

# **Sandbrook Capital Management LLC**

Part 2A of Form ADV  
Firm Brochure

Stamford, CT

**March 31, 2023**

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Sandbrook Capital Management LLC (“Sandbrook Capital” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Sandbrook Capital’s Chief Compliance Officer at [kr@sandbrookcapital.com](mailto:kr@sandbrookcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**The Firm may refer to itself as a “registered investment adviser” or “RIA”. Registration as an investment adviser does not imply that Sandbrook Capital or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.**

**Additional information about Sandbrook Capital also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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**Item 2: Material Changes**

Sandbrook Capital is amending this Brochure as part of its Form ADV Annual Amendment for fiscal year ending December 31, 2022. The last annual update to this Brochure was filed on March 31, 2022. This annual amendment updates the description of the business practices of the Firm and its affiliates in Item 4 “Advisory Business,” Item 5 “Fees and Compensation,” Item 6 “Performance-Based Fees and Side-By-Side Management,” Item 7 Types of Clients, Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss, and Certain Conflicts of Interests,” Item 10 Other Financial Industry Activities and Affiliations and Item 15 “Custody”.

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#### Item 4: Advisory Business

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Sandbrook Capital Management LLC (“**Sandbrook Capital**”, the “**Firm**”, “**we**”, “**us**”, or “**our**”) is a Delaware limited liability company, formed in 2021. Sandbrook Capital commenced operations in November 2021.

Sandbrook Capital is ultimately managed and controlled by the following individuals: Kenneth Ryan, Alfredo Marti, German Gabriel Cueva Lopez, Christopher Hunt, and Carl Williams (collectively, the “**Principals**”).

Sandbrook Capital and its affiliates will serve as investment manager and provide discretionary investment advisory services to investment vehicles privately offered to qualified investors, each, a “**Fund**,” and collectively, together with any future private investment vehicle or fund to which Sandbrook and or its affiliates provide investment advisory services, the “**Funds**” or the “**Clients**.” In respect of the advisory services provided to the Funds, Sandbrook Capital is associated with Sandbrook GP I LLC, a Delaware limited liability company, (together with general partner entities or equivalent governing entities established with respect to future Funds, and any future affiliated general partner entities, the “**General Partners**” and, together with Sandbrook Capital and its affiliated entities, “**Sandbrook**”). Sandbrook is subject to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) pursuant to Sandbrook’s registration in accordance with SEC guidance. This Brochure also describes the business practices of any General Partners, which operate as a single advisory business together with Sandbrook Capital.

Sandbrook provides advice to the Clients based on their specific investment objectives and strategies. Sandbrook does not tailor advisory services to the individual needs of specific investors in the Clients. Investors in the Clients (generally referred to herein as “**Investors**” or “**Limited Partners**”) participate in the overall investment program for the applicable Client, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to a Fund’s agreement of limited partnership (as amended, the “**Partnership Agreement**”); for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Sandbrook and any investor.

Sandbrook offers discretionary investment advisory services to Clients. Sandbrook’s investment advisory services to Clients generally consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Sandbrook provides investment advisory services to each Fund in accordance with the Fund’s investment advisory agreement. The investment advisory agreement tailors the advisory services provided to a Fund in a manner consistent with the investment objectives, restrictions and manner of operation provided for in the Partnership Agreement and private placement memorandum (“**PPM**”), (collectively, the “**Governing Documents**”).

As of March 31, 2023, Sandbrook managed approximately \$1,525,896,872 in regulatory assets under management on a discretionary basis.

See Item 8 of this brochure for a more detailed discussion of Sandbrook’s investment strategies.

## Item 5: Fees and Compensation

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### *Management Fees*

As described more fully in each Fund's confidential private placement memorandum (the "**PPM**"), the Funds pay the Firm a management fee (the "**Management Fee**") calculated as of the close of business in New York, New York on the first day of each calendar quarter (each such date, the "**Management Fee Calculation Date**") in an amount equal to (i) during the investment period of the applicable Fund, 1.50% *per annum* of capital commitments of Limited Partners of the Fund, and (ii) after the earlier to occur of (x) the expiration of the investment period of such Fund and (y) the final admission date of a successor fund to the Fund, 1.0% of the Fund's Invested Capital, in each case payable quarterly in advance as of such Management Fee Calculation Date. For purposes of the calculation of the Management Fee, "**Invested Capital**" means amounts called and utilized, reserved for contingent funding obligations or otherwise contractually committed for portfolio investments that have not yet been realized or permanently written off (including amounts borrowed under a credit facility to fund portfolio investments).

Management Fees will be charged on a basis that generally is not tied to the Fund's then-current net asset value. As specified in the relevant Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (generally representing the end of the Fund's defined investment period (the "**Stepdown Date**")), Management Fees generally will be charged based on a percentage of the relevant Fund's aggregate capital commitments. After the Stepdown Date, Management Fees generally will be charged based on a percentage of Invested Capital made by the relevant Fund that have not been realized or permanently written off.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including following the investment period, and will not be reduced in connection with write offs, except in the case of investments permanently written off. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

In many circumstances, the management fee base will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions, or partial write-offs that occur partway through the relevant measurement period.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

The Management Fees with regard to the first and last calendar quarterly periods of a Fund shall be pro-rated as to the percentage of such period that the Fund operates. For such purposes, a Fund shall be deemed to commence operations upon its initial closing and cease operations upon the earlier of (x) the final liquidating distribution by the Fund and (y) the withdrawal of the General Partner who is then the sole General Partner, unless an assignee or transferee is substituted in its place as contemplated in the Fund's Partnership Agreement. Such fees will be paid out of current income and/or disposition proceeds or, to the extent such amounts are not available, from unfunded commitments that will be drawn down, or borrowings of a Fund.

In general, with the exception of co-investment vehicles (which typically do not bear any management fees or carried interest and to which Sandbrook reserves the right to create future co-investment vehicles on different terms) Sandbrook receives a management fee and a carried interest in connection with the provision of advisory services to its clients. Sandbrook or other Sandbrook

entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to Sandbrook to the extent provided by the Governing Documents. In addition, in certain circumstances Sandbrook receives compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses. Fees and expenses will be charged as set forth in the Governing Documents. It is important that prospective Investors refer to the relevant Governing Documents for a complete understanding of the fees and expenses they may pay through an investment in a Fund or a co-investment vehicle. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with Investors.

Sandbrook reserves the right, in its sole discretion, to waive the Management Fee to which it is entitled in respect of any limited partner's interest or to impose different fees (including fees that are higher, lower, calculated in a different manner or payable at a different time) in respect of any limited partner's interest, without notice to other Limited Partners. The Fund will reflect any difference in fees charged in respect of a limited partner in the drawdown of capital from, and/or distributions and allocations to, such limited partner.

Prospective investors should refer to the respective Fund's PPM for a more comprehensive description of such fee arrangements.

### **Incentive Compensation/Carried Interest**

See Item 6 below for information with respect to incentive compensation/carried interest payable to the General Partner.

### ***Expenses***

*Salaries and Related Expenses.* Sandbrook Capital and each General Partner will be responsible for their own general operating and overhead costs such as the salaries and expenses of their personnel responsible for providing services to a Fund. For the avoidance of doubt and as described in more detail in the PPM, salaries, fees and expenses of any service providers and operating partners as well as advisory board members are treated as operating expenses of the applicable Fund and not borne by a General Partner or Sandbrook Capital. Operating partners are expected from time to time to include former employees of Sandbrook or certain portfolio companies, and in some circumstances former operating partners are expected to become Sandbrook employees or employees of portfolio companies. Consequently, the determination of whether individuals are operating partners is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Sandbrook otherwise would be required to bear.

*Operating and Organizational Expenses.* Each Fund will (directly or indirectly) bear its *pro rata* share of (i) all of its fees, costs, expenses and liabilities, all of its investment-related fees, costs, expenses and liabilities (including with respect to amounts incurred prior to the relevant Fund's initial closing) and all of its other operating fees, costs, expenses and liabilities, including all fees, due diligence costs and other fees, costs, expenses and liabilities related to the identification, sourcing, evaluation, pursuit, acquisition, holding, valuation and appraisals, asset management, restructuring and disposing of investments (whether consummated or unconsummated), including all reasonable travel-related fees, costs, expenses and liabilities, including lodging and meals, all fees, costs, expenses and liabilities of legal counsel and financial and other advisers (including advisory board members) incurred in connection therewith, all fees, costs, expenses and liabilities of information technology services relating to the ongoing management of investments, "broken deal" expenses, including legal and other advisory fees (and including without limitation broken deal expenses in respect of co-investors' proportionate share of the applicable unconsummated investment) and all

other investment-related fees, costs, expenses and liabilities (to the extent not reimbursed by the relevant portfolio investment); (ii) all fees, costs, expenses and liabilities related to any audits or agreed upon procedures, tax forms and return preparations and filings, custodian fees and expenses, fund accounting, administrator services, ESG services, financial statement preparation and reporting, web services for the benefit of Limited Partners, delivery costs and expenses in connection with reporting obligations and communications and compliance services; (iii) all fees, costs, expenses and liabilities relating to insurance policies (including director and officer and errors and omissions liability insurance) maintained by or for the benefit of the Fund, including in respect of portfolio investments and/or personnel of Sandbrook Capital and their affiliates, the Advisory Board, any service providers and any operating partners; (iv) other administrative fees, costs, and liabilities; (v) all fees, costs, expenses and liabilities of brokers, transaction finders and other intermediaries, including brokerage commissions and spreads, and all other transaction-related fees, costs, expenses and liabilities, including reverse break-up fees; (vi) all fees, costs, expenses and liabilities relating to derivatives and hedging transactions; (vii) all principal amounts of, and interest expense on, borrowings and guarantees, and all other fees, costs, expenses and liabilities arising out of borrowings and guarantees, including the arranging and maintenance thereof, whether incurred by the Fund or incurred or facilitated by a special purpose vehicle that makes portfolio investments; (viii) Management Fees; (ix) all fees, costs, expenses and liabilities incurred through the use or engagement of service providers and operating partners; (x) all fees, costs, expenses and liabilities of annual and other Fund meetings (including meetings with any Limited Partners); (xi) all fees, costs and expenses of the limited partner advisory committee (the “**LPAC**”), including reasonable travel-related costs and expenses (such as lodging and meals) and other reasonable costs and expenses incurred by any member of the LPAC in connection with such member’s service on the LPAC; (xii) all taxes, fees, penalties and other governmental charges levied against the Fund (except to the extent reallocated to the artners) (see “—Tax Considerations” in the Fund’s PPM) and all fees, costs, expenses, penalties and liabilities related to tax compliance, including those of the partnership representative; (xiii) all fees, costs, expenses and liabilities of the Fund’s legal counsel including those pursuant to the EU Alternative Investment Fund Managers Directive, and related to extraordinary matters, including expenses for any dispute resolution (including litigation and regulatory-related legal expenses); (xiv) all fees, costs, expenses and liabilities relating to legal and regulatory filings, including securities law filings relating to portfolio investments; (xv) all fees, costs, expenses and liabilities related to the Fund’s indemnification or contribution obligations; (xvi) all fees, costs, expenses and liabilities for subscription services; (xvii) all fees, costs, expenses and liabilities of liquidating the Fund; (xviii) transfer agent services; (xix) subject to any offsets, placement agent fees; (xx) the Fund’s pro rata, allocable share of the fees, costs and expenses of the Advisory Board, including reasonable travel-related costs and expenses (such as lodging and meals) and other reasonable costs and expenses incurred by any member of the Advisory Board in connection with such member’s service on the Advisory Board; (xxi) all fees, costs, expenses and liabilities incurred in connection with establishing, implementing, monitoring and/or measuring the impact of ESG policies and programs with respect to the Fund or its investments or prospective investments or the ESG-related impact of its investments on the environment or society, (xxii) any other fees, costs, expenses and liabilities related to the Fund (whether related to its investments, operations or otherwise) not specifically assumed by the Investment Manager, including all extraordinary expenses and all investment-related expenses and (xxiii) any other fees, costs, expenses and liabilities set forth in the Fund’s Partnership Agreement (collectively, “**Operating Expenses**”). Each special purpose vehicle which makes portfolio investments will bear all of its own organizational and operating fees, costs, expenses and liabilities and, as a result, the Fund will indirectly bear these fees, costs, expenses and liabilities. For the avoidance of doubt, any Operating Expenses advanced by or paid by the Fund’s General Partner, Sandbrook Capital or their affiliates on behalf or for the benefit of the Fund will be reimbursed by the Fund.

Sandbrook Capital and/or its affiliates may advance to a Fund organizational fees, costs, expenses and liabilities of the Fund, including legal expenses, incurred in connection with the initial offering of Interests and related regulatory filings and the formation and establishment of the Fund (including

one or more feeder funds) as further described in the relevant Partnership Agreement (the “**Organizational Expenses**”). Sandbrook Capital (or such affiliate) will be reimbursed by the Fund and all parallel investment vehicles for such advanced Organizational Expenses in an amount (together with amounts so reimbursed by any parallel investment vehicles in respect of their organizational expenses) not to exceed \$4 million.

Any Fund and each parallel investment vehicle will be responsible for and pay (or reimburse) its *pro rata* share of Organizational Expenses and parallel investment vehicle organizational expenses, subject to the cap described in the preceding paragraph. However, notwithstanding anything to the contrary herein, any such fees, costs, expenses and liabilities that are specific to one or more related investing vehicles (as determined in the sole discretion of the relevant General Partner and equivalent governing bodies of the relevant related investing vehicles), including fees, costs, expenses and liabilities relating to AIFMD compliance in connection with such related investing vehicles’ formation and establishment, may (in the sole discretion of the relevant General Partner and equivalent governing bodies of the relevant related investing vehicles) be borne solely by such related investing vehicles and will not be subject to the cap on or other limitations relating to Organizational Expenses.

*Offset for Transaction Fees Payable to the General Partner, Sandbrook Capital or their Respective Subsidiaries.* If a General Partner, Sandbrook Capital or any of their subsidiaries receives any Transaction Fees (as defined below), or if the applicable Fund receives any Transaction Fees and distributes such Transaction Fees to the General Partner, Sandbrook Capital or any of their subsidiaries (other than as a result of a distribution by the applicable Fund to the partners generally pursuant to the distribution mechanics described above), Management Fees for the period or periods following the receipt of such Transaction Fees will be reduced by an amount equal to 100% of such Transaction Fees. The term “**Transaction Fees**” means the applicable Fund’s portion (based on the applicable Fund’s *pro rata* portion of the relevant portfolio investment and if not consummated, such portion as determined by a General Partner in its reasonable discretion) of any directors’, transaction, break-up, advisory or other fees paid to the General Partner, Sandbrook Capital or any of their respective subsidiaries, or related or affiliated person by any third party in connection with any proposed or existing portfolio investments; provided that in each case, Transaction Fees shall not include (i) any amounts paid as reimbursement for out-of-pocket expenses (excluding expenses related to any tax obligation) incurred in connection with providing services in respect of which Transaction Fees were paid, (ii) any amounts paid to service providers (as defined in the PPM) or Operating Partners (as defined in the PPM) in connection with any portfolio investment, (iii) any amounts paid by any investor or investment vehicle making a co-investment with the applicable Fund or investing alongside the applicable Fund or (iv) fees that comprise or constitute Operating Expenses.

*Offset for Placement Agent Fees Borne by the applicable Fund.* To the extent that any Placement Agent Fees (as defined below) are borne by the applicable Fund rather than individual Limited Partners or Sandbrook, the Management Fee will be reduced by an amount equal to such Placement Agent Fees.

In determining the applicable Fund’s portion of any Transaction Fees, a General Partner may take into account the applicable Fund’s proportionate ownership of a portfolio investment’s entire capital structure (including both debt and equity). A General Partner, Sandbrook Capital or any of its subsidiaries may take actions to give effect to the above arrangement other than reducing Management Fees (*e.g.*, rebating or waiving Transaction Fees at the portfolio investment level), in which case Transaction Fees will not reduce Management Fees as described above.

For a complete enumeration of the treatment of expenses, please refer to the operating fees and expenses section of each Fund’s PPM.

For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

If any of the expenses listed above are incurred on behalf of more than one Client, such expenses will generally be allocated among such Clients either in proportion to the size of the investment made by each Client to which such expense relates (in respect of trading and investment-related expenses), based upon the capital in each respective Client (in respect of non-trading and investment related expenses), or in such other manner as Sandbrook considers fair and equitable.

From time to time in the future, the Firm may permit certain investors to co-invest in investments alongside one or more of the Clients, subject to the relevant governing documents, as well as the considerations described in Item 8 below. Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Clients. For co-investments, expense allocations may not be *pro rata* based on invested capital but will be in line with disclosures in the governing documents for those Clients.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

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As described in each Funds' PPM, a General Partner is generally entitled to carried interest (the "**Carried Interest**") equal to twenty percent (20%) of the amount distributed to the investors in each Fund, after the return of capital contributions to the Fund (including amounts contributed to pay Management Fees, organizational expenses and other fund expenses) and subject to an eight percent (8%) per annum preferred return.

A General Partner may enter into arrangements with respect to the reduction or waiver of the Carried Interest to which it is entitled with respect to certain current or former employees of the General Partner, Sandbrook Capital, or their affiliates or any third party investors. A General Partner may also elect not to receive all or any portion of the Carried Interest that would otherwise be distributed to it and may cause any or all amounts subsequently available for distribution to the partners to be distributed to the General Partner until it has received the same aggregate amount of Carried Interest had it not previously waived receipt of a Carried Interest distribution.

A General Partner may, in its sole discretion, cause the Funds to distribute in cash to the General Partner, Sandbrook Capital, and/or each of its affiliates and other parties entitled to receive a share of the Carried Interest amounts necessary to pay taxes (at an assumed highest marginal rate) on Fund-related income and gains allocated to any of the foregoing in respect of their interests in the Fund (including the Carried Interest). Any such tax distributions will be treated as advances of (and credited against) subsequent distributions that would be made to such parties in respect of the relevant Fund interest.

A General Partner will be entitled to withhold from any distributions, in its discretion, any required tax withholdings. Amounts of taxes paid or withheld from amounts otherwise distributable to a Limited Partner will be deemed distributed for purposes of the calculations above.

### **Conflicts Related to Performance Based Fees**

The existence of performance-based compensation creates an incentive to cause us to make investments that are more speculative than would otherwise be the case in the absence of such performance-based compensation. Additionally, to the extent that the Firm has Clients with varying Carried Interest terms (including amount, timing, waterfall conditions or other terms) and/or Firm personnel are assigned to varying percentages of carried interest from the Clients, the Firm and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Clients from which they are entitled to receive a higher carried interest percentage. However, we believe this incentive is mitigated by the personal investment in such vehicles by our Principals and the fact that losses will reduce the Fund's performance and, thus, their returns as well.

We make investments through the Funds. Our allocation policy provides that transactions and investment opportunities shall be handled on a fair and equitable basis over time. Performance-based compensation creates a potential incentive to favor accounts that are subject to higher compensation rates over other accounts in the allocation of investment opportunities. In addition, our related persons may in the future invest in one or more Clients. As a result, Sandbrook would have a possible incentive to favor the Client(s) in which our related persons have a greater economic interest and/or have a potential conflict of interest in allocating investment opportunities among those Client accounts. In order to mitigate these potential conflicts, we will generally follow the allocation policy and procedures described in Item 12 below.

## **Item 7: Types of Clients**

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Sandbrook Capital provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Sandbrook Capital’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Sandbrook Capital and its affiliates and members of their families, operating partners or other service providers retained by Sandbrook Capital, as well as executives of portfolio companies. The investment minimums and investor eligibility requirements are stated in the respective Fund’s offering materials. Sandbrook Capital and/or the General Partner of each Client have the discretion to waive or modify the investment minimums, depending on the complexity and nature of the advisory services provided.

We may in the future advise additional Funds for institutional, non-retail investors such as high net worth individuals, pension and profit sharing plans, charitable organizations, pooled investment vehicles, corporations and other types of businesses or other Clients.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss, and Certain Conflicts**

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### **of Interests**

As a general matter, the investment strategies utilized by the Firm are described in the Clients' offering and governing documents, which are provided to such Clients' investors prior to the time of an investment. The information contained herein is a summary only, and investors should refer to the Client's relevant offering and governing documents for a complete overview of the Firm's investment strategies and the risks associated therewith.

### ***General Risks Related to the Funds***

*Risk of Loss.* An investment in a Fund is highly risky. There can be no assurance that a Fund will achieve its investment objective or any particular level of returns. An investor may lose all of its money invested in a Fund. Among other things, a Fund may invest in assets that are underperforming or non-performing and/or in securities of issuers who are under financial stress. By their nature, such investments are considered speculative and entail substantial risks that are generally higher than the risks of investments in performing assets and securities of issuers that are not under financial stress. Any losses in a Fund will be borne solely by investors in the Fund and not by Sandbrook, the General Partner or any of their respective affiliates (except to the extent they invest capital in a Fund, in which case they, with respect to such capital invested, will bear their pro rata portion of such loss).

*Lack of Operating History.* A Fund will begin operations upon the initial closing and have no operating history with which to evaluate their future performance. The past performance of other investment vehicles managed by Sandbrook or any of its personnel at their prior firms cannot be relied upon as an indicator of the Fund's success. An investor in a Fund must rely upon the ability of Sandbrook in identifying portfolio investments and implementing the Fund's investment strategy.

*No Market for Interests.* Pursuant to the Governing Documents of the Fund, an Interest is not generally transferable and voluntary withdrawal of an Interest is not allowed (other than to accommodate certain regulatory and other considerations, including in connection with ERISA, as set forth in the Governing Documents). A Limited Partner may not sell, assign or transfer its Interest without the prior written consent of the relevant General Partner, which the General Partner may grant or withhold in its sole and absolute discretion. In addition, transfers of Interests may be affected by restrictions on resales imposed by federal and state securities laws. The Interests will not be registered under the Securities Act or any state securities laws and may not be transferred unless registered under applicable federal and state securities laws or unless an exemption from such laws is available. No market exists for the Interests, and none is expected to develop. Therefore, an investment in a Fund must be considered illiquid and must only be made by persons that are able to bear the risk of their investment in the Fund for an indefinite period of time.

*Management Risk and Reliance on Management.* A Fund is subject to management risk because Sandbrook actively manages its investment portfolio. Sandbrook will apply investment and disposition techniques and risk analyses in making investment and disposition decisions for the Fund, but there can be no guarantee that these will produce the desired results. In addition, as Limited Partners may not participate in the management of a Fund, only investors who are willing to entrust all aspects of the management of a Fund to the General Partner and Sandbrook Capital should subscribe for Interests.

The success of a Fund will be highly dependent on the financial and managerial expertise of Sandbrook and any consultants or other service providers retained by a Fund. The success of Sandbrook is highly dependent on the financial and managerial expertise of the Principals and their designees, who may not continue to be employed by or associated with Sandbrook during the entire term of a Fund. In addition, a number of members of the professional staff of Sandbrook may in the

future be investors in other investment vehicles advised by Sandbrook and are actively involved in managing the investment decisions of these investment vehicles, as well as investment decisions of other clients of Sandbrook. Accordingly, the members of the professional staff of Sandbrook will have demands on their time for the investment, monitoring and other functions of other funds and other clients advised by Sandbrook. In addition, competition in the financial services, private equity and alternative asset management industries for qualified investment professionals is intense. Sandbrook's continued ability to effectively manage a Fund's investments depends on its ability to attract new investment professionals and to retain and motivate its existing investment professionals.

At any time during the Fund's term, without the consent of any Limited Partner or the LPAC, (i) Sandbrook Capital may in its sole discretion assign the full and exclusive authority and responsibility granted to it under the investment management agreement to an investment adviser affiliated with Sandbrook Capital and/or (ii) a General Partner may in its sole discretion assign all or any part of its interest as the general partner of a Fund or any related investing vehicle to an entity affiliated with Sandbrook Capital, in each case subject to applicable law. Sandbrook Capital and a General Partner may take any actions that are necessary or incidental to any such assignment (which will not require the consent of any Limited Partner or the LPAC), including assigning the investment management agreement or causing the Fund to enter into a new investment management agreement. Although it is expected that the management fee and Carried Interest payable by a Fund to such entities would be identical to that payable to Sandbrook Capital (or its affiliates) and the General Partner and certain of the Principals would continue to be responsible for managing the Fund's assets, there is no guarantee that any or all such characteristics will apply to any such new investment adviser or general partner. See also "*Competition; Potential for Insufficient Investment Opportunities*" below for information about potential limits on the Fund's investment team's ability to utilize Sandbrook's full panoply of issuer-specific resources in the management of the Fund's portfolio.

Sandbrook may delegate non-investment decisions to other professionals in its sole discretion. Any decisions made by such subset or other professionals may be materially different and/or less optimal than decisions that would have been made by Sandbrook.

*Competition; Potential for Insufficient Investment Opportunities.* The business of identifying and effecting investments of the types contemplated by Sandbrook is competitive and there can be no assurance that Sandbrook will be able to identify and obtain a sufficient number of investment opportunities to invest the full amount of capital that may be committed to a Fund. Increased competition for, or a diminishment in the available supply of, potential portfolio investments could result in lower returns on such portfolio investments. A Fund may engage in auction or similar bidding processes with respect to certain portfolio investments, which processes are often highly competitive and may involve numerous other bidders about which a Fund possesses limited or no information; as a result, the foregoing considerations will be applicable with respect to any such processes.

*Insufficient Capital for Follow-On Investments.* Following its initial investment in a portfolio investment, a Fund may have the opportunity to increase its investment in such portfolio investment. There is no assurance that a Fund will make follow-on investments or that the Fund will have sufficient resources to, or be permitted to, make such investments. Any decision not to make follow-on investments or the Fund's inability to make them may have a substantial negative impact on the company in need of such an investment, may result in missed opportunities for a Fund or may result in dilution of a Fund's investment.

*Concentration of Portfolio Investments.* A Fund may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of any single investment. A Fund has a broad and flexible investment mandate, and the Fund will not be subject to any limits or proportions with respect to the mix of permitted Portfolio Investments. As a result, a Fund's portfolio investments could potentially

be concentrated in relatively few strategies, issuers, industries, markets, geographies or investment types. Such non-diversification would make a Fund more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. A Fund could be subject to significant losses if it holds a relatively large position in a single strategy, issuer, industry, market, geographic region or a particular type of portfolio investment that declines in value, and the losses could increase even further if the portfolio investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

*Third-Party Involvement.* A Fund may hold a portion of its investments through partnerships, joint ventures, securitization vehicles or other entities with third-party investors (collectively, “**joint ventures**”). Joint venture investments involve various risks, including the risk that a Fund will not be able to implement investment decisions or exit strategies because of limitations on the Fund’s control under applicable agreements with joint venture partners, the risk that a joint venture partner may become bankrupt or may at any time have economic or business interests or goals that are inconsistent with those of the Fund, the risk that a joint venture partner may be in a position to take action contrary to the Fund’s objectives, the risk of liability based upon the actions of a joint venture partner and the risk of disputes or litigation with such partner and the inability to enforce fully all rights (or the incurrence of additional risk in connection with enforcement of rights) one partner may have against the other, including in connection with foreclosure on partner loans, because of risks arising under state law. In addition, a Fund may be liable for actions of its joint venture partners.

*Leveraged Companies.* A Fund will invest in portfolio investments whose capital structures have significant leverage. Such portfolio investments are inherently more sensitive to declines in revenues and asset values and to increases in expenses and interest rates. The leveraged capital structure of such portfolio investments will increase the exposure of the portfolio investments to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio investment, its underlying assets or its industry. Additionally, the securities acquired by a Fund may be the most junior securities in what may be a complex capital structure, and thus subject to the greatest risk of loss. In addition, for purposes of clarity, any direct borrowings by a non-special purpose vehicle portfolio investment will not be included in the investment guidelines of a Fund.

*Inflation Risk.* High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country’s economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on a Fund’s investments and its aggregated returns. For example, if a portfolio investment were unable to increase its revenue while the cost of relevant inputs were increasing, the portfolio investment’s profitability would likely suffer. Likewise, to the extent a portfolio investment has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, the portfolio investment could increase revenue by less than its expenses increase. Conversely, as inflation declines, a portfolio investment may see its competitors’ costs stabilize sooner or more rapidly than its own. In particular, many companies operating in the renewables and sustainable infrastructure sector may have fixed income streams and, therefore, be unable to pay higher dividends. The market value of the portfolio companies may decline in value in times of higher inflation rates. The prices that a portfolio investment is able to charge users of its assets may not be linked to inflation. In addition, the market value of portfolio investments may decline in times of higher inflation rates given that the most commonly used methodologies for valuing investments (e.g., discounted cash flow analysis) are sensitive to rising inflation and real interest rates. Finally, wage and price controls have been imposed at times in certain countries in an attempt to control inflation, which could significantly affect the operation of portfolio investments. Accordingly, changes in the rate of inflation may affect the

forecast profitability of a portfolio investment.

**LIBOR and other Benchmark Rates.** To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("**LIBOR**") or other benchmark or reference rates (each, a "**Benchmark Rate**"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

**Portfolio Turnover.** A Fund will not place any limit on the rate of portfolio turnover, and portfolio investments may be sold or otherwise disposed of without regard to the time they have been held when, in the judgment of Sandbrook, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce a Fund's investment gains or create a loss for investors and may result in significant tax costs for investors depending on the tax provisions applicable to such investors.

**Projections.** A Fund may rely upon projections, forecasts or estimates developed by Sandbrook, the Fund or an issuer in which the Fund is invested concerning the issuer's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements, are inherently uncertain and are based upon certain assumptions. Actual events are difficult to predict and beyond a Fund's control. Actual events may differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates; domestic and foreign business, market, financial or legal conditions; leverage amounts and costs; and the degree to which the portfolio investments are hedged and the effectiveness of such hedges. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated therein.

**Valuation of Illiquid Assets.** It is expected that the majority of a Fund's investments will be in securities or other financial instruments for which market quotations are not available. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such securities, from values placed on such securities by other investors and from prices at which such securities may ultimately be sold. In addition, third-party pricing information may at times not be available regarding certain of a Fund's assets or, if available, may not be considered reliable. A Fund's governing documents will discuss the fair value of securities, loans or other instruments for which market quotes are not readily available (or if extraordinary events occur after the last readily available quotation). There can be no assurance that such valuations will be reliable, accurate or reflective of the prices at which such investments are ultimately realized. In addition, certain of the securities or other assets that a Fund seeks to sell or acquire via cross trade may be illiquid and difficult to value, therefore there can be no assurance that such valuation will be accurate.

**Assets Believed to Be Undervalued or Incorrectly Valued.** Securities that Sandbrook believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe Sandbrook anticipates. As a result, a Fund may lose all or substantially all of its investment in any particular instance.

**LPAC.** None of any General Partner, Sandbrook Capital or their respective affiliates will be obligated

to refer matters to the LPAC or to act in accordance with the LPAC's advice and counsel, except as otherwise expressly set forth in the Governing Documents. Decisions of a General Partner, Sandbrook Capital and/or their respective affiliates on matters approved by the LPAC will be final and binding on the investors in the Fund and investors in the Related Investing Vehicles. In addition, consent by the LPAC will constitute the consent of the client (i.e., the Fund) for purposes of the Advisers Act, including consents required under Section 206(3) thereof and, subject to applicable law, consent to a "change of control" of Sandbrook Capital or a General Partner.

*Adverse Consequences of Default.* A Limited Partner in default with respect to its unfunded Commitment may experience material adverse effects on its investment. When a Limited Partner defaults, the relevant General Partner, in its discretion, may cause the defaulting Limited Partner to forfeit a portion of the distributions to which the defaulting Limited Partner may otherwise have been entitled. A General Partner may also require a forced sale of the defaulting Limited Partner's Interest. In addition, a General Partner may pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount, including attorneys' fees, to be paid by the defaulting Limited Partner. Upon the default of a Limited Partner, a General Partner may deliver an amended funding notice to the non-defaulting Limited Partners increasing their capital contributions by up to an aggregate amount equal to the capital contribution that the defaulting Limited Partner failed to make, not in excess of a Limited Partner's unfunded Commitment.

A General Partner may require a defaulting Limited Partner to contribute the entirety of its remaining Commitment to a Fund. For any such Limited Partner, the return on its Fund investment may be materially lower than returns to Limited Partners who do not pre-fund their Commitments.

*Exclusion or Withdrawal of a Limited Partner.* If a General Partner permits a Limited Partner to opt out of indirectly participating in a prospective portfolio investment in a Prohibited Issuer or requires or permits a Limited Partner to withdraw from a Fund (including in connection with any actual or potential violation of any applicable law or to ensure that the assets of the Fund will not be treated as "plan assets" within the meaning of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA") and the regulations thereunder), any election to opt out of a particular prospective portfolio investment or to withdraw from the Fund may increase another Limited Partner's pro rata interest in that particular portfolio investment (in the case of an opt-out) or all future portfolio investments (in the case of a withdrawal).

*Unfunded Pension Liabilities of Portfolio Companies.* In at least one circuit, a United States court found that, in certain circumstances, an investment fund could be treated as a "trade or business" for purposes of determining pension liability under ERISA. Therefore, where an investment fund owns 80% or more (or possibly, under certain circumstances, less than 80%) of an investment, such fund (and any other 80%-owned investee companies of such fund) might be found liable for certain pension liabilities of such an investment to the extent the investment is unable to satisfy such liabilities. A Fund may, from time to time, invest in an investment that has unfunded pension fund liabilities, including structuring the investment in a manner where it may own an 80% or greater interest in such an investment. If the Fund (or other 80%-owned portfolio companies) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which it invests. This discussion is based on current court decisions, statutes and regulations regarding control group liability under ERISA as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Risks Related to Electronic Communications/Cybersecurity Risk.* A Fund is expected to provide to Limited Partners statements, reports and other communications relating to the Fund and/or the Limited Partner's Interest in electronic form, such as e-mail or via a password protected website ("**Electronic Communications**"). Electronic Communications may be modified, corrupted, or contain viruses or malicious code, and may not be compatible with a Limited Partner's electronic system. In addition, reliance on Electronic Communications involves the risk of inaccessibility,

power outages or slowdowns for a variety of reasons. These periods of inaccessibility may delay or prevent receipt of reports or other information by the Limited Partners.

While Sandbrook employs various measures to address cybersecurity-related issues, Sandbrook, the Administrator, the Fund and/or its portfolio companies and their respective service providers may nevertheless be subject to operational and information security risks resulting from cybersecurity incidents. A cybersecurity incident refers to both intentional and unintentional events that may cause Sandbrook, the Fund and/or its portfolio companies or their respective service providers to lose or compromise confidential information, suffer data corruption or lose operational capacity. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to Limited Partners (and their beneficial owners) and material nonpublic information. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Sandbrook, a Fund and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The systems a Fund has implemented to manage risks relating to these types of events could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm, and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in a Fund's and Sandbrook's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to Limited Partners, material nonpublic information and other sensitive information in Sandbrook's possession.

The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Sandbrook's, Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to Limited Partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors).

Such disaster or a disruption in the infrastructure that supports Sandbrook's business, including a disruption involving electronic communications or other services used by Sandbrook or third parties with whom Sandbrook conducts business, or directly affecting Sandbrook's headquarters, could have a material adverse impact on its ability to continue to operate its business without interruption. Sandbrook's disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse Sandbrook for losses, if at all.

In addition, cybersecurity has become a top priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If Sandbrook Capital fails to comply with the relevant laws and regulations, Sandbrook Capital could suffer financial losses, a disruption of its businesses, liability to investors, regulatory intervention or reputational damage.

A Fund, its portfolio investments and its service providers are currently impacted by procedures being enacted by governments in response to the global COVID-19 pandemic, which are obstructing the regular functioning of business workforces (including requiring employees to work from external locations and their homes). Accordingly, the risks described above are heightened under current remote work conditions.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "**Privacy Laws**") could significantly impact current and planned

privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Sandbrook Capital, the General Partners, the Funds and/or their portfolio investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Sandbrook Capital, the General Partners, the Funds and/or their portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Sandbrook, the General Partners, the Funds and/or their portfolio investments.

### ***Regulatory Risks Relating to the Fund***

*Regulatory Risks Relating to the Fund.* Legal and regulatory changes could occur during the term of a Fund that may adversely affect the Fund. A Fund may be subject to, and adversely affected by, new federal, state or non-U.S. laws or new regulation by the SEC, the Commodity Futures Trading Commission (the “**CFTC**”), the Board of Governors of the Federal Reserve System (the “**Federal Reserve Board**”), the Federal Deposit Insurance Corporation (the “**FDIC**”), the European Commission and other federal, state and non-U.S. securities or banking regulators, and other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. A Fund may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by courts and/or these governmental regulatory authorities or self-regulatory organizations. Moreover, legal and regulatory changes may adversely affect a Fund’s ability to obtain financing by (among other things) reducing the availability of financing and/or adversely impacting financing costs and other terms.

The regulatory environment for private investment funds is evolving, and changes in the regulation or taxation of private investment funds may adversely affect the value of the investments held by the Fund and the ability of a Fund to execute its investment strategy.

In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC and other U.S. and non-U.S. regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on a Fund could be substantial and adverse.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Sandbrook Capital and a Fund. In particular, the SEC has signaled an increased emphasis on investment adviser and Fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on Fund advisers and their management of Funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Sandbrook Capital and its affiliates, a Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to a Fund.

*Financial Services and Government Intervention.* From time to time, certain governments and

regulatory authorities, such as the U.S. federal government, the U.S. Federal Reserve and the governments and regulatory authorities of certain member countries of the European Union, have taken actions to provide or arrange credit support to financial institutions whose operations have been compromised by credit market dislocations and to restore liquidity and stability to the financial system in such jurisdictions. The implementation of any current or future governmental interventions (which may be significantly altered or terminated prior to implementation or during their terms), and their impact on both the credit markets generally and a Fund's investment program in particular, are uncertain.

*Legal and Regulatory Environment for Private Investment Funds and their Managers; Increased Regulatory Oversight.* The legal, tax and regulatory environment worldwide for private offered investment funds (such as a Fund) and their managers is evolving, and changes in the regulation of private investment funds, their managers, and their investing activities may have a material adverse effect on the value of a Fund and its ability to pursue its investment program. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations.

New laws and regulations or actions taken by regulators that restrict the ability of a Fund to pursue their investment programs or employ counterparties could have a material adverse effect on a Fund and the Limited Partners' investments therein. In addition, Sandbrook Capital may, in its sole discretion, cause a Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in a Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Limited Partners. Given the broad scope and sweeping nature of these changes, the potential impact of these actions on Sandbrook Capital and a Fund is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on Sandbrook Capital or a Fund.

*Lack of Registration under the Investment Company Act.* A Fund is not, and does not expect to be, registered or otherwise regulated under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). As a result, a Fund will not be subject to the provisions of the Investment Company Act that apply to registered investment companies. These provisions, among other things, (i) place restrictions on certain investment practices, such as short sales and leverage, (ii) require securities to be held by a qualified custodian for the account of the investment company and (iii) regulate the relationship between the investment company and its investment adviser and its affiliates.

*OFAC, FCPA and Related Considerations.* Economic sanction laws in the U.S. and other jurisdictions may prohibit Sandbrook Capital, its personnel and a Fund from transacting with or in certain countries and with certain individuals and companies. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These types of sanctions may restrict a Fund's investment activities.

In some countries, there is a greater acceptance than in the U.S. of government involvement in commercial activities, and of corruption. A Fund may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for a Fund to act successfully on investment opportunities and for portfolio investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the U.S. Securities and Exchange Commission have devoted greater resources to enforcement of the U.S. Foreign Corrupt Practices Act (the "**FCPA**"). In addition, the United Kingdom has recently significantly expanded the reach of its anti-bribery laws. Violations of the FCPA or other applicable anti-corruption laws or anti-bribery laws could result in, among other things, civil and criminal penalties, material fines, profit

disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect a Fund's ability to achieve its investment objective and/or conduct its operations.

*CFIUS and National Security Clearance Considerations.* Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. Limited Partners comprise a substantial percentage of a Fund. Under the governing documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. Limited Partners' ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow A Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

*Russia-Ukraine Conflict.* The ongoing military conflict between Russia and the Ukraine has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of A Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to a Fund. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect A Fund's ability to fulfill its investment objectives.

*United Kingdom ("UK") Exit from the European Union (the "EU").* The UK formally left the EU on January 31, 2020 ("Brexit"), and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of

the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions).

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from Brexit may adversely affect both EU and UK-based businesses, including Sandbrook Capital and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

*Tax Considerations.* An investment in a Fund may involve complex U.S. federal, state and local and, in some cases, non-U.S. income tax considerations that will differ for each limited partner. A Fund or the limited partners may be subject to tax in multiple jurisdictions. In addition, withholding taxes and other local source taxes may be imposed on a Fund's earnings. These taxes may not be creditable or deductible by the Fund or the limited partners. The investment decisions of the General Partner will be based primarily upon economic, not tax, considerations and could result, from time to time, in adverse tax consequences to some or all partners. There can be no assurance that the structure of the Fund or any portfolio investment will be tax-efficient for any particular partner. In addition, the tax considerations relevant to a Partner may depend on which fund such Partner invests in.

No assurances can be given on the actual level of tax borne by a Fund. Prospective investors should consult their tax advisors on the tax implications to them of investing in, holding, disposing of, and receiving distributions in respect of an investment in a Fund with reference to their specific tax situations.

*U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Similar rules may operate in other jurisdictions. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Sandbrook Capital who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Sandbrook Capital to cause a Fund to hold investments for a longer period than would be the case if any such holding period requirements did not exist.

*Risks Associated with the Eurozone.* Some of a Fund's investments may be in the Eurozone. The relevant General Partner shall not be responsible for any economic or financial event relating to the

Euro or the Eurozone that may affect the investment objectives and/or performance of a Fund. Changes in currency exchange rates may adversely affect the value of portfolio investments, interest received by a Fund, gains and losses realized on the sale of portfolio investments, and the amount of distributions, if any, to be made by a Fund. In addition, a Fund may incur costs in the event of converting investment principal and income from one currency to another.

As a result of the credit crisis in Europe, the European Commission created the European Financial Stability Facility (the “EFSF”) and the European Financial Stability Mechanism (the “EFSM”) to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Euro zone countries to establish a permanent stability mechanism, the European Stability Mechanism (the “ESM”), which was activated to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries from June 2013 onwards.

Despite these measures, concerns persist regarding the growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Italy, Ireland, Spain and Portugal, together with the risk that some countries could leave the Eurozone (either voluntarily or involuntarily) and could have a negative impact on a Fund’s activities in Europe, as the impact of these events on Europe and the global financial system could be severe.

This situation as well as the United Kingdom’s referendum as discussed in the risk factors above have raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Eurozone. The departure or risk of departure from the Euro by one or more Euro zone countries could lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. This could have adverse effects on a Fund. Practical consequences for a Fund may include but are not limited to: (i) increased risk of default by a Fund’s creditors; (ii) increased risk of default by a Fund’s counterparties; (iii) loss in the value of the portfolio of a Fund; (iv) difficulty in valuing assets due to a lack of reliable data or market disruption; and (v) difficulty in liquidating assets due to introduction of capital controls or general market disruption. If the Euro is dissolved entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the shares.

*Lack of Control over Investments.* A Fund may hold a non-controlling interest in one or more portfolio investments. Such investments may not give a Fund the ability to influence the management of the company or to elect a representative to the company’s board of directors. In addition, the management of the company or its shareholders may have economic or business interests which are inconsistent with those of a Fund, and they may be in a position to take action contrary to a Fund’s objectives. A non-controlling interest may be especially adverse to a Fund in circumstances, such as certain stressed or distressed situations, where an element of control or influence might be beneficial to the subject investment.

*Control Positions.* A Fund may have a controlling interest in a portfolio investment (because of its equity ownership, representation on the board of directors and/or contractual rights) either on its own or, in certain cases, with another financial partner or investment fund (e.g., in accordance with a Fund’s receipt of equity in connection with a restructuring). The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, pension and other fringe benefits, violation of governmental regulations (including securities laws) or other types of related liability. If these liabilities were to arise, a Fund might suffer a significant loss in such investment. In addition, if employees of Sandbrook Capital serve as directors of certain of the portfolio investments, they will have duties to

persons other than a Fund.

To the extent that a Fund owns a controlling stake in or is deemed an affiliate of a particular company, it may also be subject to certain additional bankruptcy or securities laws restrictions that could affect both the liquidity of a Fund's interest and the Fund's ability to liquidate its interest without adversely impacting the price thereof, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Securities Act and the disclosure requirements of Sections 13 and 16 U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Further, to the extent that affiliates of a Fund or Sandbrook Capital are subject to such restrictions, the Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Fund stands to benefit from such affiliate's ownership.

If a Fund, alone or as part of a group acting together for certain purposes, becomes the beneficial owner of more than 10% of certain classes of securities of a U.S. public company or places a director on the board of directors of such a company, the Fund may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. Furthermore, a Fund may also be subject to similar reporting requirements and other limitations in non-U.S. jurisdictions where it holds significant positions in companies in such jurisdictions.

The exercise of control over a company, depending upon the amount and type of securities owned by a Fund, contractual arrangements between the company and the Fund, and other relevant factual circumstances, could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the Fund. The exercise of control over a company may also provide grounds for challenges to the priority and enforceability of portfolio investments or other claims a Fund may have against the company if it is subject to a bankruptcy case or other insolvency proceeding.

*Climate Impact and Environmental Social Governance ("**ESG**") Framework Risk.* Sandbrook Capital has established a Climate Impact and ESG Policy and Climate Impact Management System (collectively the "**Climate Impact and ESG Framework**") that it intends to apply as applicable across a Fund's investment portfolio. Depending on the investment, the impact of developments connected with ESG factors—including greenhouse gas ("**GHG**") emissions, energy management, human rights, community relations, workforce health and safety, and business ethics and transparency—could have a material effect on the return and risk profile of the investment. A General Partner will endeavor to consider material climate impact and ESG factors in connection with a Fund's investment activities and seek to identify companies that it believes will have a positive climate impact or ESG outcome. Considering climate impact and ESG factors when evaluating an investment may, to the extent material economic risks associated with an investment are identified, cause a General Partner not to make an investment that it would have made or to make a management decision with respect to a portfolio investment differently than it would have made in the absence of such consideration. Additionally, climate impact and ESG factors are only some of the many factors that a General Partner may consider in making an investment. Although Sandbrook Capital considers application of the Climate Impact and ESG Framework to be an opportunity to enhance or protect the performance of investments over the long-term while also producing beneficial impacts for both society and the environment, Sandbrook Capital cannot guarantee that its Climate Impact and ESG Framework, which depends in part on qualitative judgments, will positively impact the financial, climate, or ESG performance of any individual portfolio investment or a Fund as a whole. Similarly, to the extent a General Partner or a third-party ESG specialist engages with portfolio companies on climate impact or ESG related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or climate impact/ESG-related performance of the investment. Successful engagement efforts on the part of a Fund will depend on a Fund's ability to properly identify and analyze material ESG, impact metrics and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful. For avoidance of doubt, however, Sandbrook Capital does not expect to subordinate a Fund's investment returns or

increase a Fund's investment risks as a result of (or in connection with) the consideration of any climate impact or ESG factors.

Although Sandbrook Capital considers application of the Climate Impact and ESG Framework to be an opportunity to enhance or protect the performance of investments over the long-term while also producing beneficial impacts for both society and the environment, Sandbrook Capital cannot guarantee that its Climate Impact and ESG Framework, which depends in part on qualitative judgments, will positively impact the financial, climate, or ESG performance of any portfolio investment. Sandbrook's climate impact and ESG goals and initiatives are aspirational and not guarantees or promises that all or any such goals will be achieved, or that initiatives will produce the intended outcomes. There is no guarantee that Sandbrook will continue to set such goals or implement such initiatives.

Further, climate and ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Sandbrook Capital's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of climate objectives and ESG factors. Sandbrook Capital's climate impact and ESG policies could become subject to additional regulation in the future, and Sandbrook Capital cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

*GHG Accounting.* If and to the extent a Fund evaluates any generated, reduced, removed or avoided GHG emissions relating to its portfolio, the General Partner may depend upon information and data provided by portfolio investments or obtained via third-party reporting or advisors or estimation, which may be incomplete or inaccurate and could cause the General Partner to incorrectly assess a portfolio investment's emissions data. Additionally, GHG accounting standards are rapidly evolving, and there is uncertainty in how these standards will treat reduced or avoided emissions (in particular) going forward. Moreover, there is growing regulatory interest in improving transparency around how asset managers and companies define and measure emissions in order to allow investors and the general public to validate and better understand sustainability claims. GHG accounting for investments could become subject to additional regulation in the future, and a General Partner cannot predict how future market and regulatory shifts may impact its ability to evaluate GHG emissions. For the avoidance of doubt, a Fund is not required to perform any such evaluations.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Sandbrook Capital, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage

conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Sandbrook Capital to manage the Funds and their investments, and on the ability of Sandbrook Capital, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to cause a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although Sandbrook Capital expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that Sandbrook Capital and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s) (each, a “**Custodian**”), which heightens the risks associated with a Distress Event with respect to such Custodians. Although Sandbrook Capital seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Sandbrook Capital is under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

### ***Certain Conflicts of Interest***

Sandbrook and its related entities engage in a broad range of advisory and non-advisory activities. Sandbrook will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the governing documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Sandbrook conducting its activities, the interests of a Fund likely will conflict with the interests of Sandbrook in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Sandbrook will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

From time to time, Sandbrook will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Sandbrook. In determining which investment vehicles should participate in such investment opportunities, Sandbrook and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the governing documents, Sandbrook is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Sandbrook in a portfolio investment also have the potential to raise the risk of using assets of a client of Sandbrook to support positions taken by other clients of Sandbrook.

Sandbrook’s allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Sandbrook will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund’s actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Sandbrook expects to be subject, discussed herein, did not exist.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Sandbrook and its affiliates reserve the right from time to time express to inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the governing documents, Sandbrook will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Sandbrook expects to be faced with a variety of potential conflicts of interest.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to, and reimburse expenses of, operating partners and other consultants (including consultants introduced or arranged by Sandbrook and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the Management Fee as described herein. To the extent that operating partners are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the operating partner's services at a time when fewer portfolio companies or Funds make use of such operating partner. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or written work product generated by the operating partner.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Sandbrook deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Sandbrook and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Sandbrook's compensation), information

rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies as well as economic procedural and other terms.

Sandbrook is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Sandbrook, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Sandbrook, its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Sandbrook, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Sandbrook to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more Limited Partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Sandbrook believes it to be unlikely, excuse or other rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposure to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more Limited Partners' voting rights generally will increase the voting rights percentage of other Limited Partners in the relevant Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

The relevant liability standards under insurance coverage procured by Sandbrook are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Sandbrook's insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects Sandbrook and/or its affiliates to potential conflicts of interest. Sandbrook attempts to resolve such conflicts of interest in light of its obligations to investors in its

Funds and the obligations owed by Sandbrook's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Sandbrook will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Sandbrook consults and receives consent to conflicts from an advisory committee consisting of Limited Partners of the relevant Fund(s) and such other investment vehicles.

**Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of Sandbrook Capital or the integrity of its management. Sandbrook Capital does not have any disciplinary information to disclose that would be applicable to this Item 9.

## Item 10: Other Financial Industry Activities and Affiliations

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The Firm is affiliated with other Sandbrook investment advisers, including general partners and equivalent entities formed from time to time and subject to the Advisers Act pursuant to Sandbrook's registration in accordance with SEC guidance. These entities operate as a single advisory business together with Sandbrook and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

### *Service Providers as Investors*

Senior personnel at certain third parties that provide significant service to a General Partner, the Firm and/or the Clients (including providers of market research or similar services) are currently or may, from time to time, become investors in the Clients/Funds. As such, a General Partner and/or the Firm, as applicable, are subject to potential conflicts of interest relating to their selection of any such investor service provider on behalf of the Clients. A General Partner and/or the Firm, as applicable, generally manage such conflicts of interest by (i) seeking to select investor service providers based on the level and quality of the services they provide to the Clients and (ii) making such decisions independent of such investor service provider's senior personnel's decision to invest in a Client. Additionally, the Firm reserves the right to permit operating partners, vendors or service providers to co-invest alongside the Client. Each General Partner reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Client portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, the Firm or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Client investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Client, and the Firm expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Client because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Partnership Agreement. In order to facilitate the acquisition of a portfolio investment, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear

the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio investment, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of the Firm and its affiliates make capital investments in or alongside certain Clients, the Firm and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Client's return from a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### ***Code of Ethics & Personal Trading***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics, which is designed to ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. The Code of Ethics applies to all our employees.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the Clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their positions at the Firm.

Among other things, our Code of Ethics governs all personal securities transactions by our employees (as further described below) and sets forth certain policies relating to gifts and entertainment, outside business activities, political contributions and the prevention of insider trading. Employees are provided with a copy of the Code of Ethics and at least annually are required to acknowledge that they will comply with its provisions.

Under the Code of Ethics, all employees must pre-clear all personal securities trades in reportable securities with the CCO (or his or her designee) and must ensure that the Firm can access brokerage statements (or transaction level automatic reporting via broker feeds containing the same information) for all covered accounts (as defined in the Code of Ethics). The CCO (or his or her designee) reviews the personal trading information submitted by employees.

From time to time, the Principals and certain employees buy or sell investments that are also being bought or sold by the Firm's Clients. To mitigate associated potential conflicts, neither the Principals nor the Firm's employees will receive approval for proposed personal investments that are also being purchased, sold or held by the Firm's Clients unless the Firm has determined that its Clients have received their desired allocation of such investments. Further, participating employees will not receive better terms with respect to such investments than the Firm's Clients.

The Firm and its employees may not trade for Clients or themselves in securities of a company while in possession of material non-public information or disclose such information to any person not permitted to receive it. By reason of its investment activities, the Firm may have access to material non-public information and therefore may be restricted from entering into transactions on behalf of its Clients. The Firm has adopted policies and procedures reasonably designed to prevent trading on material non-public information.

Our Code of Ethics is available to investors or prospective investors upon request.

## Item 12: Brokerage Practices

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As described in Item 4 above, the Firm is an investment adviser to private equity clients. The private company securities, which are the primary investments by the Clients, are generally purchased in private transactions, without the assistance of a broker-dealer and without the payment of brokerage commissions or dealer markups. Due to the nature of the Clients' investment programs, we generally do not select or recommend broker-dealers for Client transactions – although we generally have the authority to do so if circumstances require. In the event the strategies do require the execution of transactions through a broker-dealer, then we will follow the policies and procedures reflective of its duty to execute trades in publicly traded securities in a manner designed to seek best price and execution. Such policies and procedures are listed below.

### ***Best Execution***

As a fiduciary, we have an obligation, among other things, to seek best execution of Client transactions to the extent we utilize a broker-dealer in connection with Client transactions. Best execution is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the lowest possible commission cost. When selecting a counterparty, we consider relevant factors that we deem reasonable under the circumstances. Generally speaking, when we seek to make a particular trade on behalf of a Client, we initially determine which brokers have access to the relevant securities. Other decisions regarding the type of transactions at issue (*e.g.*, physical security versus swap) are considered as part of this determination. After we have determined which brokers have access to the relevant securities, we also consider such brokers' prices for such securities (which is an important but not determinative factor for satisfying our best execution obligations), as well as transaction costs (*e.g.*, commission rates) and the margin rates and financing rates of a broker. We also consider a number of qualitative factors when seeking to make a particular trade on behalf of a Client, including, but not limited to, the responsiveness of the broker for prompt and reliable executions, the financial responsibility and integrity of the broker, the financial strength of the broker, value of research provided, if any, and competitiveness of the transaction costs. In certain circumstances, however, we will not be able to select a counterparty due to a limited universe of dealers that are in a position to offer investments in which we are currently interested. In some cases, the offering dealer is the only executing broker for such transaction and therefore is the best execution for that trade.

### ***Trade Allocation***

The Firm seeks to allocate investment opportunities in a manner that is consistent with its fiduciary obligations and, accordingly, to allocate investment opportunities fairly and equitably among the Clients when and to the extent applicable, such that no Client will be systematically disadvantaged over time. A number of factors may be considered when multiple Clients are capable of purchasing or selling a particular security or other investment based on their respective investment objectives, including, without limitation: (i) the amount of available cash or margin, (ii) the impact that any such transaction may have on an existing portfolio's diversification, risk and volatility characteristics, (iii) each Client's overall portfolio composition, (iv) liquidity, (v) contractual commitments, (vi) each Client's investment or risk guidelines or (vii) tax, legal or regulatory considerations.

The Firm is not obligated to purchase or sell for each Client every investment which the Firm may purchase or sell for other Clients if such a transaction or investment appears unsuitable, impractical or undesirable for a Client; provided that the Firm, to the extent within its control, may

not favor itself in any way to a Client's detriment and will act in a manner that over the long term is fair and equitable to all of the Clients.

When the amount available for a particular investment exceeds the relevant Clients' intended allocation for the investment, the Firm, in its sole and absolute discretion, may provide certain persons or entities (including, among others, the Principals, the Firm's employees and certain other persons) with an opportunity to co-invest alongside the relevant Clients in such investment. There is no assurance that the Firm will offer these co-investment opportunities to every investor. No investor should have the expectation that they will have the opportunity to participate in such an investment.

### ***Aggregation of Orders***

Aggregation describes a procedure whereby an investment adviser combines the orders of two or more client accounts into a single order. Aggregation opportunities for the Firm would generally arise when more than one Client is capable of purchasing or selling a particular security based on the allocation factors described above.

To the extent that a security is purchased or sold for more than one Client, the Firm will aggregate orders for such security (to the extent possible) unless aggregation is not consistent with the Firm's duty to seek best execution. To the extent an aggregated order is only partially filled, the Firm will allocate the investment opportunity or partially filled order on a fair and equitable basis based on the criteria described above.

Each Client that participates in an aggregated order will participate at the average price for all of the Firm's transactions in that security on a given business day, with transaction costs shared *pro rata* based on each Client's participation in the transaction.

### ***Trade Errors***

On occasion we may experience errors with respect to trades or investments made on behalf of the Clients. Trade errors can result from a variety of situations, including for example, when the wrong security is purchased or sold, when the correct security is purchased or sold but for the wrong account, when the wrong amount is purchased or sold or when a misallocation among the Clients occurs. We endeavor to detect trade errors prior to settlement and correct them in an expeditious manner.

We generally will reimburse losses suffered by a Client as a result of a trade error caused by the Firm as a result of gross negligence, willful misconduct or bad faith. In addition, we will not correct a trade error made for one Client by causing another Client to buy or sell the securities. We also will not directly or indirectly use soft dollars to correct trade errors.

### ***Soft Dollar Policy***

We do not currently utilize soft dollar benefits but may do so in the future. Soft dollar benefits include research and related services furnished by brokers including written information and analyses (including specific market, financial and economic studies and forecasts), statistics and pricing services, discussions with research personnel and similar services used in the investment and trading process in return for Sandbrook Capital paying a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of such services or facilities provided by the broker. To the extent we should decide to enter into soft dollar transactions, we will effect such transactions in compliance with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

We occasionally receive bundled products or services from brokers (including, but not limited to (i) research, such as proprietary research from brokers; (ii) research products, such as databases and quotation services; and (iii) research services and consultation with industry consultants concerning specific companies, industries or sectors). To our knowledge, such products and services are generally made available to all institutional clients doing business with these brokers.

## **Item 13: Review of Accounts**

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### ***Review of Accounts***

The investments made by the Clients are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Firm monitors companies in which the Clients invest, and the Principals and the Firm's Chief Operating Officer and Chief Financial Officer periodically checks Client portfolios to assure conformity with their respective stated investment objectives and guidelines.

### ***Reporting***

Financial statements are prepared by the Firm and audited by an independent auditor and are distributed to investors in the Clients on an annual basis. The Firm furnishes investors of each Fund with unaudited quarterly reports showing the value of their capital accounts.

See Item 15 for additional information with respect to custody of assets.

## Item 14: Client Referrals and Other Compensation

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The Firm and/or its affiliates intend to provide certain business or consulting services to companies in a Client's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Partnership Agreement(s), this compensation in many cases will offset a portion of the Management Fees paid by such Client. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio investment), these fees are in addition to Management Fees. *See* "Fees and Compensation."

The Firm reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner. These arrangements (relating to U.S. investors and U.S.-domiciled Funds) generally are disclosed in the relevant Client's Form D. Any fees payable to any such placement agents generally will be borne by the Firm indirectly through an offset against the Management Fee under the Partnership Agreement, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

## Item 15: Custody

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We are deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “**Custody Rule**”)) of Client funds or securities given our role as general partner of the Clients, subject to certain exceptions set forth in the Custody Rule and related guidance.

In order to comply with the Custody Rule, we utilize the services of a bank or other qualified custodian (as defined under the Custody Rule) to hold Client assets (to the extent required by such rule).

While the Custody Rule generally requires an investment adviser to provide for a qualified custodian to send account statements to all of its Clients whose assets the custodian holds at least quarterly, we are not subject to such requirement because our Clients are subject to an audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. We generally distribute audited financial statements to all investors within 120 days of the end of the fiscal year of the relevant Client.

**Item 16: Investment Discretion**

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As previously noted, we have full discretionary authority to manage the Clients, including authority to make decisions with respect to which securities or other investments are bought and sold, the amount and price of those securities, the brokers or dealers (if any) to be used for a particular transaction, and the commissions paid. These terms are set out in the governing documents for each Client.

## **Item 17: Voting Client Securities**

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If the Firm has voting discretion over certain securities held by the Clients, when exercising such discretion, the Firm will do so in the best interests of the Clients.

The Firm will vote all proxies in the best interests of each Client. In addition, the Firm may determine to abstain from voting a proxy if it believes that such action is in the best interests of a particular Client, or if the Firm deems that the issue being voted upon is not material for the Firm and the Clients.

It should be noted that in the context of private investments, a Client may not have any voting rights with respect to such investment.

Investors may request a copy of our proxy voting policies and information about how the Firm voted their securities by contacting the CCO with the contact information listed on the cover page.

**Item 18: Financial Information**

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Sandbrook does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this Item of the Brochure.