of Brinley to manage and effectively implement its Clients' investment programs. A Client's governing documents generally will not permit investors to participate in the management and affairs of such Client. If Brinley were to lose the services of its principals, or a Client managed by Brinley were to incur substantial losses, Brinley might not be able to provide the same level of service to its Clients as it has in the past or continue operations. (See "Risks Relating to Investment Strategies — Retention and Motivation of Employees" and "Risks Relating to Markets Generally — Effect of Substantial Losses"). Any such occurrences could have a material adverse effect on our Clients and their investors.

Retention and Motivation of Employees

The success of our Clients is dependent upon the talents and efforts of highly skilled individuals employed by Brinley and Brinley's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that Brinley's investment professionals will continue to be associated with Brinley throughout the duration of a Client's relationship with Brinley, and the failure to attract or retain such investment professionals could have a material adverse effect our Clients and their investors. Competition in the financial services industry

for qualified employees is intense and there is no guarantee that, if lost, the talents of Brinley's investment professionals could be replaced.

Misconduct by Employees or Service Providers

Misconduct by (i) our employees, (ii) portfolio company directors, officers or employees and/or (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Registrant and its affiliates and cause significant losses to a Client. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Client, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Client's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to a Client. Brinley has controls and procedures through which we seek to mitigate the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

Discretion of the Adviser; New Strategies and Techniques

While the Registrant will generally seek to employ the representative investment strategies and techniques discussed herein, the Registrant has considerable discretion in the types of investments a Client may trade. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to a Client. In addition, any new investment strategy or technique developed by the Registrant may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of investments held by Clients.

While we maintain one major business line, we may explore opportunities outside this business line. Such activity could adversely affect our Clients. These risks include, but are not limited to, reputational damage, loss of management attention and time due to multiple constraints, adverse impact to business relationships, increased competition of capital allocations, and expansion of potential risks to our business as a whole outside those previously disclosed. New business lines could also exacerbate existing conflicts of interest and raise new conflicts.

Risks Related to Markets Generally

General Economic and Market Conditions

Investments made by Clients can be materially affected by conditions in the global financial markets and general economic and political conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of client investments, trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts, or security operations). These factors may affect the level and volatility of the prices and the liquidity of a Client's investments and could impair a Client's profitability or result in losses.

Long-Term and Short-Term Market Considerations

The Registrant's trading decisions may be made on the basis of long-term or short-term market considerations. In pursuing any long-term strategy, a Client may forego value in the short-term or temporary investments in order to avail the Client of additional and/or longer-term opportunities in the future and,

consequently, may not capture maximum available value in the short-term. Additionally, the portfolio turnover rate could result in significant trading-related expenses.

Potential Interest Rate Increases

The United States has experienced a sustained period of historically low interest rate levels. In recent years, however, short-term and long-term interest rates have risen. The uncertainty of the U.S. and global economy, changes in U.S. government policy, and changes in the federal funds rate, increase the risk that interest rates will be volatile in the future. Sustained future interest rate volatility may cause the value of the fixed income investments held by a Client to decrease, which may force it to liquidate such investments at disadvantageous prices, negatively impacting such Client's performance.

Monetary Policy and Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in credit and equity markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on Brinley's strategies.

Concerns Regarding a Downgrade of the U.S. Credit Rating

For various reasons, financial services companies have in the past lowered their long-term sovereign credit rating on the federal government of the United States. Any such downgrade in the future could have material adverse impacts on financial markets and economic conditions in the United States and throughout the world. As a consequence, the market's anticipation of these impacts could have a material adverse effect on the financial condition and liquidity of Clients and the portfolio companies in which they invest. The ultimate impacts on global markets and the business, financial condition and liquidity of our Clients and the portfolio companies in which our Clients invest are unpredictable and will probably not be immediately apparent.

Enhanced Scrutiny and Regulation of the Private Fund Industry

The advisory business of Brinley and its Clients, as well as the financial services industry generally, are subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations or exchanges in the U.S. and foreign jurisdictions in which we operate relating to, among other things, antitrust law, anti-money laundering laws, anti-bribery laws, laws relating to foreign officials, tax laws and privacy laws with respect to client information and the regulatory oversight of the trading and other investment activities of alternative asset management funds and their investment advisers. Each of the regulatory bodies with jurisdiction over Brinley and our Clients has the regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Any failure to comply with these rules and regulations could expose Brinley and its Clients to liability or other risks.

The additional legislation, increasing global regulatory oversight of fundraising activities and changes in law relating to the alternative asset management industry has included, among other things, increased registration, oversight and regulation of alternative asset management firms and disclosure with respect to these firms and the vehicles they sponsor or advise, which could impact Brinley and its management activities. Such oversight and regulation may cause our Clients to incur additional expenses, may divert the

attention of Brinley and its employees and may result in fines if our Clients are deemed to have violated any regulations. Regulation generally as well as regulation more specifically addressed to the alternative asset management industry, including tax laws and regulation, could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of portfolio companies and the cost of operating a Client. There can be no assurance that Brinley or its Clients will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in sanctions or fines being imposed against Brinley or its affiliates, Brinley and its Clients may be subject to negative publicity in relation to any such investigation or proceeding.

Effect of Substantial Losses

If, due to extraordinary market conditions or other reasons, a Client incurs substantial losses, the revenues of Brinley may decline substantially. Such losses may hamper Brinley's ability to (i) retain employees, (ii) provide the same level of service to its Clients as it has in the past and/or (iii) continue operations. As a result, even Clients or investors not directly exposed to the loss could be materially and negatively affected.

Discontinuation of LIBOR

It is expected that the U.S. dollar London Interbank Offered Rate ("**LIBOR**"), which is commonly used as a reference rate within various financial contracts (any such rate, a "**Reference Rate**"), will not be published after June 30, 2023 (other than the one-week and two-month tenors, which ceased to be published after December 31, 2021). In anticipation of the end of LIBOR, the United States and other countries are currently worked to replace LIBOR with alternative Reference Rates. The Secured Overnight Financing Rate ("**SOFR**") is the Reference Rate recommended by the Alternative Reference Rates Committee (the "**ARRC**"). The ARRC and regulators have stated that any party choosing another Reference Rate should do so carefully. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which a Client is a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including a Client and its counterparties. With respect to financial contracts to which a Client is a party, including corporate bonds and loans, consumer loans, bank loans, floating rate debt, certain asset-backed securities, and interest rate swaps and other derivatives, any such contract that has a maturity that extends beyond June 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in the State of New York to permit the replacement of LIBOR with the rates recommended by the ARRC in contracts governed by New York law) may need to be renegotiated, the process of which will consume resources of a Client and may result in disputes among counterparties, the result of which may be adverse to the Client. Regulators encouraged market participants to cease entering new contracts that use U.S. Dollar LIBOR as a reference rate by December 31, 2021. As a result, U.S. Dollar LIBOR's liquidity and usefulness will likely diminish. Investors should expect that Clients will be a party to SOFR-based contracts, or contracts utilizing other alternative reference rates, in the near-future. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which a Client is a party may adversely affect the performance of the Client.

Catastrophic Events

Brinley, its Clients and the portfolio investments its Clients make could be affected by catastrophic events. Catastrophic events include events beyond the control of the party claiming that the event has occurred,

such as acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, and cyberattacks. Some catastrophic events could adversely affect the ability of a party (including us, a Client, a portfolio company or a counterparty to us, a Client or a portfolio company) to perform its obligations until it is able to remedy the catastrophic event. In addition, catastrophic events, such as the cessation of the operation of equipment for repair or upgrade, could similarly lead to the unavailability of essential equipment and technologies. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, including to one of our senior managers, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or a Client of repairing or replacing damaged assets resulting from such catastrophic event could be considerable. It will not be possible to insure against all such events, and insurance proceeds received, if any, could be inadequate to completely or even partially cover any loss of revenues or investments, any increases in operating and maintenance expenses, or any replacements or rehabilitation of property. Certain events causing catastrophic loss could be either uninsurable, or insurable at such high rates as to adversely impact us, a Client, or portfolio companies, as applicable. Catastrophic events that are incapable of or are too costly to cure could have permanent adverse effects. Certain catastrophic events (such as war or an outbreak of an infectious disease) could have a negative impact on the world economy and international business activity generally, or in any of the countries in which a Client invests specifically. Such catastrophic events could result in or coincide with any of the following: increased volatility in the global securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; less governmental regulation and supervision of the securities markets and market participants and decreased monitoring of the markets by governments or self-regulatory organizations and reduced enforcement of regulations; limited, or limitations on, the activities of a Client and its investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell investments or otherwise settle security or derivative transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which could last many years and have substantial negative effects on credit and securities markets and the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to a Client and its investors, including if the investment in such portfolio companies is canceled, unwound or acquired. Any of the foregoing could therefore adversely affect us and the performance of our Clients and their investments.

Outbreaks of Infectious or Contagious Diseases and Public Health Emergencies

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and the current outbreak of COVID-19 (as defined below) have and are resulting in market volatility and disruption, and future such emergencies have the potential to impact economic production and activity materially and adversely, all of which may result in significant losses to Clients.

In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as 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 and 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, 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 impact of COVID-19 on the operations of the Registrant and the performance of its Clients is difficult to predict. Any potential impact 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 Registrant’s Clients.

Cybersecurity Risk

As part of its business, Brinley processes, stores and transmits large amounts of electronic information, including information relating to the transactions of its Clients and personally identifiable information of our underlying investors. Similarly, service providers of Brinley especially the Administrator, may process, store and transmit such information. Brinley has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently, are increasing in sophistication, and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Brinley may be susceptible to compromise, leading to a breach of Brinley’s network. Brinley’s systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Brinley to Clients may also be susceptible to compromise. Breach of Brinley’s information systems may cause information relating to the transactions of our Clients and personally identifiable information of their investors to be lost or improperly accessed, used or disclosed.

The service providers of Brinley are subject to the same electronic information security threats as Brinley. 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 a Client and personally identifiable information of our investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Brinley’s or our Clients’ proprietary information may cause Brinley or our Clients to suffer, among other things, financial loss, the disruption of their business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on our Clients and their investors.

Privacy and Data Protection

We, our affiliates and our Clients are subject to laws relating to privacy and the storage, sharing, use, processing, disclosure and protection of information that we and our affiliates hold. The California Consumer Privacy Act of 2018 is a recent example of such laws, and we anticipate new privacy and data protection laws will be passed in other jurisdictions in the future. In general, these laws introduce many new obligations on us and our affiliates and service providers and create new rights for parties who have given us their personal information, such as our investors and others. Breach of these laws could result in significant financial penalties for us and/or our Clients. As interpretation of these laws evolves and new laws are passed, we could be required to make changes to our business practices, which could result in additional risks, costs and liabilities to our Clients and adversely affect investment returns. While we intend to comply with our privacy and data protection obligations under the privacy and data protection laws that

are applicable to us, it is possible that we will not be able to accurately anticipate the ways in which regulators and courts will apply or interpret these laws. A violation of applicable privacy and data protection law could result in negative publicity and could subject us, our affiliates and Clients to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities and/or penalties.

Risks Associated with Particular Types of Securities

Debt Securities

Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Private Debt

Private investments involve a high degree of financial risk. A Client's investments could be unprofitable and substantial losses could occur. Private debt could be defaulted on by the borrower, and we could be unable to sell or otherwise liquidate Client investments or be unable to do so at the optimal time or price. Therefore, it is possible that we will not realize a Client's rate of return objectives, and the return of capital to a Client's investors could be delayed or diminished. The debt in which we invest could be subordinate to other creditors' claims, which could impair its overall value.

Debt –Subordinated Debt Risk

A Client could have levered exposure on a direct or indirect basis to a variety of debt that captures particular layers of a borrower's credit structure, such as "last out" or "second lien" debt, or other subordinated investments that rank below other obligations of the borrower in right of payment, including first-loss interests that bear substantial risk. Subordinated investments are subject to greater risk of loss than senior obligations where there are adverse changes to the financial condition of the borrower or a decline in general economic conditions. Subordinated investments could expose a Client to particular risks in a distress scenario, such as the risk that creditors are not aligned. Holders of subordinated investments generally have less ability to affect the results of a distressed scenario than holders of more senior investments. Additionally, loans to companies operating in workout modes are, in certain circumstances, subject to potential liabilities that could exceed the amount of the loan purchased by a Client.

Debt –Illiquidity and Volatility

The debt that we invest in for our Clients, directly or indirectly, consists predominantly of loans and notes that are obligations of entities such as corporations and partnerships. This debt often has no, or only a limited, trading market. Although our Clients are expected to generally hold much of their debt investments until maturity, the investment in illiquid debt could restrict the ability to dispose of investments or restrict the ability to do so in a timely fashion or for a fair price. If an underlying issuer of debt experiences a credit event, this illiquidity could make it more difficult for a Client to sell the debt, and we could be required to pursue a workout or alternate way out of the position.

Debt – Assignments and Participations

We could also invest, on behalf of a Client, in loans (including through a holding company or other investment vehicle) either directly (*e.g.*, by purchase from the borrower or by assignment) or indirectly (*e.g.*, by way of a participation interest). Holders of participation interests in loans are subject to additional risks not applicable to holders of direct interests in loans, such as the additional credit risk of the

counterparty, the lack of voting rights and the lack of direct enforcement rights in connection with a loan default.

Interest Rate Risk

Changes in interest rates can affect the value of a Client's investments in fixed-income instruments. Increases in interest rates may cause the value of a Client's debt investments to decline. A Client may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Credit and Default Risks

Credit risk refers to the likelihood that a borrower will default in the payment of principal and/or interest. Financial strength and solvency of a borrower are the primary factors influencing credit risk. Lack or inadequacy of collateral or credit enhancement for a debt instrument could affect a borrower's credit risk. Credit risk could change over the life of a loan, and cause loans that are rated by rating agencies to be downgraded.

A significant downturn in the economy or a particular economic sector could have a significant impact on the business prospects of the companies to which a Client is exposed, whether directly or indirectly. These developments could adversely affect the ability of such companies to comply with their loan repayment obligations. It is possible that the issuer of a note or other instrument in which one or more of our Clients invest could default on its debts, in which case, the Clients could lose most or all of their investments in that instrument, subjecting such clients to significant loss. The risk and magnitude of losses associated with defaults could be increased where the instrument is leveraged, including when held indirectly through a holding company.

Prepayment Risk

The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations, which may impact a Client's portfolio. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow. For example, prepayments by an obligor in a faster than anticipated manner may cause a Client's portfolio to experience outright losses and, in the event such prepayment is the result of lower interest rates in the market, a Client will often need to deploy capital in a lower yielding market than what was originally expected.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed-rate obligations will be discount instruments when interest rates and/or spreads are high and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact a Client's portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that Brinley may have constructed for these investments, resulting in a loss to a Client's overall

portfolio. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Future Funding Obligations

A Client may from time to time incur funding obligations that may arise in the future in connection with an investment. For example, the Registrant may originate, or cause a Client to purchase from an existing lender, a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Client would be obligated to fund the amounts due. If the Client is unable to pay its obligations when due, the Client could face significant penalties that could materially adversely affect its returns. A Client may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to such Client.

Market Making by Dealers

The value of a Client's fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair a Client's profitability or result in losses.

High-Yield

Bonds or other fixed-income securities that are "higher-yielding" (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing.

Clients may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may involve an issuer that is in technical default of its credit agreement, or undergoing strategic or operational change, or include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default. The market prices of such instruments are highly volatile, often illiquid and are generally considered speculative. Additionally, the repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically, such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the

defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt securities.

Corporate Debt

Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, Clients may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to Clients in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, Clients may experience substantial losses.

Mezzanine Debt

Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of Clients who hold such debt to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade or senior instruments. In the event of the insolvency of a portfolio company in which Clients are invested, or similar event, the owners of senior debt will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed and there is no guarantee that such proceeds will be sufficient to satisfy the junior debt held by Clients, which may result in losses to Clients.

Zero-Coupon and Deferred Interest Bonds

Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

Equitable Subordination

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If a Client engages in such conduct, such Client may be subject to claims from creditors of an obligor that debt held by such Client should be equitably subordinated.

Debt and Loan Investments Generally

Our Clients invest in senior debt (*e.g.*, syndicated leveraged loans, unitranche or middle market loans) and junior debt (*e.g.*, second lien, unsecured debt or bonds). A Client's success will depend, in part, on its ability to obtain loans on advantageous terms. In purchasing or originating loans, Clients will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in unfavorable terms or lower yields on such loans, which could reduce returns to Clients and their investors.

Debt investments are subject to certain risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) the possible default of the borrower and inability to obtain liquidation proceeds under the bankruptcy and creditor rights laws of the United States, its states, and other jurisdictions. For example, of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of a Client to perfect or effectuate a lien on the collateral securing the loan. Clients will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Client may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Further, in the event of a default by a borrower, the ability of the borrower to file for bankruptcy protection, among other things, may impede the ability to foreclose on or sell the collateral or to obtain liquidation proceeds sufficient to repay all amounts due on the related loan. In addition, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. Bankruptcy laws may delay the ability of a Client to monetize collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt.

In analyzing each investment, the Registrant compares the relative significance of the risks against the expected benefits of the investment. The costs of claims by third parties arising from these and other risks will be borne by the Registrant's Clients.

Syndicated Loans, Participations and Other Indirect Economic Interests

A Client may purchase assets in the form of an assignment of, or participation interest in, a note or other obligation issued under a loan facility to which more than one lender is a party. Participations held by a Client in a seller's portion of a debt instrument typically result in a contractual relationship only with such seller, not with the obligor (see "Counterparty Risk" above). These loan facilities are administered for the lenders by a lender or other agent acting as the lead administrator. The terms and conditions of these loan facilities may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a super-majority (measured by outstanding loans or commissions) or, in certain circumstances, a unanimous vote of the lenders, and our Clients may have a minority interest in such loan facilities. Consequently, the terms and conditions of our Clients' assets issued or sold in connection with a loan facility could be modified, amended or waived in a manner contrary to the preferences of Brinley and our Clients if the amendment, modification or waiver of such term or condition does not require the unanimous vote of the lenders and a sufficient number of the other lenders concur with

such modification, amendment or waiver. There can be no assurance that our Clients' assets issued or sold in connection with any loan facility will maintain the terms and conditions to which they originally agreed.

Additionally, as an owner of participation interests or other indirect economic interests (including as a member of a loan syndicate), a Client may not be able to assert any rights against borrowers of the underlying indebtedness and may need to rely on the holder (or other financial institution) issuing the participation interests or such other entity charged with the responsibility for asserting such rights, if any. Such holders and financial institutions or other entities may have reasons not to assert their rights, whether due to a limited financial interest in the outcome, other relationships with the underlying defaulting borrowers, the threat of potential counterclaims or other reasons, that may diverge from the interests of a Client. The failure of such holders and financial institutions or other entities to assert their rights (on behalf of a Client) or the insolvency of such entities could materially adversely affect the value of the assets of the Client.

Priority of Loans and Other Debt Instruments

Our Clients may invest in debt of companies that have, or that may incur additional, debt that is senior to the debt owned by such Clients and such senior or additional debt may or may not be substantial. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any such company, the owners of senior secured debt (*i.e.*, the owners of first priority liens) generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt will then be entitled to receive proceeds from the realization of the collateral securing such debt and only thereafter would the owners of unsecured debt be entitled to any recovery. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that a Client's own debt that is unsecured or is junior to other secured debt, the Client may lose the value of its entire investment in such debt.

Limitations on Remedies

Although a Client will have certain contractual remedies upon the default by any borrowers under debt investments, certain legal requirements may limit the ability of the Client to effectively exercise such remedies. The laws with respect to the rights of creditors and other investors in certain jurisdictions in which a Client may invest may not be comprehensive or well-developed, and the procedures for the judicial or other enforcement of such rights may be of limited effectiveness.

Secondary Market Trading

As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

Leveraged Loans

"Leveraged loans" are loans made to companies with a below investment-grade rating from any nationally recognized rating agency. Such loans may be performing poorly when a Client acquires them. There is no assurance that Brinley will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. A Client may lose its entire investment or may be

required to accept cash, property or investments with a value less than such Client's original investment and/or may be required to accept payment over an extended period of time.

Unrated or Below-Investment Grade Debt Investments

Investments in loans that are rated below investment grade or unrated are considered speculative because of the credit risk of their issuers or the subordination of the particular debt instruments to other debt of the issuer. The issuers of such loans may default on their payments of interest and principal owed to a Client, and such defaults could have a materially adverse effect on the Client's performance. An economic downturn would generally lead to a higher non-payment rate, and a senior secured loan may lose significant market value before a default occurs. Moreover, there is a risk that the collateral securing such loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the issuer to raise additional capital, and, in some circumstances, a Client's liens could be subordinated to claims of other creditors. Even if a loan is secured, it does not guarantee that a Client will receive principal and interest payments according to the loan's terms, or at all, or that such Client will be able to collect on the loan should it be forced to enforce its remedies. There is no assurance that the Adviser will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. A Client may lose its entire investment or may be required to accept cash, property or investments with a value less than its original investment and/or may be required to accept payment over an extended period of time.

Second Lien Loans

Clients may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy that can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other debt products. Beginning in August 2007, the market for many loan products, including second lien loans, contracted significantly which made virtually all leveraged loan products, particularly second lien loan products, less liquid or illiquid. Many participants ceased underwriting and purchasing certain second lien loan products. There can be no assurance that the market for second lien loans will not contract further.

Hung Loans

The term "hung loan" commonly refers to a loan that has been made (or has been committed to be made) where the lender is not able to syndicate the loan on the originally anticipated terms. Hung loans are often illiquid and lack readily ascertainable market values; there is no assurance that the price to be paid for hung loans by a Client will reflect a discounted price that should allow the Client to achieve a positive return on such loans or avoid losses. Since the price of the loans to be purchased is expected to continue to be significantly impacted by, in addition to the specific circumstances relating to each loan (*e.g.*, in the case of a loan relating to a leveraged buyout ("LBO"), the financial condition of the target), global and macro-economic conditions (*e.g.*, monetary policy, changes to currency exchange rates, governmental intervention or changes to existing laws, international geo-political events, etc.) as well as other systemic factors, it is

possible that loans purchased by a Client will suffer significant impairments in value as a result of events not predicted by the Registrant. A Client may also face difficulties in disposing of or leveraging such loans, or in doing so without incurring losses. The markets in which hung loans are purchased and sold have been volatile and are likely to continue to be volatile in the future.

Bridge Loans

It is a common practice for financial institutions to commit to providing bridge loans to facilitate acquisitions, including LBOs, where they serve as advisers to the purchaser. Bridge loans are frequently made because, for timing or market reasons, longer-term financing is not available at the time the funds are needed, which is often at the time of the closing of an acquisition. In the past, these commitments were not frequently drawn upon due to the availability of other sources of financing; however, due to market conditions affecting the availability of these other sources of financing (principally high-yield bond transactions), bridge loan commitments have been and may be drawn upon more regularly. Since these commitments were not regularly drawn upon in the past, there is little history for investors to rely upon in evaluating investments in bridge loans. Bridge loans often have shorter maturities. Borrower and lenders typically agree to shorter maturities based on the anticipation that the bridge loans will be replaced with other forms of financing within such shorter time period. However, the source and timing of such replacement financing may be uncertain and can be affected by, among other things, market conditions and the financial condition of the borrower at the maturity date of the bridge. If the borrower is unable to obtain replacement financing and repay the bridge loan at maturity, the terms of the bridge loan may provide for the bridge loan to be converted to a longer-term loan or bond. If bridge loans are not repaid (or cannot be disposed of on favorable terms) on the dates projected by the Registrant, there may be an adverse effect upon the ability of the Registrant to manage the assets of its Clients in accordance with its models and projections or an adverse effect upon their performance and ability to make distributions.

Debtor-in-Possession (“DIP”) Loans

Loans to companies that have filed for protection under Chapter 11 of Title 11 of the United States Code, as amended, are most often asset-based, revolving working-capital facilities put into place at the outset of a Chapter 11 case to provide the debtor with both immediate cash and the ongoing working capital that will be required during the reorganization process. While such loans are generally less risky than many other types of loans as a result of their seniority in the debtor’s capital structure and because their terms have been approved by a U.S. federal bankruptcy court order, it is possible that the debtor’s reorganization efforts may fail and the proceeds of the ensuing liquidation of the DIP lender’s collateral might be insufficient to repay in full the DIP loan.

Fraud Associated with Loans

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

Revolving Credit Facilities and Unfunded Loans

Revolving credit facilities and other committed unfunded loans, which are loan commitments that are unfunded at the time of investment, are written agreements in which the lender commits itself to make a loan or loans up to a specified amount within a specified time period. The loan commitment sets out the

terms and conditions of the lender's obligation to make the loans. The portion of the amount committed by a lender under a loan commitment that the borrower has not drawn down is referred to as "unfunded." A lender typically is obligated to advance the unfunded amount of a loan commitment at the borrower's request, subject to certain conditions regarding, among other things, the creditworthiness of the borrower. Borrowers with deteriorating creditworthiness may continue to satisfy their contractual conditions and therefore be eligible to borrow at times when a Client might prefer not to lend. In addition, a lender may have assumptions as to when the borrower may draw on an unfunded loan commitment when the lender enters into the commitment. If the borrower does not draw as expected, the commitment may not result in as attractive an investment as originally anticipated for the Client.

Equity Securities

While Brinley is generally focused on debt investments, we also make equity investments in companies on behalf of our Clients. These equity investments typically represent minority ownership in an issuer and are subordinate to the claims of the issuer's creditors and, on occasion, to preferred equity holders.

Equity investments can be more volatile than debt investments. The value of an equity investment is dependent on the performance of the issuer and will typically fluctuate based on the issuer's financial performance, market conditions, and overall economic conditions. Dividends paid to equity holders could be suspended or cancelled at any time, and minority owners often have limited protections. If a Client holds equity in an issuer that later issues additional equity investments, such Client's interest in that issuer will be diluted and the value of that investment could decrease. Accordingly, these types of equity investments can be highly speculative and carry a substantial risk of loss.

Equity investments are typically subject to other significant risks, including but not limited to, the risk that equity investments will have limited minority protections and the risk that the companies in which the Clients hold equity interests will not create a liquidity event for such equity interests.

Equity investments often have other characteristics that require different structuring. As such, these investments are often made indirectly through blocker entities or otherwise.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred equity ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Consequently, preferred equity holders must wait until all of the issuing company's creditors are made whole before preferred stockholders have any claim on the company's assets. Preferred equity generally has a preference as to dividends. This tends to make the market price of preferred equity interest rate-sensitive such that, if prevailing interest rates rise, preferred equity prices tend to fall. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred equity dividends are payable only if declared by the issuer's board of directors and are not guaranteed in the same way interest payments on an issuer's bonds are guaranteed. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred equity, no dividends may be paid on the issuer's common equity until all unpaid preferred equity dividends have been paid. Preferred equity may also be subject to optional or mandatory redemption provisions.

Undervalued Securities

The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate for the business and financial risks assumed.

Item 9. Disciplinary Information

Brinley and its management persons have not been involved in any legal or disciplinary events in the past 10 years that the Registrant believes would be material to a Client's or a prospective Client's evaluation of the Registrant's advisory business or the integrity of its management or its management persons.

Item 10. Other Financial Industry Activities and Affiliations

Neither the Registrant nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

The general partner of Fund I is under common control with the Registrant. Brinley anticipates that Fund I's general partner, as well as future general partners established by Brinley in connection with new Clients, could sponsor limited partnerships to which we become the investment adviser. Any such additional general partners are also expected to be under common control with the Registrant.

From time to time, certain Brinley employees may serve on various creditor committees or as directors of privately held or publicly traded companies in which a Client invests. Clients and prospective Clients should be aware of the fact that receipt of material non-public information, whether through such positions or otherwise, could preclude us from effecting discretionary transactions on behalf of Clients in certain investments.

Brinley does not recommend or select other third-party investment advisers for its Clients, and does not anticipate doing so with respect to any future Client.

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

The Registrant has adopted and implemented a code of ethics (the "**Code of Ethics**") pursuant to Rule 204A-1 under the Advisers Act, which requires the Adviser and its employees to put the interests of the Registrant's Clients before its own interests and to act honestly and fairly in all respects in its dealings with its Clients. The Code of Ethics also requires all employees to comply with applicable federal securities laws.

The Code of Ethics generally prohibits trading restricted securities and provides procedures governing personal securities transactions of employees that contain certain preclearance, regular reporting and other requirements that are designed to mitigate the risk of insider trading or securities trading on the basis of material non-public information in our possession and any other trading activities that are illegal or adverse to the positions we take on behalf of Clients. To mitigate potential conflicts of interest, Brinley requires its employees to pre-clear their personal transactions in any investments involving initial public offerings,

private placements, as well as other Reportable Securities defined in Rule 204A-1 under the Advisers Act. The Registrant, however, allows its access persons to trade certain exchange-traded funds, as well as other securities that are exempt from the definition Reportable Securities, without prior written approval.

Examples of other areas that our Code of Ethics and our compliance manual address include:

- employee conduct;
- conflicts of interest;
- political contributions;
- gifts and entertainment;
- outside business activities;
- confidentiality of information;
- manipulative trade practices; and
- initial public offerings and private offerings.

All our employees acknowledge the terms of the Code of Ethics at least annually and are obligated to report violations of the Code of Ethics to the Chief Compliance Officer.

Clients and investors therein, may obtain a copy of the Code of Ethics by contacting Brinley's compliance department at legalnotices@brinleypartners.com.

Conflicts of Interest – General

Brinley, the general partner and their affiliates are subject, and its Client are exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on our Clients and their investors. However, the existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of a Client. When a conflict of interest arises, Brinley will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with its fiduciary duties to its Clients. Brinley has in place policies and procedures that it believes are reasonably designed to identify and resolve actual and potential conflicts of interest. Unless the context indicates otherwise, references in this section to conflicts of interest that may apply to Brinley should be understood to apply to Brinley and its affiliates.

Conflicts of Interest – Other Relationships

Brinley will not make any investment on behalf of a Client that we do not believe to be in the best interests of such Client. However, conflicts could arise in any particular transaction between obtaining the most advantageous terms for a specific investment, which benefits our Clients, and maintaining our relationship with a borrower or private equity sponsor, which likely serves the long-term best interests of such Clients. For example, we are permitted to reduce transaction fees, offer loan terms that are more favorable to the borrower (and conversely, less favorable to our Clients), accept a below target position size, or make other similar concessions to maintain or improve a relationship with a private equity sponsor or borrower, which could increase the likelihood of repeat business for the benefit of our Clients overall.

Conflicts of Interest – Material Non-Public Information

Brinley's employees regularly acquire confidential information and Brinley may enter into confidentiality and/or "standstill agreements" when assessing investment opportunities. Brinley and its employees may also, from time to time, come into possession of material non-public information ("MNPI") about an issuer. The information, which if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Registrant and its employees may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other third party. Accordingly, if

Brinley and/or its employees come into possession of MNPI with respect to any issuer, the Registrant may be restricted from communicating such information to, or using such information for the benefit of, our Clients and their investors.

Brinley has adopted a policy in accordance with Section 204A of the Advisers Act, which establishes procedures to prevent the misuse of MNPI by Brinley and its employees.

Conflicts of Interest – Investment Activities

From time to time, our employees or relevant parties invest or otherwise have an interest in investments owned by or recommended to our Clients. Brinley has adopted a Code of Ethics. Among other things, this policy requires that employees act with integrity, place the interests of our Clients above their own, disclose and mitigate actual and potential conflicts of interest and comply with applicable provisions of relevant securities laws. This policy also requires employees to pre-clear outside business activities, pre-clear certain personal securities transactions, report certain personal securities transactions on at least a quarterly basis and provide Brinley with a detailed summary of certain holdings annually.

Conflicts of Interest – Loan Origination

We are engaged in loan origination activities on behalf of our Clients. These loan origination activities typically result in fees, including origination, commitment, document, structuring, facility, monitoring, and/or amendment fees. With respect to Fund I (and for other Clients, depending on the Client's governing documents), these fees are not shared with the Client or applied to reduce the management fees applicable to such Client. Fees that we and/or our affiliates earn in connection with loan origination activities create a conflict of interest, as further described in Item 5 under "Investment-Related Fees."

In some cases, Brinley will serve "on the right", "lead left" or in another lead position on a particular originated loan, which position may involve Brinley and its Clients taking on certain responsibilities with respect to such loan. While we believe that serving in a lead role provides more attractive investments to our Clients over time, this role (and the fees associated therewith, which may be part of our advisory compensation (as described in Item 5 under "Investment-Related Fees")) could conflict with the short-term interests of a Client on any particular deal. For example, when we serve in a leading role, our Clients could be required to retain an allocation of revolving loans or delayed draw term loans in excess of their *pro rata* share of such facilities. While the fees related to retaining these allocations of revolving loans or delayed draw term loans generally benefit the applicable Clients, retaining these portions could also require such Clients to reserve a sufficient amount of liquid capital to satisfy drawdown requests with respect to these loans, which can often be drawn on short notice (e.g., same day or one business day's notice). As a result, there is a risk that a correspondingly greater portion of a Client's capital will have to be held in cash or other highly liquid assets that earn little or no return. In addition, in order to win a mandate to act in a lead role with respect to a particular transaction, we could be required by the sponsor to sell a larger portion of a loan to third parties than we otherwise would have, or otherwise be required to take actions to satisfy sponsor requests that would not have taken absent our leading role. Further, to the extent one of the responsibilities of acting as lead lender is facilitating the syndication of a facility, we and/or our affiliates could receive fees in connection with syndicating such loan (which, as described above, are not always required to be offset against management fees or credited to our Clients) and, as a result, we may be incentivized to syndicate more of the loan to third parties than we would in the absence of these fees. In such cases, our Clients and their investors could receive smaller allocations of loans than they might otherwise prefer. Please see Item 5 under "Investment-Related Fees" for additional detail.

Item 12. Brokerage Practices

Brinley's acquisition or disposition of an asset will often involve a privately negotiated transaction that will not involve the services of a broker or dealer. In those instances, the Registrant seeks to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to its Clients. In some circumstances, however, Brinley may acquire or dispose of assets through a broker-dealer.

When Brinley executes portfolio transactions through a broker-dealer, Brinley shall seek the best overall terms available. The selection of investment bankers, brokers and other advisors and the fees paid in connection with such services require a substantial amount of judgment that considers a range of factors, both qualitative and quantitative. Factors include not only economic considerations but general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of a Client. If an asset can only be obtained from one broker-dealer, the Registrant will use that broker-dealer.

The Registrant currently does not have any soft dollar arrangements. Any soft dollar arrangements contemplated will be made in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended. That is, the Registrant will generally determine, considering all appropriate factors, that commissions and fees paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer.

Brinley has no directed brokerage arrangements.

Item 13. Review of Accounts

Brinley's investment professionals will generally review a Client's portfolios on a regular and ongoing basis to determine if they are consistent with applicable investment objectives and restrictions. Brinley's investment professionals will also consider whether the portfolio should change investments based on various factors, including but not limited to, changes in company fundamentals, advisers, key industry personnel, analysts, news and press releases, general market conditions and assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances.

Investors in our Clients receive unaudited quarterly written reports describing the applicable Client's performance and annual reports containing audited financial statements and other indicia of performance.

Brinley also distributes K-1 or equivalent filings to investors in our Clients and anticipates that it will provide certain other reports and analyses to its investors and potential investors upon request.

Item 14. Client Referrals and Other Compensation

In connection with investments made by its Clients, Brinley receives commitment, structuring, monitoring, or other transaction fees from portfolio investments. Brinley anticipates that it will receive similar fees from portfolio investments made by one or more future Clients. The potential for Brinley to receive such economic benefits may create conflicts of interest as Brinley may have economic incentives to invest in

portfolio investments that provide such benefits. See Item 5 under “Investment-Related Fees” for additional detail on these fees.

Brinley anticipates that it will enter into arrangements with third party marketers whereby Brinley may compensate third parties who introduce investors to Brinley. Such compensation typically will be based on the size of the investment made by the referred prospective investor. Such fee arrangements will be disclosed to applicable Clients and investors.

Item 15. Custody

Brinley is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”).

While the Registrant from time to time maintains custody of uncertificated securities or “privately offered securities” acquired directly from the issuers in private placements, Brinley deposits all Client assets (including any Client securities, to the extent the Registrant acquires or comes into possession of such securities) with a qualified custodian (as defined under the Custody Rule). The Custody Rule generally also requires an investment adviser to ensure that a qualified custodian must send account statements to clients on a quarterly basis, but in this case, the Registrant is not subject to this requirement, because Fund I (and any future private funds) will be audited at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Brinley will distribute audited financial statements to investors following the end of the fiscal year of a Client that is a private fund (including Fund I) within 120 days following such Client’s fiscal year-end.

Item 16. Investment Discretion

Brinley exercises discretionary authority in originating, structuring, negotiating, purchasing, financing, securitizing, and eventually divesting investments on behalf of Fund I. This authority is generally conferred through Fund I’s governing documents. All investments, regardless of type, must receive the approval of Brinley’s investment committee. Through this process, Brinley seeks to ensure that investments are compliant with the various legal, tax and other investment policies, limitations, and restrictions in effect for Fund I.

Brinley anticipates that it will provide advisory services to future Clients on a discretionary basis consistent with the terms of their respective governing agreements.

With respect to Co-Investment Accounts, the investors in such Co-Investment Accounts may have discretion over whether a particular co-investment is allocated to such Co-Investment Account, but Brinley is generally expected to have discretion over which prospective investments are proposed to such investors, and over the terms of acquisition, management and disposition of such co-investments once allocated.

Please see Item 4 for additional information regarding Brinley’s advisory services.

Item 17. Voting Client Securities

Brinley primarily invests in assets that typically do not issue proxies. However, in the event that Brinley receives proxies, Brinley will generally seek to vote proxies in compliance with its proxy voting policies and procedures that are designed to ensure that in cases where the Registrant votes proxies with respect to

a Client's securities, such proxies are voted in the best interests of the Client. Brinley reserves the right to vote against management, or affirmatively abstain from voting, if in its discretion Brinley determines that it would be in the best interests of a Client to do so.

If the Registrant detects a material conflict of interest in connection with a proxy solicitation, Brinley may engage outside counsel to review the material conflict of interest and make a recommendation.

While not expected to be a regular occurrence given Brinley's investment strategy, a Client may invest in or hold equity securities that could entitle them to participate in the proceeds of class action lawsuit recoveries. As a fiduciary, the Registrant shall seek to act in the Client's best interest under the circumstances. Brinley will determine whether the Client will (a) participate in a recovery achieved through a class action, or (b) opt out of the class action and separately pursue their own remedy. If Brinley determines the Client will participate in the recovery, it will complete a proof of claim form and any associated documentation, submit documents to the claim administrator, and monitor the receipt of any recovered monies. Brinley will maintain documentation associated with a Client's participation in class actions.

Brinley's complete Proxy Voting and Class Action Policy is memorialized in writing and is available upon request. In addition, a record of all proxy votes cast on behalf of a Client or investor is available upon request. To receive a copy, please contact Brinley's compliance department at legalnotices@brinleypartners.com.

Item 18. Financial Information

Brinley has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Client.