



CAPITAL DYNAMICS, INC.

Form ADV Part 2A Brochure

March 30, 2023

Item 1. Cover page

Capital Dynamics, Inc.

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This Form ADV, Part 2A, or “brochure”, provides information about the business practices of Capital Dynamics, Inc. (“Capital Dynamics”). If you have any questions about the contents of this brochure, please contact our Global Chief Compliance Officer, Reid Conway at (212) 798-3400 or rconway@capdyn.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”), or by any state securities authority. Capital Dynamics is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Additional information about Capital Dynamics is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

The communications we provide to you, including this brochure, serve as information for you to use to evaluate Capital Dynamics and should be considered in your decision whether to engage, or continue to maintain a relationship with, Capital Dynamics.

March 30, 2023

Item 2. Material changes made to this brochure

There are no material changes.

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Item 4. Advisory business

Capital Dynamics Inc., a Delaware corporation, commenced operations in 2002, and registered as an investment adviser with the SEC in 2008. We maintain our principal place of business in New York, NY, with an office in San Francisco, CA. Capital Dynamics is wholly-owned by Capital Dynamics US, Inc., whose sole parent is Capital Dynamics Holding AG, which is domiciled in Zug, Switzerland (“Capital Dynamics Holding”). Capital Dynamics Holding serves as the parent company for several operating subsidiaries, with offices worldwide, including Birmingham (UK), Dubai, Hong Kong, Israel, London, Luxembourg, Milan, Munich, Paris, Seoul, Tokyo, and Zug, in addition to our US offices. Capital Dynamics Holding, together with all affiliates, is referred to as “Capital Dynamics Group”.

Capital Dynamics provides investment management services to its clients, including discretionary management, non-discretionary advisory services and portfolio services. Our clients consist of privately-offered pooled investment vehicles (collectively referred to as “CD Funds”), separate accounts, single investor vehicles and advisory arrangements (collectively referred to as “Investment Mandates” and, together with CD Funds, “CD Advisory Clients”) and institutional investors seeking customized portfolio services (collectively referred to as “Portfolio Servicing Clients” and, together with CD Advisory Clients, “CD Products and Services”). Capital Dynamics acts as investment adviser to CD Advisory Clients, and its affiliates serve as managing members or general partners (as applicable) to CD Funds (such affiliated entities referred to as “General Partner”).

Our global investment platform has a dual focus on mid-market investing and energy infrastructure investing. Our mid-market investing business comprises Private Equity and Private Credit investment strategies, while our energy infrastructure investing business comprises Clean Energy Infrastructure investment strategies. Within the Private Equity program, we offer primary fund-of-funds, secondary and direct co-investment opportunities, as well as regionally tailored strategies and funds. Our Private Credit program invests in directly-originated loans to middle market, private equity-owned or controlled companies. Our Clean Energy Infrastructure program invests directly in commercial and utility-scale, clean and low-carbon power generation assets and related infrastructure. Within each of these strategies, we offer our clients a broad range of advisory services, including:

- constructing individualized investment programs;
- identifying and analyzing specific investment opportunities;
- making discretionary investment decisions;
- providing investment advice for non-discretionary mandates;
- conducting due diligence on and structuring/negotiating portfolio investments;
- arranging borrowings, and various other forms of financings;
- managing and monitoring investments;
- advising as to opportunities to dispose of investments and managing realizations of investments;
- performing portfolio risk analysis and portfolio assessment;
- appointing and monitoring third party service providers;
- providing bespoke structured solutions; and
- arranging or providing other portfolio services.

Assets under Management

As of December 31, 2022, Capital Dynamics had approximately \$2,673,348,689 of discretionary regulatory assets under management and approximately \$255,246,835 of non-discretionary regulatory assets under management.

Item 5. Fees and compensation

Capital Dynamics typically receives asset-based advisory compensation in connection with the advisory services it provides to CD Advisory Clients, and negotiated fixed fees for the provision of portfolio services to its Portfolio Servicing Clients. In addition, Capital Dynamics and/or the General Partners typically receive performance-based compensation if specified performance objectives are met (as more fully discussed in Item 6 - Performance-Based Fees and Side-by-Side Management).

Asset-Based Compensation

Advisory fees for Investment Mandates are typically calculated on a fixed-fee basis, as a percentage of assets under management or as a percentage of invested capital. Fee-related terms for Investment Mandates are separately negotiated and take into account the investment strategy to be employed, the account size and the specific services to be performed. Fee terms are set forth in the advisory contract between a client and Capital Dynamics.

Advisory fees for CD Funds typically range from 0.5% to 2% of their respective capital commitments or invested amount, often incorporating “step-downs” or reductions in such percentage rates depending on the applicable fund’s investment cycle. Fee terms are generally non-negotiable, although Capital Dynamics may, in its sole discretion, agree that a client and/or an investor (or a group thereof), including clients and investors that are affiliates of Capital Dynamics, is eligible for a reduction, discount, set-off or waiver of some or all management fees and performance fees with respect to its investment in a CD Fund (or its investment across a number of CD funds and products), without notice to, or consent of, other clients or investors, subject to the terms of applicable governing documents and applicable law. Certain investors may also be eligible for volume discounts, founders round discounts, affiliation discounts, consultant discounts, loyalty discounts, or other discounts not available to all investors, including discounts if they have previously invested or expect to invest in another CD Fund.

Advisory fees are paid quarterly, either in advance or arrears, depending on the governing documents. Advisory fees for Investment Mandates are typically billed directly to the client. Advisory fees assessed by CD Funds are typically paid directly by the CD Fund. Specific fee terms are set forth in the governing document of the applicable CD Advisory Client. While fees are calculated and collected quarterly, the amount of management fees charged in any year may be adjusted in subsequent years to reflect updated information provided by underlying managers or portfolio companies.

Performance-Based Compensation

General Partners typically receive performance-based fees from the CD Funds for which they serve as general partner/managing member. In certain instances, Capital Dynamics also receives similar incentive fees from Investment Mandate clients. In most instances, performance-based compensation is payable only if specified performance thresholds or hurdles are met, although in some instances, the General Partners’ share of dividends, interest and other current income received in respect of portfolio investments is distributed prior to the achievement of performance thresholds. The specific manner and rate at which performance-based compensation is calculated varies, depending (among other factors) on the specific investment strategy employed by the applicable fund or mandate (as the case may be) and, in all cases, is set forth in the applicable governing documents (typically the private placement memorandum and the LPA/LLC agreement in the case of CD Funds, and the advisory or management contract in the case of Investment Mandates). The payment of a performance-based fee may create an incentive for the General Partners and/or Capital Dynamics (as the case may be) to make investments that are more speculative than would otherwise be made in the absence of such performance-based compensation.

Transactional based compensation

Capital Dynamics and/or its affiliates will from time to time receive arrangement, origination, commitment, agency, structuring, monitoring, syndication, consent, amendment, consulting, advisory, financing, directors’ or other

transaction fees whether in connection with portfolio investments made by CD Advisory Clients or on a standalone basis. The terms of some of these arrangements may in certain instances provide for an acceleration of future fees to be paid to Capital Dynamics upon termination. These types of arrangements present potential conflicts of interest and may provide our supervised persons with an incentive to recommend investments based on compensation received or to be received rather than making an investment decision based solely on the best interests of a Fund. Such fees, when received in connection with portfolio investments made by CD Advisory Clients, are generally offset in whole or in part against advisory fees payable to Capital Dynamics; however in certain instances, Capital Dynamics will retain a portion of such fees or the entire fee without a corresponding advisory fee offset, subject to the terms of applicable governing documents and applicable law. Complete information on additional compensation received by Capital Dynamics and/or its affiliates in connection with services related to portfolio investments and any offsets against advisory fees can be found in the applicable governing documents of a CD Advisory Client. Complete information on compensation received by Capital Dynamics and/or its affiliates on a standalone basis can be found in the applicable governing documents for such standalone services.

Portfolio Services

Fees for portfolio services are individually negotiated and depend on the nature of the services provided. Typically, such contracts provide for fixed fees based on the nature of contracted services and/or the number of underlying investments in a portfolio, or on a percentage of assets.

Other Costs and Expenses

CD Funds (which term, for the purpose of this section, includes other CD Advisory Clients to the extent applicable) will pay all fees, costs and expenses and actual or contingent liabilities related to the Fund and any subsidiary or investment (whether partially- or wholly-owned, and unless capitalized in the purchase price) (other than normal operating expenses of the General Partner and Manager as described further below), including, without limitation, all expenses, direct or indirect, incurred in relation to the administration and operations of the Fund (including for the avoidance of doubt expenses relating to any investments payable in accordance with the terms of the agreements constituting the Investments) together with any VAT thereon including, without limitation:

- (i) CD Fund Management Fees and Carried Interest, each as further described in such Fund's offering documents;
- (ii) due diligence and related costs (including travel costs and advice of third party experts) for prospective and completed investments, as well as any broken deal costs, including the share of any broken deal expenses attributable to co-investors if a co-investment opportunity is structured;
- (iii) identifying, evaluating, researching, negotiating, acquiring, holding, monitoring, protecting and realizing investments;
- (iv) the operation of the Fund and the general partner entities in respect of the Fund, and the formation and operation of the investment holding companies and any Alternative Vehicles;
- (v) the registration and licensing of the Fund, the general partner entities in respect of the Fund, the Managers and subsidiaries with local regulatory authorities, together with costs of maintaining such registrations and licences, including professional fees of auditors, counsel (including in connection with the interpretation of and compliance with the documents or agreements relating to the Fund) and compliance consultants;
- (vi) external anti-money laundering/know-your-customer or investor on-boarding and on-going monitoring costs whether performed by the General Partner or its Associates or a third party administrator, including

registrations, filings, subscriptions and professional fees relating to the satisfaction of regulatory and legal requirements in connection with the admission or monitoring of the Fund's investors;

- (vii) AIFMD passporting costs and expenses including local representative or payment agent fees, and ongoing AIFMD reporting;
- (viii) expenses attributable to normal and extraordinary investment banking and commercial banking;
- (ix) annual and special meetings of the Fund's investors (whether individually or as a group), conferences and meetings with certain investors in certain jurisdictions and expenses (including travel costs) of the Advisory Board;
- (x) regulatory compliance at the Fund and the intermediate and underlying investment level (for example, if the Fund and/or the underlying Fund Assets/investment subsidiaries must be registered in certain jurisdictions (including enabling investors in certain jurisdictions to acquire Interests in the Fund));
- (xi) costs incurred as a result of co-investor reporting or accounting requirements;
- (xii) costs related to the establishment, negotiation and operation of the Founder Partner, the recipients of Carried Interest, other Carried Interest vehicles or the subsidiaries or limited partners comprising the Carried Interest vehicles, including, but not limited to, legal, accounting, reporting and administration costs and negotiation of the terms of any such vehicles by the Fund and the Sponsor Group;
- (xiii) costs and expenses of restructuring and re-domiciling the Fund (if any) including, but not limited to, the costs and expenses incurred in connection with the appointment, and subsequent operations, of a third party AIFM in respect of relevant Fund vehicles;
- (xiv) fees, costs and expenses of certain internal services performed by Capital Dynamics ("Internal Service Costs") as set out in the relevant engagement letter (or equivalent agreement) which specifically relate to a Fund, its subsidiaries or investments, which services include legal, regulatory compliance, tax, accounting, information technology, ESG, client relations, fund operations, solutions and similar services;
- (xv) costs of printing and circulating reports and notices to investors;
- (xvi) introduction, "finders" and similar fees;
- (xvii) data rooms established for investors in the Fund and/or prospective purchasers of Fund Assets; websites used for research or sourcing deals and market research, fees and expenses attributable to automated reporting systems and other back office support functions; multimedia, analytical, database, news and other third party research services and related terminals for the delivery of such services; and software (including in relation to software used for accounting, investor reporting and relationship management);
- (xviii) audit costs, tax advisory costs (both at the level of the Fund and at investor level if required by any Side Letter) for direct, indirect and withholding taxes including the preparation and filing of the necessary tax returns, FATCA reporting and CRS compliance and reporting, domiciliation (including costs of the third party directors of the general partner entities in respect of the Fund), depositary fees, administration (including accounting, transfer agent, paying agent, share register and other services required in the jurisdiction), translation costs, investor-specific reporting (e.g., Solvency II, CRR/CRD, TER, VAG, TPT-Reports including external consultants and IT costs, director/board costs, tax monitoring fees, bank fees, transfer fees (if required)), corporate secretarial/administration, any other costs associated with the operation of the Fund

- and to ensure that the Fund is compliant with applicable law and regulation (unless the General Partner determines in its sole discretion that such costs and expenses should be borne by the requesting investor(s));
- (xix) the operation of the election and disclosure process in connection with the most-favored nations provisions of the Fund Documents;
 - (xx) sales taxes or other taxes of any kind, fees or charges levied by any governmental agency in connection with the Fund, the subsidiaries or the investments or otherwise and all stamp duties and fees and expenses of lawyers;
 - (xxi) insurance costs, including insurance to protect CD Fund vehicles, their general partners, Capital Dynamics and the Capital Dynamics Group, their associates and the respective officers, directors, employees, partners, managers and members of any of the foregoing;
 - (xxii) fees, costs, charges, interest and expenses associated with borrowings (including short-term borrowings) and interest related thereto;
 - (xxiii) hedging costs, commissions or brokerage fees or similar charges incurred in connection with the purchase or sale of securities (including any merger fees payable to third parties and whether or not any such purchase or sale is consummated);
 - (xxiv) expenses related to meetings and business-related entertainment with personnel of portfolio investments or prospective portfolio investments;
 - (xxv) fees and costs of legal, accountancy, audit, tax, valuer services, any internal or external valuation committees, experts, administrator, registered agent, domiciliation agent, depository, nominee, custodian and external consultants;
 - (xxvi) cost of audits and accounting and preparation of tax returns, tax estimates, and other financial reporting performed by third parties;
 - (xxvii) extraordinary expenses, including, but not limited to, litigation and threatened litigation and indemnification;
 - (xxviii) registering, defending and litigating the Fund's trademarks and other intellectual property rights;
 - (xxix) all expenses and taxes relating to the potential transfer or actual transfer of an investor's Interest (to the extent not paid by the transferor or transferee);
 - (xxx) dissolution and liquidation of the Fund, its subsidiaries and the portfolio investments, including the liquidator's fees;
 - (xxxi) damages (except for damages arising out of disabling conduct);
 - (xxxii) all fees, costs and expenses (including those of any third party service providers) related to the establishment of a responsible investment, sustainable development and environmental, social and governance monitoring program or policy (collectively, the "Responsible Investment Program");
 - (xxxiii) any fees, costs and expenses relating to monitoring of the Fund or its investments with respect to the Responsible Investment Program, including training related thereto;
 - (xxxiv) Organizational Expenses as defined in such Fund's offering documents, which typically include all fees, costs and expenses that are attributable to or are incurred in connection with the organization, formation and establishment of the Fund, the General Partner, any other general partners of the Fund and the offer and sale of Interests in the Fund, including, but not limited to, expenses of internal legal counsel properly chargeable to the Fund, any fees, costs and expenses relating to marketing, advertising and promotion of Interests in the Fund; any fees, costs and expenses related to meetings with prospective Investors, which costs and expenses may include travel and lodging associated with such meetings, attendance at and sponsorship of conferences where prospective investors meet, and meals and entertainment associated with such meetings; legal fees and expenses (including without limitation those relating to organizational and governing documents, offering memoranda, diligence responses, disclosure documents, legal opinions and the drafting of side letters and similar agreements, drafting and negotiating framework agreements with private wealth managers and Internal Service Costs); accounting fees and expenses; travel costs and expenses (including in

connection with transportation, lodging and meals); fees and expenses of consultants retained in connection with fundraising; costs pertaining to initial compliance with the AIFMD (as implemented in any jurisdiction, together with all amendments thereto, and including any rules, regulations or legislative measures made in connection therewith whether at the European or member state jurisdictional level) and similar laws of other jurisdictions; fees and expenses incurred in connection with the preparation, administration and filing of any disclosures, notifications or other filings made in connection with any of the foregoing; printing, postage and translation costs; costs of applicable internal training; and other similar fees and expenses; and

(xxxv) all other reasonable costs and expenses incurred in relation to the operation of the Fund, its subsidiaries (whether wholly- or partially-owned) and the portfolio investments,

provided that: (a) overheads incurred by the General Partner and the Manager will be borne by the relevant entity, excluding Internal Service Costs, internal valuation committee costs and Colmore's fees for portfolio-servicing functions and other services rendered; and (b) Operating Expenses specific to particular investors or particular groups of investors may be charged to such Investors in the General Partner's discretion.

Depending on the strategy of a CD Advisory Client, Capital Dynamics and/or the General Partners (as the case may be) may invest client funds into pooled investment vehicles, which assess advisory and/or performance-based fees at the underlying investment pool level, along with similar types of costs and expenses as the foregoing. These fees and expenses are in addition to the fees and expenses paid directly to Capital Dynamics and/or the General Partners (as the case may be).

Any performance-based compensation received by Capital Dynamics is designed to comply with Rule 205-3 of the Advisers Act and, where applicable, relevant provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Fees and compensation paid by CD Products and Services are set forth in the governing documents for each such product or service (typically the private placement memorandum, investment advisory contract or portfolio services contract, as applicable).

Item 6. Performance-based fees and side-by-side management

As discussed in Item 5 – Fees and Compensation, under certain circumstances, Capital Dynamics and/or the General Partner may receive performance-based compensation from CD Advisory Clients.

The compensation structure of CD Funds includes a performance-based fee payable to their respective General Partners, which is typically referred to as a "carried interest". This fee comprises a negotiated, fixed percentage rate of the profits (net of fees and expenses) payable after a particular fund has achieved specified performance hurdles. In some instances, the General Partners' share of dividends, interest and other current income received in respect of portfolio investments is distributed prior to the achievement of performance thresholds.

Certain Investment Mandates are assessed a performance-based fee depending on the level of advisory services which are contracted for and otherwise negotiated. (The provision of due diligence or analytical services, for example, typically will not be subject to performance-based fees.)

Performance-based fees may create an incentive for Capital Dynamics and/or the General Partner (as applicable) to recommend investments that are riskier or more speculative than would be the case in the absence of such compensation. Capital Dynamics has implemented procedures to ensure that clients are treated fairly, and to prevent this potential conflict of interest from influencing the allocation of investment opportunities among CD Advisory Clients. All CD Advisory Clients, regardless of the fee structure to which they are subject, are allocated investment opportunities on a fair and equitable basis pursuant to Capital Dynamics' policies and procedures and the relevant contractual terms.

See “Conflicts of Interest” under Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Item 7. Types of clients

Capital Dynamics provides discretionary management, non-discretionary advisory and portfolio services to its clients. As described above, these clients include CD Funds (but not individually to the investors in a CD Fund), Investment Mandates and Portfolio Servicing Clients.

The underlying investors that participate in CD Funds are typically: (i) “accredited investors” pursuant to Rule 501(a) of the Securities Act of 1933, as amended (the “Securities Act”), (ii) “qualified purchasers” pursuant to Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “1940 Act”), and/or (iii) otherwise meet the eligibility and suitability requirements of the offshore transaction exemptions of the applicable U.S. and state securities laws. Such investors may include domestic and foreign:

- public and private retirement and pension plans,
- state and municipal government agencies,
- insurance companies,
- banks and other financial institutions,
- corporations,
- sovereign wealth funds and government agencies,
- endowments,
- foundations,
- charitable organizations,
- family offices,
- labor and trade unions,
- investment trusts and estates,
- wealth managers and investment advisers,
- high net worth individuals,
- other CD Advisory Clients, and
- certain Capital Dynamics’ employees and consultants (directly or indirectly through affiliated vehicles).

CD Funds typically require investors to meet a minimum investment threshold (as set forth in the applicable governing documents), although the General Partner may waive the requirement in its sole discretion. The investment minimum for an Investment Mandate, on the other hand, is considered on a case-by-case basis taking into account a variety of factors, including investment strategy and objectives, discretionary or advisory nature of engagement, fee structure, duration of contract and administrative requirements. Clients that engage Capital Dynamics for portfolio services are generally large institutional investors, either domestic or foreign.

Item 8. Methods of analysis, investment strategies and risk of loss

Capital Dynamics’ business comprises Middle Market and Energy Infrastructure investment strategies. Our Middle Market investing consists of Private Equity and Private Credit programs, while our Energy Infrastructure investing consists of Clean Energy Infrastructure programs.

Our **Private Equity** programs consist of:

- **Primary fund-of-funds**, focusing on investment opportunities with managers across a variety of investment strategies and geographies;
- **Secondaries**, focusing primarily on small secondary transactions on a global basis, using a dedicated structuring and solutions group as needed to design solutions to generate liquidity from larger portfolios; and
- **Co-Investment**, focusing on mid-market companies, primarily in the energy/power, technology/business services, consumer, healthcare, financial services, and industrial sectors which have a clear potential for growth.

Our **Private Credit** program focuses primarily on directly originated debt of private equity sponsored middle market companies, such as senior, secured, unsecured and unitranche debt securities and loans, as well as mezzanine and equity investments. Credit programs may also include opportunistic situations such as “rescue loan” investments, event-driven investments and investments in debt securities and loans in the secondary market.

Our **Clean Energy Infrastructure** program focuses primarily on operational, construction-ready and late stage development assets, with an emphasis on commercial and utility-scale, clean and low-carbon power generation assets and related infrastructure.

CD Funds may focus on one or more strategies, while Investment Mandates often combine one or more of these strategies to achieve a tailored approach to strategy, geography, investment period and risk/return profile.

Additionally, our **Solutions** team constructs individualized portfolio and risk management solutions based on the specific needs and objectives of a client for, among other things, over-commitment, risk-based capital requirements, restricted investment capacity, internal resource alignment, portfolio reshaping and liquidity needs.

Generally, in evaluating investment opportunities, Capital Dynamics uses both a top-down and bottom-up approach. Top-down analysis evaluates an opportunity for fit within the overall strategy and portfolio construction, while bottom-up analysis involves due diligence on the underlying assets. In conjunction with this analysis, we consider both qualitative and quantitative factors: (i) qualitative reviews may include onsite visits, due diligence questionnaires, reference calling, peer comparison and review of third party research; and (ii) quantitative reviews may include performance analysis, comparable company analysis and cash flow modeling.

All investment and divestment recommendations must be approved by the Private Equity Investment Committee, Private Credit Investment Committee, or Clean Energy Infrastructure Investment Committee as applicable.

General Investment Risks

An investment in a CD Advisory Client is speculative in nature, involves a significant amount of risk, including the risk of loss of all of the investor’s commitment, and should only be undertaken by prospective investors capable of evaluating and bearing such risks. The information contained below is only a summary of such material risks and is qualified in its entirety by the information set forth in the applicable governing and disclosure documents.

Borrowing; Leverage

Capital Dynamics may consider the use of borrowings to finance investments and for other business purposes. Borrowings and other transactions that create leverage (whether at the CD Fund/Investment Mandate level, or that of an underlying fund and/or portfolio company or portfolio project) have the potential to enhance overall returns that exceed the cost of funds but will diminish returns (or increase losses on capital) to the extent overall returns are less than the cost of funds. There can be no guarantee that the use of borrowings or a leverage strategy generally will be successful. Additionally, to the extent Capital Dynamics charges a fee based on assets under management, there is an incentive to utilize leverage since the funds obtained via leverage will increase the assets under management.

CD Funds/Investment Mandates may incur indebtedness on a secured or unsecured basis, including for any reasonable business purpose as determined by Capital Dynamics, and such indebtedness may be used to fund capital expenditures or operational expenditures. As the CD Funds/Investment Mandates pay the expenses related to the use of leverage, any such use would create a greater risk of loss for the fund than if leverage is not used. Furthermore, if a particular CD Advisory Client uses leverage, the amount of fees paid to Capital Dynamics for its services may be higher than if the CD Advisory Client does not use leverage, because the fees paid may be calculated based on managed assets, which includes assets acquired with leverage. Where Capital Dynamics earns fees based on managed assets, Capital Dynamics has a financial incentive for CD Advisory Client to use certain forms of leverage, such as borrowings, debt securities or preferred shares, which may create a conflict of interest between Capital Dynamics, and the CD Advisory Client.

Calculation of equalization payments

Investors in later closings of CD Funds must pay amounts necessary, with interest, to equalize the net current drawdown from existing limited partners. Equalization payments may not reflect subsequent investors' proportionate share of distributions from current income paid to earlier investors. These subsequent investors also contribute their respective portion of the General Partner's share plus interest from the first closing date to the date of such subsequent investor's closing. This has the effect of decreasing returns of subsequent investors compared to investors in the first closing date. In addition, late close interest payments may be subsequently adjusted, including upon audit.

Calculation of management fees

Although management fees are calculated and collected quarterly the amount of management fees charged in any period may be adjusted in subsequent periods to reflect updated information provided by underlying managers, portfolio companies or otherwise.

Recall of Fees and Expenses

Amounts drawn down to pay fees and expenses may, to the extent that subsequent distributions are made, be subject to recall by Capital Dynamics. Accordingly, additional capital contributions may be required in excess of agreed levels of commitment, and to the extent that such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Changes in laws; ability to enforce legal rights

Any legislation and its interpretation, and the legal, tax and regulatory regimes which apply in relation to a client and/or an interest in a client, may change or may differ from that anticipated by Capital Dynamics. Accounting and customary tax practice may also change which may affect, in particular, the manner in which investments are valued and/or the way in which income or capital gains are recognized and/or allocated. In some instances, clients may invest in countries/states with judicial systems of varying effectiveness. As a consequence, clients may have difficulty in successfully pursuing claims in the courts of certain countries, as compared to those in developed countries. Further, to the extent that a client may obtain a judgment but is required to seek its enforcement in the courts of one of these countries, there can be no assurance that such a court will enforce such a judgment.

Co-investment opportunities

From time to time, Capital Dynamics may offer co-investment opportunities in its sole discretion to some but not all clients or investors. Capital Dynamics is not expected to offer co-investment with respect to all of a CD Advisory Client's investments, and may allocate any opportunities that do arise in its sole discretion, including for example, on the basis of the size and terms of a prospective co-investor's past and expected future commitments; the strategic value of a prospective co-investor to the investment opportunity, CD Advisory Client or Capital Dynamics' business; whether the co-investor has the resources to make the co-investment or to fund follow-on commitments; whether a potential co-investor has previously declined to participate in a co-investment opportunity or agreed to participate but later withdraws prior to close; whether a prospective co-investor is willing to pay carried interest and/or management fees

and the amount it is willing to pay; and any other factor determined by Capital Dynamics to be relevant or appropriate. The allocation of co-investment opportunities may involve a benefit to Capital Dynamics and/or the General Partner including, without limitation, fees or carried interest from the co-investment opportunity and capital commitments to other funds. Capital Dynamics may form committed co-investment vehicles both during and following a fund's fundraising period to participate alongside a CD Advisory Client in investment opportunities that Capital Dynamics has determined in good faith exceed prudent diversification levels for such client. The capital committed to such co-investment vehicles would not be included in the overall size limitation on a CD Advisory Client's investment program.

In the event that a proposed investment is not consummated, and certain costs and expenses have been incurred by a CD Fund in pursuit of such opportunity, including (without limitation) legal, financial, travel and other business due diligence costs and expenses, such costs and expenses may be paid solely by the Fund, and it should not be expected that co-investors will bear any portion of such "broken deal" costs and expenses. If an opportunity becomes an investment, the portion of unreimbursed transaction expenses incurred by the CD Fund in connection with such investment, unreimbursed expenses incurred by the CD Fund in connection with the ongoing monitoring of its investment in the applicable company, and any other unreimbursed expenses incurred by the CD Fund with respect to such investment that are payable by the co-investors (if any) will be determined on a case-by-case basis by the General Partner. Whilst Capital Dynamics will endeavor to establish arrangements, which will, secure proportionate reimbursement of "broken deal" costs and other transaction expenses by co-investors pursuant to a consortium agreement or similar, it shall have no obligation to do so.

Commitment strategy risks

Certain CD Advisory Clients may make aggregate commitments to underlying funds, portfolio companies or project companies that exceed the aggregate capital commitments of the client. Although Capital Dynamics monitors cash flow projections closely, there can be no assurance that any client will be able to meet all of its commitments or otherwise successfully implement its commitment strategy. If a client is not able to meet all of its commitments, it may be subject to penalties arising under the terms of its contractual commitments with respect to its investment, including, without limitation, being required to sell its interest in an investment opportunity or forfeiting a portion of its investment. In such cases, the client's return from such investment could be materially lower than it would have been had the client been able to meet all of its commitments.

Competition for investment opportunities

The success of a CD Advisory Client depends in part on Capital Dynamics' and/or the General Partner's ability to identify and otherwise source appropriate investments within the applicable investment strategy. Further, even if Capital Dynamics is able to identify such opportunities, in such event, there may be competition among such investments for lenders, products, customers and service providers, among others, which may create conflicts of interest.

While Capital Dynamics seeks to maintain broad access for its clients to opportunities in underlying investment funds, portfolio companies and project companies, due to the number of investors routinely seeking to gain access to such investment opportunities, there is no assurance that we will be able either to secure investment in all of the opportunities we identify and/or in the amounts desired. Moreover, access to opportunities may be not only highly competitive, but frequently under the control of a relatively limited number of sponsors, managers, developers, co-investors and/or intermediaries, which further compound these issues with respect to such strategies. There can be no assurance that these competitive pressures will not have a material adverse effect on the investment performance of portfolios held by CD Advisory Clients. Any member of Capital Dynamics may manage or advise other Investment Mandates or CD Funds and such other funds or products may compete with each other for investment opportunities.

Capital Dynamics may expand the range of services that it provides over time. Capital Dynamics is typically not restricted in the scope of its business or in the performance of any such services (whether now offered or undertaken in the

future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described in the relevant governing documents of each CD Fund or Investment Mandate. Capital Dynamics has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be held in its funds or products.

Concentration

A CD Advisory Client may ultimately hold relatively few investments and as a result, poor performance by a small number of investments could have an outsized and negative effect on the total return to investors. It is also possible that a significant number of a client's investments will be concentrated in specific geographical locations and/or industries. A portfolio that concentrates its investments in issuers within the same country, state, industry or economic sector may be more affected by an adverse economic, business or political development than if its investments were not so concentrated.

Contingent liabilities on disposition of investments

In connection with the disposition of an investment, a CD Advisory Client may be required to assume contingent liabilities for which Capital Dynamics and/or the General Partner may establish reserves or escrows. In that regard, investors may be required to return amounts distributed to them to fund the obligations of a client subject to certain limitations set forth in the relevant governing documents. Capital Dynamics may also require that its CD Advisory Clients indemnify the purchaser of such investments to the extent that such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which contingency reserves or escrow accounts may need to be created.

Currency

Changes in currency exchange rates may affect the value of a CD Advisory Client's portfolio, as well as the value of the interests of the investors in a client. There can be no assurance that Capital Dynamics and/or the General Partner will be able to hedge currency risk successfully or cost-effectively. Losses may occur as a result of such currency hedging activities and there may be additional expenses borne by a client as a result of any such hedging activities.

Cybersecurity

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency. Capital Dynamics faces various security threats on a regular basis, including ongoing cyber-security threats to and attacks on its information technology infrastructure that are intended to gain access to its proprietary information, destroy data or disable, degrade or sabotage its systems. These security threats could originate from a wide variety of sources, including unknown third parties outside Capital Dynamics. There can be no assurance that the various procedures and controls utilized by Capital Dynamics to mitigate these threats will be sufficient to prevent disruptions to its systems.

Capital Dynamics' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

In addition, each CD Fund and Investment Mandate will rely on Capital Dynamics' and third parties' financial, accounting, information and other data processing systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in its activities. If any of these systems do not operate properly or are disabled for any reason or if there is any unauthorized disclosure of data, whether as a result of tampering, a breach of its network security systems, a cyber-incident or attack

or otherwise, Capital Dynamics could suffer substantial financial loss, increased costs, a disruption of its businesses, liability to its investors, regulatory intervention or reputational damage. In addition, Capital Dynamics operates in a business that is highly dependent on information systems and technology. The information systems and technology that Capital Dynamics relies on may not continue to be able to accommodate its growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on Capital Dynamics.

A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of a CD Advisory Client. Cyber threats and/or incidents could cause financial costs from the theft of fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which could be materially adverse to the CD Advisory Client. There can be no guarantee that Capital Dynamics or the CD Advisory Client will be able to prevent or mitigate such incidents. If systems and measures to manage risks relating to these types of events are compromised, become inoperable for extended periods of time or cease to function properly, it may require a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors).

In addition, Capital Dynamics may not be in a position to verify the risks or reliability of third parties with which the operations interface with and/or depend on third parties, including the CD Advisory Client's service providers. The Fund may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations and limited recourse against them.

Due diligence process

Capital Dynamics conducts due diligence on the investments to be made. When conducting due diligence, Capital Dynamics will be required to rely on resources available to it, including information provided by the unrelated managers with whom Capital Dynamics may invest. There can be no assurance that the due diligence investigations undertaken by the General Partner will reveal or highlight all relevant facts that may be necessary or helpful in evaluating a particular investment opportunity, or that the General Partner can independently verify information regarding an investment's historical performance and business strategy, and there can be no assurance that such due diligence will result in an Investment being successful. In addition, information received may be generated using proprietary investment strategies that are not fully disclosed to the General Partner, which may involve risks under some market conditions that are not anticipated by the General Partner and their advisers.

To obtain access to due diligence prepared by third parties, Capital Dynamics or the General Partner likely will be required to enter into agreements that may limit the rights of the General Partner and the CD Advisory Client to bring legal actions against such third party that relate to reliance on such due diligence. Therefore, if the due diligence relied upon contains errors or omissions, or is otherwise inadequate, neither Capital Dynamics nor the CD Advisory Client will have any recourse against the provider of such due diligence.

In addition, investment analyses and decisions by Capital Dynamics and the General Partner may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to Capital Dynamics at the time of making an investment decision may be limited, and Capital Dynamics may not have access to detailed information regarding the Investment, such as physical characteristics, environmental matters, zoning regulations or other local conditions affecting an Investment. Therefore, no assurance can be given that Capital Dynamics will have knowledge of all circumstances that may adversely affect an investment. In addition, Capital Dynamics may rely upon independent consultants in connection with its evaluation of proposed investments, and no

assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or the CD Advisory Client's right of recourse against them in the event errors or omissions do occur.

Economic and market risk

Performance of any CD Advisory Client may be sensitive to general downward swings in either the overall global economy, the economy of any specific jurisdiction(s) or a specific market dislocation, including changes in global or local economic conditions. Factors affecting economic conditions include, for example, commodity prices, inflation rates, monetary policy, fiscal policy, industry conditions, competition, technological developments, regulatory developments, domestic and worldwide political, military and diplomatic events and trends, tax laws and innumerable other factors, none of which will be within the control of either Capital Dynamics, the General Partner or the sponsors and/or managers of the applicable portfolio investment.

ERISA controlled group; foreign investments

Depending on a number of factors, including the level of ownership held by a CD Advisory Client in a particular portfolio company, a client may be considered to be a member of one or more portfolio company's "controlled group" under ERISA, which imposes joint and several liability for required contributions, underfunding at termination and complete or partial withdrawal by an employer from a multiemployer pension plan.

In addition, if a client is deemed to hold "plan assets" under ERISA, it may be necessary for the client to dispose of certain foreign investments for which a deed cannot be held in the United States at an inopportune time or for consideration that is less than would otherwise be offered under different circumstances.

ERISA restrictions

ERISA and its accompanying regulations are complex and, to a great extent, have not yet been interpreted by the courts or the administrative agencies. Investors subject to ERISA should therefore consult with their own counsel to determine whether an investment is permitted under ERISA.

Moreover, there is a possibility that certain transactions in which a CD Advisory Client might otherwise seek to engage in the ordinary course of its business and operation could constitute non-exempt "prohibited transactions" under ERISA and/or Section 4975 of the Internal Revenue Code. A CD Advisory Client subject to ERISA may therefore be restricted from entering into an otherwise desirable investment or from entering into an otherwise favorable transaction or may have its allocation reduced in certain investment opportunities. Additionally, such clients may be subject to limits on the manner, timing and holding period of investments and divestments, which could result in adverse investment consequences.

"Governmental plans" and certain "church plans", while not subject to the fiduciary responsibility and prohibited transaction provisions of ERISA, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA. Decision-makers for any such plans should consult with their counsel before making an investment in a CD Fund.

Foreign assets

In the case of investments in foreign securities or other assets, any fluctuation in currency exchange rates and any volatility in US, European and global markets, will affect the value of the investments and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency.

Foreign economic, political, regulatory and social risks

There are a number of proposals being discussed at the national, institutional, regulatory and supra-national level that have the potential to impact the cost of operating and administering CD Advisory Clients, the taxation status of a client

and its investors, the strength of incentives given to the management team and the alignment of interests between the client and management team. Such proposals may necessitate a restructuring of a portfolio at substantial cost and with the possibility that any replacement structure will offer a materially less attractive situation to investors.

investments may be subject to economic, political, regulatory and social risks, which may affect the liquidity of such investments. In certain jurisdictions, foreign ownership of certain types of assets may be restricted, requiring clients to share the applicable investment with local third-party partners or investors, and there may be significant local land use and permit restrictions, local taxes and other transaction costs which adversely affect the returns sought by clients. In addition, exchange control regulations, expropriation, confiscatory taxation, nationalization, political, economic or social instability or other economic or political developments could adversely affect the assets held in particular countries. Moreover, investments could be adversely affected by changes in the general economic climate or the economic factors affecting certain industries, changes in tax law or specific developments within such industries or interest rate movements. Furthermore, civil unrest and ethnic clashes contribute to political instability in some countries globally. Such unrest may impede business activity and adversely affect the environment for foreign investments, thereby having a material adverse impact on the value of investments.

Capital Dynamics may not have, and may not intend to obtain, political risk insurance. Accordingly, government actions in the future could have a significant effect on economic actions in such countries, which could affect certain private sector companies and the prices and yields of investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, political, economic or social instability, insurrection or other economic or political developments could adversely affect the investments held in particular countries.

Political changes or a deterioration of a particular country's domestic economy or balance of trade may indirectly affect an investment in a particular asset in such country. Moreover, investments could be materially adversely affected by changes in the general economic climate or the economic factors affecting certain industries, changes in tax law or specific developments within such industries or interest rate movements.

Hedging

Hedging techniques may be employed during the acquisition of investments to protect against adverse movements in currency or interest rates. These transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars or other arrangements. Such instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuations caused by changes in the price of commodities or other underlying assets. Markets for such instruments may be illiquid, highly volatile and subject to interruption. Suitable hedging instruments may not continue to be available at reasonable costs.

The investment techniques related to derivative instruments are highly specialized and may be considered speculative. Such techniques often involve forecasts and complex judgements regarding relative price movements and other economic developments. The success or failure of these investment techniques may turn on small changes in exogenous factors not within the control of the portfolio companies or Capital Dynamics. With respect to hedging arrangements, many factors may result in a poorer overall performance than if it had not entered into such hedging transactions. This is particularly relevant with respect to currency hedging transactions, which may reduce certain currency risks, but such transactions themselves may entail certain other risks. Thus, while investors may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, the financial condition of hedging counterparties, or currency exchange rates, may result in a poorer overall performance than if it had not entered into such hedging transactions. For all the foregoing reasons, the use of derivatives and related techniques may expose CD Advisory Clients to significant risk of loss.

Illiquidity

CD Funds will not be registered as investment companies under the 1940 Act and the offering and sale of interests in such entities will not be registered under the Securities Act or any other securities laws in any jurisdiction. CD Funds are not intended to be short-term investments and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment. Commitments are generally not transferable or redeemable and investors will be committed to a fund for its duration and typically will not be able to transfer or withdraw from their participation prior to the expiry of a fund. No public market for interests in a CD Fund is likely to develop and prospective investors must be prepared to bear the risks of owning interests for an extended period of time.

Most, if not all, of the CD Advisory Clients will invest in portfolio investments which will be highly illiquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on the resale of such investments (usually on account of having been acquired from their respective issuer in “private placement” transactions). In addition, such investments by their nature are often difficult or time consuming to liquidate. Due to such illiquidity, in the face of a general market downturn or a specific dislocation within a particular industry, a client may not be able to sell or otherwise realize a particular portfolio investment when it desires or to realize what it perceives to be such investment’s fair market value. Upon wind-down or termination, a CD Advisory Client may have to sell or otherwise dispose of investments on disadvantageous terms (including price) or distribute such investments in-kind of illiquid securities, resulting in investors becoming shareholders, or otherwise holders of security interests, in unquoted companies or illiquid entities. There can be no assurance that any investors will be able to dispose of distributions in specie or that the securities received will be redeemable at an amount equal or comparable to the value of the securities. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

Indemnification

A CD Advisory Client may be required to indemnify Capital Dynamics, the General Partner and their respective affiliates from any liability, damage, cost or expense arising out of, among other things, certain acts or omissions relating to the offer or sale of an interest and other circumstances described in the relevant client constituent documents. Assets held by the client will be available to satisfy these indemnification obligations and investors may be required to return distributions to satisfy such obligations. Such liabilities may be material and may have a material adverse effect on the returns to a CD Advisory Client. These obligations will survive the dissolution of a client and may diminish a client’s investment returns.

Inflation

CD Advisory Clients may invest in countries that have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in interest rates and inflation have had, and may in the future have, negative effects on the economies and securities markets of certain economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on clients investing in these countries or returns from such investments.

Investments in distressed assets

CD Advisory Clients may make investments in non-performing or other troubled assets which involve a high degree of financial risk and are experiencing or are expected to experience severe financial difficulties, which may never be overcome.

Investments in securities

Securities held by CD Advisory Clients or underlying funds are subject to inherent risks, including that (i) equity and debt securities fluctuate in value, often based on factors unrelated to the issuer of the securities, and such fluctuations can be

pronounced, (ii) such investments generally may be subject to risks with respect to the issuer, (iii) the market for these securities may be less liquid than that for other higher rated or more widely followed securities, (iv) securities of some foreign issuers are less liquid and more volatile than securities of comparable US issuers, and (v) securities markets in some countries are fragmented, small and less liquid than the securities markets of the US and certain other developed countries. There can be no assurance that such investments will not be sold at prices significantly below their acquisition costs.

Limited availability of information

Depending on the particular investment strategy involved, certain underlying investment funds, portfolio companies and/or project companies in which a CD Advisory Client may be invested may restrict Capital Dynamics and/or the General Partners (as the case may be) from fully disclosing information regarding the investment, risks and/or historical performance. Accordingly, in such circumstances, Capital Dynamics and/or the General Partners (as the case may be) of, and the respective investors in, such products may not have sufficient information to evaluate to their complete satisfaction the risks associated with such an investment.

In addition, investments may be made in countries where accounting, auditing, financial, regulatory and other reporting requirements are not equivalent to those in the United States or differ in fundamental ways. Accordingly, Capital Dynamics may not have access to necessary information or the information available to Capital Dynamics may be less reliable and less detailed than information typically available in the United States.

Limited recourse to the general partner

Affiliates of Capital Dynamics may serve as General Partners of CD Advisory Clients whose governing documents may limit the circumstances under which the General Partner can be held liable to the client. Parties seeking to have the liability satisfied may have recourse to assets generally and not be limited to any particular asset and may require the investors to contribute their commitments in order to satisfy such liabilities.

Litigation

Clients may be subject to a variety of litigation risks, particularly if one or more of the investments or portfolio companies in which it invests face financial or other difficulties. Legal disputes may arise from a client's activities and investments that could have a significant material adverse effect on the client.

Management; reliance on key persons

Capital Dynamics will apply our investment techniques and risk analyses in making investment decisions for client portfolios, but there is no guarantee that our techniques will produce the intended results. Moreover, the success of a client portfolio may be substantially dependent on certain key individuals of Capital Dynamics or underlying funds. Should one or more of these individuals become incapacitated or in some other way cease to participate in the management of a client portfolio or underlying fund, its performance could be adversely affected.

Capital Dynamics' ability to successfully manage affairs currently depends on the particular team, as well as other senior management and key personnel of Capital Dynamics. Capital Dynamics will be relying extensively on the experience, relationships and expertise of its employees. There can be no assurance that these individuals will remain with Capital Dynamics, or otherwise continue to be able to carry on their current duties. The loss of the services of members of the relevant team could have a material adverse effect on performance and on the ability to make and to realize its investments.

Material non-public information

By reason of their responsibilities in connection with a CD Advisory Client and other investment activities, personnel of Capital Dynamics and its affiliates may acquire confidential or material non-public information or be restricted from

initiating transactions in certain securities. A client will generally not be free to act upon any such information and may not be able to initiate a transaction or sell an investment that it otherwise might have sold.

No control rights

Investors typically do not have the opportunity to control the day-to-day operations of a CD Advisory Client, including decisions on investment and disposition, and will not have an opportunity to evaluate specific assets prior to investing. An investor must rely upon the ability of Capital Dynamics and/or the General Partner to identify, structure and implement investments consistent with the client's investment objectives and policies.

Pay-to-Play laws

If Capital Dynamics and its covered associates fail to comply with "pay-to-play" laws governing payments to and/or certain contacts with US state officials by individuals and entities seeking to do business with certain states and state entities, including state pension plans, such non-compliance could have an adverse effect on a CD Advisory Client by, among other things, providing the basis for the withdrawal of the affected government plan investor. Failure to comply with such laws may also prohibit Capital Dynamics' collection of management fees from applicable investors.

Performance-based fees

As discussed in Items 5 and 6, with respect to CD Advisory Clients, Capital Dynamics and/or the General Partners may be entitled to compensation related to client performance. These performance-based fees may create incentives for Capital Dynamics and/or the General Partners to make riskier or more speculative investments than they would if there was no such fee payable.

Portfolio investment risk

The portfolio companies and project companies in which CD Advisory Clients invest (either directly or indirectly through underlying funds) may involve a high degree of business and financial risks. Such portfolio companies and project companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require additional capital to support their respective operations, to finance expansion or to maintain their competitive position, may have a high level of leverage, or may otherwise be in a weak financial posture. Likewise, such portfolio companies also may face intense competition from companies with greater financial resources, more extensive development, manufacturing, marketing and/or other capabilities, as well as a larger number of qualified technical and managerial personnel.

Recourse to fund assets

Assets held by a CD Advisory Client may be used to satisfy the liabilities and other obligations of the client. If a CD Advisory Client becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to its assets generally and will not be limited to any particular assets, such as the asset representing the investment giving rise to the liability.

Reinvestment of capital; recall of distributions

Net proceeds of fully realized or partially realized investments, refinanced or partially refinanced investments or income on investments may be reinvested or if distributed, may be subject to recall to satisfy indemnification, legal and regulatory obligations (including if required pursuant to an over-commitment strategy). To the extent such amounts are re-invested, an investor will remain exposed to re-investment and other risks associated with such investments, including exposure to potential unfunded tax liabilities with respect to re-investment. Distributions are at the discretion of Capital Dynamics and are likely to be variable and unpredictable and may occur earlier or later than anticipated. There will be no source of funds from which to pay distributions to the investors other than income and gain (if any) received

on investments and the return of capital. Prospective investors should be aware that they will be required to meet drawdowns beyond the investment period of a client.

Reserves; cash management

It is difficult to estimate the appropriate amount of reserves for investments, operating expenses (including the management fee), liabilities and other matters. Inadequate or excessive reserves could materially impair investment returns. If reserves are inadequate, a CD Advisory Client may be unable to take advantage of attractive investment opportunities or be subject to greater portfolio risk. If reserves are excessive, a client may decline attractive investment opportunities and experience lower returns as a result.

Side letters

Capital Dynamics and/or the General Partner or their respective affiliates may, without notice to or consent of other investors, enter into one or more side letters or similar agreements with certain limited partners granting specific rights, benefits or privileges that are not made available to other investors. Such agreements may be disclosed only to those actual or potential limited partners that have separately negotiated with Capital Dynamics for the right to review such agreements.

Short-term investments

Commitments may be invested in short-term instruments pending participation in investments. During such interim periods these short-term investments may produce lower returns for investors than the returns that may be earned by investments for the same period.

Tax considerations

Tax laws, rules or their interpretation in relation to an investment may change. Such changes may include both the level and basis of taxation, which could have an adverse effect on returns to investors. No undertaking is given that amounts distributed or allocated to investors will have any particular characteristics or that any specific tax treatment will be enjoyed. Delays in reporting by underlying funds or portfolio companies may delay reports to investors and require investors to seek extensions of the deadline to file their tax returns.

Investors should also be aware that, due to the structure of the carried interest, the income and chargeable gains allocated to them over the life of a partnership and to which they are regarded as entitled for tax purposes may exceed the income and gains from which they benefit economically. Each prospective investor should seek professional tax advice in connection with any investment.

Uninsured losses

Insurance against certain risks, such as earthquakes, floods, environmental contamination or terrorism, may be unavailable, available in amounts that are less than the full market value or replacement cost of investments or underlying assets or subject to a large deductible. In addition, there can be no assurance that the particular risks which are currently insurable will continue to be insurable on an economically feasible basis or that insurers will honor coverage terms in existing policies without lengthy and costly challenge proceedings.

Valuation of investments

Many (if not most) investments made by CD Advisory Clients, as well as in the underlying funds, are not expected to be publicly traded. As such, the fair value of investments may not be readily determinable. Capital Dynamics expects to value investments at fair value as determined in good faith in accordance with Capital Dynamics' valuation policies and procedures, the terms and conditions of a particular CD Advisory Client and any other applicable standards. Because such valuations are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates.

Additionally, our determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and may differ materially from the values that may ultimately be realized.

Venture investing

Clients may make direct investments in venture capital companies or acquire interests in underlying funds that make venture capital investments. Such investments are made at an early point in a company's life cycle, and the success of such investments may depend on factors that are subject to a high degree of risk and/or are outside the control of Capital Dynamics or underlying fund.

Economic Impact of Coronavirus Pandemic and Related Effect on the Fund and Investments

In December 2019, a novel strain of coronavirus (also known as "**COVID-19**") surfaced, and on March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. Millions of cases of COVID-19 have been recorded in most countries worldwide, including the United States, and it is likely that COVID-19 will continue to spread. In response, governmental authorities have imposed restrictions on travel, the temporary closure of many corporate offices, retail stores, restaurants, fitness clubs and manufacturing facilities and factories in affected jurisdictions, including, beginning in March 2020, in the United States, and other quarantine measures (including general "work from home" requirements). These resulted in the effective cessation of all business activity deemed non-essential by such governmental authorities, causing commercial disruption on a global scale. Affected businesses may encounter a range of financial consequences, and slowdowns in business activity may have a material adverse effect on economic conditions and liquidity. Investors should be particularly aware of supply-chain disruption. It is anticipated that as a result of the impact of COVID-19 on supply-chains, manufacturing output levels are likely to be depressed, and there will likely be a shortage of materials and components being distributed from regions that have become quarantined or otherwise affected. As a result, companies who rely on international supply networks may be unable to meet consumer demand for their products. This means that, at least in the short-term, productivity and profit levels are likely to be reduced. Companies may encounter considerable delays in their manufacturing timelines. In addition, solvency concerns can be exacerbated if working capital lines become blocked, financial covenants are breached, events of default occur and/or there is a trigger of termination payments or other contingent liabilities for non-performance. Any slow-down in business activity may negatively impact liquidity. Such negative changes in the global financial markets may therefore in turn have a material adverse effect on the performance of the investments and the Fund.

In addition, the World Health Organization or regional or national authorities may recommend or impose similar measures as described above that could have similar effects. The foregoing measures will negatively impact the ease with which transactions may be executed, the commercial feasibility of a transaction, the general costs otherwise incurred by the Fund and/or the businesses underlying the Fund's investments. Travel restrictions, for example, will prevent physical meetings and on-site visits from taking place.

Such measures may have, and could continue to have, an adverse impact on the Fund's business operations, human capital and/or financial resources (including those relating to the Fund's investments and/or service providers to the Fund, which could, in turn, adversely impact the ability of such service providers to fully support the administration and operations of the Fund), including as a result of travel restrictions and/or any related health issues of personnel or service providers. Capital Dynamics cannot predict the full impact of COVID-19, including the duration of the closures and restrictions described above. As a result, it is impossible to predict the duration of these business and supply-chain disruptions, the extent to which COVID-19 will negatively affect the Fund, its ability to implement its investment strategy and the performance of its investments.

As of the date hereof, it is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties may last, the effect any governmental actions will have or the full potential impact on the Fund and on any of the Fund's potential investments. Any public health emergency, including the outbreak

of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus strands, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the business and operations of the Manager, the Fund and the Fund's investments and could adversely affect the Fund's ability to fulfill its investment objectives.

Although it is not possible to fully predict the consequences of COVID-19, this pandemic is likely to severely disrupt and have a material adverse impact on the US and global economy, and for an unknown period of time. Such uncertainty can result in or coincide with, among other things: increased volatility in the financial markets for securities, derivatives, loans, credit and currency; a decrease in the reliability of market prices and difficulty in valuing assets (including any Portfolio Company assets); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the securities, derivatives, loans, credit and currency markets and market participants, decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

In general, public health crises can develop rapidly and unpredictably, which may prevent governments, companies or others (including the General Partner, the Manager or the Fund) from taking timely or effective steps to mitigate or reduce any adverse impacts. Historically, widespread outbreaks of communicable diseases have affected investment sentiment and caused sporadic volatility in global markets. Such impacts will be unevenly distributed across sectors, businesses and national economies, depending upon, among other things, the global distribution of detected cases of COVID-19. While certain sectors including airlines and other travel, manufacturing, retail, tourism, dining and entertainment, currently appear to be the worst affected, others will undoubtedly also be impacted if COVID-19 cannot be contained.

In addition, the risks associated with a widespread outbreak of a contagious disease, such as COVID-19, may make it more likely that Investors in the Fund fail to make required capital contributions or other payments when due, in which case the Fund's ability to complete its investment strategy or otherwise continue operations may be impaired. A default by one or more Investors with substantial Commitments could leave the Fund with insufficient capital to meet its funding obligations, and would limit opportunities for investment diversification and likely reduce returns to the Fund.

The full scope of the COVID-19 outbreak, its duration, intensity and consequences are uncertain (including as a result of new information which may emerge concerning the severity of COVID-19 and containment efforts), and any economic slowdown and negative business sentiment that will follow across markets may have a material adverse and long-lasting impact on the business operations and financial condition of the Fund and its investments, as well as the Manager and its Associates. Similar consequences could arise with respect to other comparable infectious diseases.

Russian Invasion of Ukraine

On February 24, 2022, Russia launched an invasion of Ukraine that has resulted in an ongoing military conflict between the two countries (the "**Russia-Ukraine Conflict**"). The Russia-Ukraine Conflict has caused, and is currently expected to continue to cause, significant disruptions to the global financial system, international trade, and the transportation and energy sectors, among other disruptions. In addition, the Russia-Ukraine Conflict has displaced millions of people, causing an acute refugee crisis in Europe, and has increased the threat of nuclear accidents or attacks, cyberattacks and further regional or global conflicts (including a potential expansion of the Russia-Ukraine Conflict to other countries as well as other potential conflicts, including, but not limited to, conflicts in other geographic locations and between other state and

non-state actors), among other potentially dire consequences. In response to Russia's actions, multiple countries and governing bodies, including the United States and the EU, have put in place global sanctions and other severe restrictions or prohibitions on the activities of certain individuals and businesses connected to Russia and/or Belarus. Private companies have also implemented restrictions that severely limit, and in some cases, reverse or cancel, business transactions in or involving certain individuals and/or businesses connected to or associated with Russia and/or Belarus. Further, some private companies have moved to divest of Russia-based subsidiaries and assets. In addition, the impacts of the Russia-Ukraine Conflict on the supply chain and commodity prices are expected to be profound and may result in substantial inflation in one or more countries (or globally). 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 the Fund or any particular industry, business, currency or country and the duration and severity of those effects, is impossible to predict.

Banking System Volatility

On Friday March 10, 2023, the U.S. Federal Deposit Insurance Corporation (the "FDIC") was appointed receiver for Silicon Valley Bank ("SVB"). On Sunday March 12, 2023, the FDIC was appointed receiver for Signature Bank to protect depositors. On Sunday March 12, 2023, the U.S. Department of Treasury (the "Treasury"), the FDIC and the Board of Governors of the Federal Reserve System ("Federal Reserve") jointly announced that, upon recommendation from the board of the FDIC and the Federal Reserve, and in consultation with the President of the United States, Treasury Secretary Yellen approved actions enabling the FDIC to complete its resolution of SVB and Signature Bank in order to protect all of those banks' depositors. On March 19, 2023, at the urging of Swiss authorities, UBS Group announced plans to acquire Credit Suisse Group. Subject to regulatory approval, UBS Group would absorb Credit Suisse Group and succeed to all assets and all liabilities of Credit Suisse Group.

Many CD Funds maintained accounts with SVB, and their respective deposits in some cases exceed the insured limits, where applicable. The aforementioned events may impact the viability of the institutions listed above and other banking and financial services institutions. In the event of failure of any of the financial institutions where any Fund maintains its cash and cash equivalents, there can be no assurance that it would be able to access uninsured funds in a timely manner or at all. Any inability to access, or delay in accessing, these funds could adversely affect the business and financial position of the Funds. The closing of SVB and Signature Bank, the acquisition of Credit Suisse Group by UBS Group at the request of Swiss regulators, and any additional closures or resolution measures that may occur within the banking system, domestically and internationally, as well as the placement into receivership by the FDIC or other regulators, including foreign regulators, or bankruptcy, of any banks or other financial institutions, or a crisis of confidence in the industry by investors and consumers generally, in each case, will negatively impact the availability of certain financial services to the Funds and may require the Funds to establish new bank relationships. Such events may significantly increase the Funds' costs, negatively impact their ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert our time, attention and resources away from the pursuit of the Funds' investment strategies. Furthermore, such events may also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and tenants that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, such events may significantly exacerbate the normal risks associated with the Funds and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. In addition, such events may lead to financial system and participant regulatory reform, and such increased regulatory oversight may impose additional administrative burden and costs on the Funds. The foregoing could materially adversely impact our operations and those of the Funds and their financing and overall cash flow, acquisition, development and leverage strategies and investment returns. It is currently unclear what the ultimate effect of the situation will be on the banking sector, private equity industry, real estate market and global financial markets as a whole.

Material Risks Associated with Primary Fund-of-Funds and Secondary Investing

Dependence on underlying fund managers

Capital Dynamics does not have an active role in the management of portfolio companies held by the underlying funds and must rely on the underlying fund managers for management and valuation decisions. Likewise, Capital Dynamics has no control over investment decisions with respect to, or the timing of capital calls, distributions or reporting from, underlying funds. Investors' tax positions, among other things, may be prejudiced by untimely reporting brought about by managers of underlying funds.

Limited information

Although it is expected that Capital Dynamics will receive detailed information from each investment regarding its historical performance and business strategy, in certain cases, Capital Dynamics will have little or no means of independently verifying this information. Such information may be generated using proprietary investment strategies that are not fully disclosed to Capital Dynamics, or which may involve risks under some market conditions that are not anticipated. In addition, Capital Dynamics may receive information from countries where accounting, auditing, financial and other reporting standards, practices and disclosure requirements may differ in fundamental ways. Accordingly, information available to Capital Dynamics and CD Advisory Clients, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in other countries. As a result, any values may be less than as stated in financial or other statements prepared or published, which, in turn, would mean that the figures reported from time to time may not accurately reflect a realistic value of all or any assets. Accounting practice may also change, which may affect, in particular, the manner in which assets are valued and/or the way in which income or capital gains are recognized and/or allocated.

Multiple layers of fees

In addition to the fees paid to Capital Dynamics, underlying funds also assess both asset- and performance-based fees. As a result, net returns may be lower compared to investments with a single layer of fees.

Contingent liabilities associated with interests acquired in secondary transactions

With respect to secondary investing, acquisition of an interest may involve the assumption of contingent liabilities from its seller, including recalls of earlier distributions for funding of indemnifications or otherwise pursuant to applicable law. It is uncertain whether any claim Capital Dynamics and/or the applicable General Partner (as the case may be) may institute against the seller for any distributions it so received would be successful, and there can be no assurances that such distributions would be paid over or such claims would otherwise prevail in a court of competent jurisdiction.

Pooled investments in secondary investments

A secondary investment may involve the acquisition of a portfolio of investment funds from a seller on an "all or nothing" basis; certain of these investment funds may be less attractive than others, and certain of the sponsors may be more familiar to Capital Dynamics, more experienced or simply held in higher regard than others. In such cases, it may not be possible to carve out those investments considered (for commercial, tax, legal or other reasons) less attractive. For these reasons, Capital Dynamics will be constrained in its ability to narrow the client's investment focus to meet the tailored tax, regulatory and investment policy restrictions of particular investors.

Additional risk factors associated with Primary and Secondary investments are described further in the relevant CD Advisory Client governing documents.

Material Risks Associated with Co-Investment Investing

Bridge investments

From time to time, a CD Advisory Client may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt instruments or other refinancing or syndication. Such bridge investments would typically be convertible into a more permanent, long-term security; however, for reasons not always within the client's control, such long-term securities' issuance or other refinancing may not occur and such bridge investments may remain outstanding. In such event, the interest rate on such bridge investments or their terms may not adequately reflect the risks associated with the unsecured position taken.

Investments in restructurings

Investments in restructurings may involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, involve certain additional potential liabilities that may exceed the value of the original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to, and distributions by a client, may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Minority investments

Co-investments are typically non-controlling or minority investments, without power to exert significant control over the management of the activities of the investee entities or their governing boards and committees. Such investments may involve risks not present in investments where a controlling interest is held, including the possibility that a joint venture partner may be experiencing financial, legal or regulatory difficulties or having economic or business interests or goals which are inconsistent with those of the other investors. Conversely, a controlling position may be acquired such that the exercise of that control may impose additional risks of liability for failure to supervise management or violation of applicable regulations (such as health and safety regulations).

Public company holdings

Co-investment portfolios may contain securities issued by publicly-held companies or their affiliates. Such investments may be subject to risks that differ in type and degree from those involved with investments in privately-held companies. Such risks include (without limitation) greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, illiquidity arising from lock-up agreements entered into in conjunction with flotations, limitations on the ability to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members or significant shareholders and increased costs associated with each of the foregoing risks.

Use of derivatives and other specialized techniques

Portfolio companies may engage in derivatives transactions to mitigate risks. These transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars or other arrangements. Such instruments may be difficult to value, may be illiquid and may be

subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets. Markets for such instruments may be illiquid, highly volatile and subject to interruption. Suitable hedging instruments may not continue to be available at reasonable cost. For these reasons, the use of derivatives and related techniques can expose a CD Advisory Client and its portfolio companies to significant risk of loss.

Additional risk factors associated with Co-Investments are described further in the relevant CD Advisory Client governing documents.

Material Risks Associated with Private Credit and Investing

Diverse Investor Group

Investors in the Private Credit program include both U.S. taxable and U.S. tax-exempt entities. Such persons may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made, the structuring or the acquisition of investments and the timing of disposition of investments. Thus, conflicts of interest may arise in connection with decisions made by the General Partner that may be more beneficial for one investor than for another, especially with respect to each investor's individual tax situations. The General Partner will not consider investment, tax or other objectives of any individual investor in selecting and structuring investments. Thus, certain investors may experience adverse investment and/or tax treatment relative to other investors.

Fluctuating Interest Rates

General interest-rate fluctuations may substantially and adversely impact investments held by CD Advisory Clients that invest in the Private Credit program. Interest rate fluctuations may adversely impact the cost of funds, credit quality, value and rates of return of such investments.

Highly Leveraged Borrowers

CD Advisory Clients may lend to borrowers that are highly leveraged, which may reduce the borrower's ability to respond to adverse business, economic or political events. As a result, borrowers may become subject to a voluntary or involuntary bankruptcy or insolvency and a CD Advisory Client acting as a lender may suffer adverse effects. There can be no guarantee that the use of a leverage strategy generally will be successful.

CD Advisory Clients' investments are expected to include investments in projects whose capital structures may have significant leverage (including leverage senior to the CD Advisory Client's investments), a considerable portion of which may be at floating interest rates. The leveraged capital structure of such companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or further deteriorations in the financial condition of the project or its industry. This leverage may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies. For example, rising interest rates may significantly increase the project company's interest expense, or a significant market downturn may affect a project's ability to generate positive cash flow, in either case causing an inability to service outstanding debt. CD Advisory Clients' investments may be among the most junior financing in a company's capital structure. In the event such company cannot generate adequate cash flow to meet debt obligations, the project may default on its loan agreements or be forced into bankruptcy resulting in a restructuring or liquidation of the project, and the CD Advisory Client may suffer a partial or total loss of capital invested in the project, which could adversely affect returns.

Lender Liability

There may be circumstances where a debt investment of a CD Advisory Client could be subordinated to claims of other creditors or a CD Advisory Client could be subject to lender liability claims. If a borrower that a CD Advisory Client is

invested in were to go bankrupt, even though that CD Advisory Client may have structured its investment as senior debt, depending on the facts and circumstances, a bankruptcy court might re-characterize such debt holding as an equity investment and subordinate or disallow all or a portion of that CD Advisory Client's senior debt claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise or are deemed to exercise control over the borrower.

Other Risks

Investing in a credit investment strategy is also subject to risks associated with the following factors: instability in the U.S. or global financial markets or changes in market, economic, political or regulatory conditions; the highly competitive market for debt and debt-linked securities; credit risk and collateral impairment; invalidation of an investment as a fraudulent conveyance under creditors rights laws; prepayment without prepayment penalties; and lack of voting control over the equity of the issuers.

Additional risk factors associated with Private Credit investments are described further in the relevant CD Advisory Client governing documents.

Material Risks Associated with Clean Energy Infrastructure Investing

Availability and pricing of debt finance

The ability to make an investment in a project or portfolio company or to refinance such investments already made may be dependent upon the availability and pricing of debt finance from third-party lenders including bank debt, construction finance, mezzanine finance and equity funding. There can be no assurance that such debt finance will be available or available on terms that will enable reasonable rates of return. Senior debt will typically be secured on the assets of a project or portfolio company and will contain covenants and other restrictions related to payment and default and which may give senior lenders preferred rights.

Construction risks

CD Advisory Clients typically invest in renewable energy assets prior to commencement of construction, which entails risks related to timing of completion, satisfaction of project specifications and adherence to a project budget. While many of these risks can be mitigated contractually, there may be residual risks of delay and cost overruns that could adversely impact returns from a given project.

Capital Dynamics may make investments in construction and early operations-stage businesses and/or projects. Therefore, prior to commencement of construction, the risks associated with such investments are greater than investment in established or more mature businesses and projects with a history of revenue and profit generation and, while some construction risks can be contractually mitigated, there may residual risks of delay and cost overrun that could have a material adverse effect on returns.

Effects of ongoing changes in the electric utility industry

CD Advisory Clients may make investments in projects and portfolio companies directly related to electric utility industries and, in most cases, such utilities are the ultimate customers for purchasing electricity and renewable energy certificates ("ROCs") from renewable energy projects. In many markets, the electric utility industry is experiencing increasing competitive pressures, primarily in wholesale markets, as a result of consumer demands, technological advances, greater availability of natural gas and other factors. There can be no assurance that: (i) existing regulations applicable to electric utility companies will not be revised or reinterpreted, especially those imposing mandates upon them to purchase renewable electricity; (ii) new laws and regulations will not be adopted or become applicable to electric utility companies; (iii) the technology and equipment selected by such companies to comply with current and future regulatory requirements will not change materially over time; or (iv) such companies' business and financial

conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or any failure to comply with such current and future laws and regulations.

Electricity pricing

Sales contracts, power purchase agreements (“PPAs”) and feed-in tariffs underpinning the forward sale of electricity and/or ROCs, are, on average, for shorter durations (often between ten (10) and twenty (20) years). Upon expiry of such sale contracts, PPAs or feed-in tariffs, an asset will be required to sell electricity, ROCs or equivalent instruments at the prevailing market prices and/or seek new sales contracts. In making its investment decisions, Capital Dynamics will necessarily rely on market forecasts as to the forward price of electricity and ROCs or equivalent instruments. There can be no assurance that such forecasts will be accurate and, if the revenues are ultimately lower than projected, investment returns will also be lower. In certain markets, electricity is also sold on spot markets, which fluctuate constantly.

The amount, timing, and cost of generating electricity from renewable energy sources may not meet expectations and may vary significantly from period to period. Pro-forma investment valuations are generally built upon a “P50” or “P90” production estimate for each project. Unfavorable solar conditions from long-term climate impacts and short-term weather impacts may cause project facilities to not meet anticipated generation levels or the rated capacity of its generation assets. The intermittent nature of solar energy, wind and other renewable energy sources and the irregular generation levels may adversely affect CD Advisory Clients’ results from operations and cash flows investments.

Environmental regulation

Environmental laws, regulations and regulatory initiatives play a significant role in the emerging climate change and Clean Energy infrastructure industry and can have a substantial impact on investments, both positively and negatively. Projects and portfolio companies may make investments that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements. Capital Dynamics will seek to evaluate the expected impact of environmental compliance on all potential investments.

There can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on projects or portfolio companies. Compliance with such current or future environmental requirements does not ensure that the operations of projects or portfolio companies will not cause injury to the environment or to people under all circumstances or that projects or portfolio companies will not be required to incur additional unforeseen environmental expenditures.

Moreover, failure to comply with any such requirements could have a material adverse effect on a project or portfolio company, and there can be no assurance that projects or portfolio companies will at all times comply with all applicable environmental laws, regulations and permit requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims.

Operational risks

The return on, and the consequent value of, an investment in renewable energy will fluctuate in response to general weather and environmental conditions (e.g. solar irradiation, wind patterns etc.), which is by nature unpredictable and deviations are likely to occur over time. There may be unexpected equipment failure and unscheduled maintenance and other issues that may result in lower energy production and a consequent reduction in project revenues, the contractual terms of the investment will protect against some loss of revenue but only up to the value of the contract in a given year.

In addition, inclement weather could increase the need for maintenance and repair of investments. These costs and delays could have a material adverse effect on financial performance, thereby reducing potential distributions to Investors and decreasing returns on investments.

Political and societal challenges

Clean Energy infrastructure projects will be subject to locational issues and requirements in securing development and construction permits, consents and approvals. Proposals to site a Clean Energy project in a given location may be challenged based on a range of issues, including alleged adverse aesthetic impacts. In addition, there is the possibility that political and societal challenges could delay or prohibit the construction of a project. For example, proposals to site a wind energy project in a given location may be challenged based on a range of issues including alleged adverse aesthetic impacts. In addition, there is the possibility that political and societal challenges could delay or prohibit the construction of a project.

Development of solar photovoltaic energy and other renewable energy projects may occur more slowly, be more costly than expected, or may never occur, due to various unforeseen circumstances, including, without limitation, failure to secure a power purchase agreement, failure to secure an interconnection agreement, regulatory and permitting delays, unforeseen costs related to compliance or remediation efforts, political opposition, delays in securing sites, environmental issues, strikes, and mechanical and other technical failures. Additionally, lack of available infrastructure or equipment, such as solar photovoltaic panels, construction cranes, labor, or other critical development resources, may greatly delay or halt the development of renewable energy projects. Development of solar photovoltaic energy projects anticipated by Capital Dynamics may also need to be altered, abandoned, or may never be considered due to contractual restrictions on development of new projects. In some cases, Capital Dynamics may decide to dispose of all or a portion of a previously developed project, asset or investment.

Price of general energy commodities and natural resources

Renewable energy investment and economics have had a historical correlation with traditional energy and commodity prices. While not the only driver of renewable energy prices, renewable energy investments may be influenced by general energy market factors such as oil and natural gas prices, coal prices, success of oil or gas exploration projects, energy policies, conventional energy production costs and energy-related geopolitical issues and developments generally.

Reduction in government support

Long-term revenues for renewable energy projects are often based upon government mandates and commitments to support premium pricing for renewable energy to better assure its growth. Renewable energy projects currently enjoy wide support from various governments and regulatory agencies designed to finance development of renewable energy. The combined effect of these initiatives is to subsidize in part the development, ownership and operation of renewable energy projects, particularly in an environment where the low cost of fossil fuels may otherwise make the cost of producing energy from renewable sources uneconomical. Any reduction in or elimination of these programs may have an adverse effect on existing investments as well as the future development of renewable energy projects or resources.

Renewable energy sector

The renewable energy sector is a relatively new and emerging asset class for investment funds and may be considered riskier than more established asset classes. Many factors will influence the widespread adoption of renewable energy and the demand for renewable energy including the cost-effectiveness, performance and reliability of renewable energy and continuing availability of government subsidies and incentives. Clean Energy projects currently enjoy wide support from governments (both central and local) and regulatory agencies designed to stimulate the development of Clean Energy. The combined effect of these initiatives is to subsidize in part the development, ownership and operation of

Clean Energy projects, particularly in an environment where the cost of fossil fuel may otherwise make the cost of producing energy from renewable energy sources less competitive. Any reduction in or elimination of these programs may have a material adverse effect on existing investments, as well as the future development of clean energy projects or resources.

Revenue risks

The cash flows expected to generate returns for investments will, in many cases, be dependent on payments from contractual counterparties and carry the credit risk of these counterparties. There is an increased risk of counterparty default given the current instability in the financial sector. Such counterparties may also be unable to fulfil their performance obligations and it may not be possible to mitigate or replace those obligations on favorable terms. The financial and economic analysis of a particular project or portfolio company investment depends on many factors, many of which are variable and inherently difficult to predict. Assumptions will be made in forecasting financial performance and, despite being made in good faith and based on due diligence enquiries and investigations, may turn out to be inaccurate.

Technology risks

Clients typically invest in projects and portfolio companies that use market leading equipment and clean energy technologies at the time an investment is made. However, technological change and technical improvements are occurring at a rapid pace in connection with many renewable energy technologies, including wind, with associated risks of redundancy. Capital Dynamics will generally endeavor to invest in projects and portfolio companies that use market-leading equipment and technologies. However, technological change and technical improvements are occurring at a rapid pace in connection with many clean energy technologies, with associated risks of obsolescence and redundancy. Investments could be materially adversely affected by the obsolescence of existing technology that may only be partially mitigated through contractual or other arrangements or not mitigated at all. Investments can be significantly affected by obsolescence of existing technology that may be only partially mitigated through contractual or other arrangements or not mitigated at all.

Use of derivatives and other specialized techniques

Portfolio companies may engage in derivatives transactions to mitigate risks. These transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars or other arrangements. Such instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets. Markets for such instruments may be illiquid, highly volatile and subject to interruption. Suitable hedging instruments may not continue to be available at reasonable cost. For these reasons, the use of derivatives and related techniques can expose a CD Advisory Client and its portfolio companies to significant risk of loss.

Additional risk factors associated with Clean Energy and Infrastructure investments are described further in the relevant CD Advisory Client governing documents.

Item 9. Disciplinary information

On December 30, 2014 the SEC issued a request for information to Capital Dynamics. The matter was settled on August 16, 2017, with Capital Dynamics neither admitting nor denying the SEC's findings, which related to certain expenses allocated to a legacy fund. The SEC alleged that between March 2011 and July 2015, Capital Dynamics caused a legacy CD Fund that it managed to improperly pay certain legal, hiring, and consulting expenses that were not provided for in the fund's organizational documents, and in breach of Capital Dynamics' fiduciary duty to the fund. The SEC also alleged that Capital Dynamics failed to adopt written policies and procedures reasonably designed to prevent violations of the Advisers Act resulting from the improper expense allocations. Many of the expense items had been identified by Capital

Dynamics during an internal audit that began in 2014 (prior to the SEC inquiry), and were voluntarily reimbursed to the fund, with interest, in 2015 and 2016.

Capital Dynamics was not censured in the settlement and is not subject to ongoing monitoring obligations. Additionally, there are no changes to Capital Dynamics' regulatory status nor have there been any other restrictions placed on Capital Dynamics, its business or the operations of any of its funds. As is standard in these settlements, Capital Dynamics agreed to cease and desist from violating the relevant provisions of the Advisers Act. The order did not require disgorgement by Capital Dynamics, and any reimbursements made by Capital Dynamics were voluntary. Capital Dynamics also paid a civil monetary penalty of \$275,000. The SEC order acknowledged Capital Dynamics cooperation during the investigation as well as the remedial measures taken by Capital Dynamics, including voluntary reimbursement of the affected fund.

Item 10. Other financial industry activities and affiliations

Offshore Affiliates

Through common ownership by its ultimate parent company Capital Dynamics Holding, Capital Dynamics is under common control with:

- Capital Dynamics AG (an exempt reporting adviser located in Switzerland);
- Capital Dynamics Ltd (an FCA regulated firm, a DIFC authorized branch and exempt reporting adviser located in the United Kingdom);
- Capital Dynamics GmbH (a licensed distributor of Capital Dynamics products located in Germany);
- Capital Dynamics Ltd Co. (an FSA regulated firm located in Japan);
- Capital Dynamics (Hong Kong) Ltd (an advisory affiliate located in Hong Kong);
- Capital Dynamics SGR S.p.A (a regulated asset manager and advisory affiliate located in Italy); and
- Various general partners and managing members of CD Advisory Clients.

All investment decisions on behalf of CD Advisory Clients are taken by Capital Dynamics and (in the case of the CD Funds) the General Partners, and not by any of their respective affiliates.

Broker-Dealer

Capital Dynamics is an affiliate of Capital Dynamics Broker Dealer LLC ("CDBD"), which is registered with the SEC as a broker-dealer and is a member of the Financial Industry Regulatory Authority ("FINRA"). CDBD undertakes the private placement of interests in CD Funds in the United States. It does not maintain brokerage accounts or engage in trading activities and no client portfolio transactions are effected through CDBD. In some instances, investors in a CD Fund may be charged by a CD Advisory Client for payments made to CDBD; all such arrangements are disclosed in the applicable governing documents.

General Partners

As discussed in Item 4, certain of Capital Dynamics' and/or its affiliates and/or its or their employees serve as General Partners for CD Funds and co-investment vehicles. Prospective investors in CD Funds and prospective co-investors alongside CD Advisory Clients should refer to the applicable governing documents for information on the responsibilities of the General Partner, including any limitations on liability and rights to indemnification.

Feeder Funds and AIVs

Capital Dynamics may establish investment vehicles, known as "feeder funds," in respect of CD Advisory Clients and co-investment opportunities, in order to address certain tax, regulatory or structural requirements. In addition, we may form alternative investment vehicles, parallel funds or special purposes vehicles, known as "AIV's," that are formed for the purpose of facilitating one or more investments. Prospective investors in a CD Advisory Client should refer to the

applicable governing documents for information on allocations of gain, loss, fees, expenses and equalization payments, among other things, between the master fund and feeder funds, and such fund's ability to make investments through AIVs.

Other Participating Affiliates

Capital Dynamics GmbH, is formed under the laws of Germany; Capital Dynamics Hong Kong Ltd. is formed under the laws of Hong Kong; Capital Dynamics Co. Ltd is formed under the laws of Japan; and Capital Dynamics SGR S.p.A is formed under the laws of Italy. Collectively, these are "Participating Affiliates" of Capital Dynamics. The Participating Affiliates are not registered with the SEC as investment advisers, but may provide referrals, advice or research to Capital Dynamics for use with Capital Dynamics' U.S. and non-U.S. CD Advisory Clients as a "participating affiliate" in accordance with applicable SEC no-action guidance. Certain services may be performed by the Participating Affiliates by Capital Dynamics personnel who are also employees of Capital Dynamics or through delegation or other arrangements.

The Participating Affiliates may perform specific advisory services for Capital Dynamics consistent with the powers, authority and mandates of CD Advisory Clients. The employees of these affiliates designated to act for Capital Dynamics are subject to certain Capital Dynamics policies and procedures as well as supervision and periodic monitoring by Capital Dynamics. These Participating Affiliates have agreed to make available certain of their employees to provide investment advisory services to CD Advisory Clients through Capital Dynamics, to keep certain books and records in accordance with the Advisers Act and to submit the designated personnel to requests for information or testimony before SEC representatives.

Other Positions in the Industry

Capital Dynamics, its affiliates and their respective employees serve as directors, officers, advisors or provide management functions for portfolio companies or project companies in which CD Advisory Clients directly or indirectly invest, as well as for entities that may invest in CD Funds or perform services for CD Advisory Clients. Fees and costs associated with these services may be paid to or reimbursable by Capital Dynamics, its affiliates and their respective employees. Such fees and costs are not deducted from the management fee of the associated CD Advisory Client, may create an actual or perceived conflict of interest and may affect the decision-making behaviors of Capital Dynamics, its affiliates and their respective employees. See "Conflicts of Interest" under Item 11 – Relationships with service providers.

In addition, they may provide other services to public companies and/or portfolio companies and receive compensation in connection therewith. Affiliates of Capital Dynamics may be provided access to confidential information relating to public companies and/or portfolio companies, including those in which CD Advisory Clients may be directly or indirectly invested. As a result, certain CD Advisory Clients may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the securities of such public companies and/or portfolio companies, which prohibition may have an adverse effect on the portfolios held by such clients and, indirectly, their respective investors.

Selection of Underlying Funds

Capital Dynamics may select or recommend other investment advisers for CD Advisory Clients and, indirectly, their respective investors. Depending on the particular investment strategy involved, affiliates may be invited to serve on the advisory boards of the underlying funds, portfolio companies or project companies in which CD Advisory Clients invest, as well as to provide advice on certain conflicts of interest and other matters pertaining to such underlying funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such underlying funds into account (and not just those of the applicable CD Advisory Client). Such persons may receive compensation in respect of their services that is not be deducted from the management fee.

Item 11. Code of ethics, participation or interest in client transactions and personal trading

In accordance with Rule 204A-1 under the Advisers Act, Capital Dynamics has adopted a Code of Ethics (the “Code”) that requires all employees to conduct themselves with high standards of integrity in accordance with such rule. Under the Code, all employees have a duty to put the interests of CD Advisory Clients ahead of either themselves or Capital Dynamics. Capital Dynamics will provide a copy of the Code to any existing client or prospective client upon request.

The Code requires all supervised persons to seek pre-trade approvals from the compliance department prior to engaging in a personal securities transaction (subject to limited exceptions). In addition, all supervised persons must provide initial and annual holdings reports as well as quarterly trade reports.

The Code requires employees to make reasonable efforts to identify actual or apparent conflicts of interest and to comply with laws and regulations governing the industry, including applicable federal securities laws. The Code also requires Capital Dynamics to maintain records relating to the Code and includes procedures for oversight of the Code.

Pursuant to the Code, Capital Dynamics has adopted policies and procedures designed to prevent the misuse of material non-public information and to monitor gifts and entertainment, political contributions and outside business activities.

Conflicts of Interest

Prospective investors in any CD Advisory Client should be aware that there are occasions when Capital Dynamics and its affiliates will encounter conflicts of interest in connection with a client’s activities.

Allocation of investment opportunities; clients with overlapping or competing interests

Certain investment opportunities may be appropriate for multiple CD Advisory Clients and conflicts may arise between Capital Dynamics’ duties to various clients. It is the policy of Capital Dynamics to allocate investment opportunities and sale opportunities on a basis deemed by Capital Dynamics, in its sole and absolute discretion, to be fair and equitable over time; in such instances, it is possible that a CD Advisory Client may not receive the full allocation it otherwise would receive had other CD Advisory Clients not been allocated part or all of such opportunity. A CD Advisory Client may receive priority or allocation rights with respect to certain investments over other CD Advisory Clients, subject to various conditions set forth their respective governing documents.

In making an investment allocation, Capital Dynamics may take into account various relevant factors, including without limitation: (i) the investment objectives and strategies of each client, (ii) differences with respect to available capital (e.g., current cash position and current or anticipated capital additions or withdrawals), size, and remaining life of the client; (iii) differences in risk profile at the time the opportunity becomes available; (iv) the potential transaction, settlement and custody costs of allocating an opportunity among various clients; (v) potential conflicts of interest, including whether a client has an existing investment in the security in question or the issuer of such security; (vi) diversification needs of the various clients, as well as their strategic plans and current portfolio; (vii) the nature of the security or the transaction, including minimum investment amounts and the source of the opportunity; (viii) current and anticipated market conditions; (ix) specific restrictions or guidelines applicable to the various clients and relevant tax or regulatory considerations; (x) applicable target return of an applicable client; (xi) certain restrictions and/or requirements imposed by underlying managers, funds and portfolio companies; (xii) other investment opportunities expected to be in the pipeline; (xiii) current market conditions with respect to each client; (xiv) whether or not a client is strategic to the transaction or Capital Dynamics; and (xv) any other factors Capital Dynamics deems relevant including those discussed in Item 8 General Investment Risk - Co-investment opportunities.

Within this general framework, it should be noted that investment opportunities suitable for more than one CD Advisory Client will not necessarily be allocated pro rata amongst such clients, and a client may receive less than its proportionate

share of a particular opportunity. Moreover, Capital Dynamics may in its sole discretion depart from its allocation policy in a particular instance if it concludes that for good reason it would be appropriate to do so, or in order to accommodate relevant contractual obligations; provided, in each case, that such departure would be consistent with its fiduciary duties and, if applicable, the relevant provisions of ERISA.

Associated limited partners

Affiliates of Capital Dynamics (including the General Partners and their respective affiliates) may invest in a CD Fund as limited partners on a fee-paying or fee-free basis, as members of the General Partner or through other investing entities and will share in any profit and loss with respect thereto.

Broker-dealer activities

CDBD has been engaged as a placement agent in connection with the private placement of interests in CD Funds in the US. Investors in certain CD Funds may ultimately bear CDBD's fees and expenses, as disclosed in the governing documents of such products.

Carried Interest

The fact that Capital Dynamics or its affiliates are entitled to distributions of carried interest may create an incentive for the these parties to make even more speculative decisions on behalf of the relevant CD Advisory Client with respect to its investments than it would otherwise make in the absence of such carried interest.

Competition with Investments Held by Other Funds

A CD Advisory Client may make investments in sectors that compete with investments held by other CD Advisory Clients. In such event, there may be competition among such investments for products, customers and service providers, among others, which may create conflicts of interest. When making decisions relating to investments for a particular CD Advisory Client, the General Partner will not have any obligation to consider how its actions may impact a CD Advisory Client.

Costs and expenses

Capital Dynamics determines whether costs or expenses are borne by a CD Advisory Client, Capital Dynamics or allocated between clients, in accordance with the applicable governing documents. A potential conflict exists when such costs and expenses relate to services provided by affiliates or employees of Capital Dynamics (for example, by way of Internal Service Costs), or are allocable between products with different fee structures, or when a particular product bears expenses incurred to satisfy the requirements of lenders, tax equity providers, co-investors or other counter-parties.

Diverse investor groups

Investors in a CD Advisory Client may have conflicting investment, tax, and other interests with respect to their investment. In selecting and structuring appropriate investments, Capital Dynamics will consider initially the investment and tax objectives of such a client and its investors, as a whole, not the investment, tax, or other objectives of any individual investor.

Investments by employees

Capital Dynamics employees are generally permitted to invest in alternative investment funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of CD Advisory Clients. Investors will not receive any benefit from any such investments.

Investments in different levels of capital structure

One or more CD Advisory Clients may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. To the extent a CD Advisory Client holds securities that are different (including with respect to their relative seniority) than those held by any other CD Advisory Client, Capital Dynamics and its affiliates may be presented with decisions when the interests of the two CD Advisory Clients are in conflict. In some cases, a decision by Capital Dynamics could have the effect of benefiting a CD Advisory Client (and, incidentally, may also have the effect of benefiting Capital Dynamics or its affiliates) and therefore may not have been in the best interests of, and may be adverse to, another CD Advisory Client.

Investments alongside other CD Advisory Clients

From time to time, a CD Advisory Client will co-invest with other CD Advisory Clients in investments that are suitable for both CD Advisory Clients, resulting in potential conflicts of interest. For example, it is possible that as a result of legal, tax, regulatory, accounting or other considerations, the terms of such investment (and divestment thereof) (including with respect to price and timing) for all CD Advisory Clients may not be the same. Additionally, such CD Advisory Clients will generally have different investment periods and/or investment objectives (including return profiles) and Capital Dynamics, as a result, may have conflicting goals with respect to the price and timing of disposition opportunities. Moreover, a counterparty, lender or other participant in any transaction to be pursued by such CD Advisory Clients may require or prefer facing only one fund entity or group of entities, which may result in such CD Advisory Clients being jointly and severally liable for such applicable obligation (subject to any limitations set forth in the applicable partnership agreements thereof), which in each case may result in such CD Advisory Clients entering into a back-to-back or other similar reimbursement agreement. In such situations it is not expected that any of the relevant CD Advisory Clients would be compensated (or provide compensation to the other) for being primarily liable vis-à-vis such third-party counterparty.

No independent advice

The terms of the agreements and arrangements under which a CD Advisory Client is established and operated are not the result of arm's-length negotiations or representations by separate counsel for investors in such CD Advisory Clients. Prospective investors in CD Advisory Clients should therefore seek their own legal, tax and financial advice before making an investment.

Opportunities to co-invest with a CD Advisory Client

Excess co-investment opportunities that are offered to investors will be offered in accordance with the applicable governing documents, which may permit allocation at the discretion of the applicable General Partner and/or Capital Dynamics (as the case may be). In addition, such co-investment opportunities may be offered to certain strategic investors and syndication partners prior to being offered to remaining investors and, in doing so, the General Partner and/or Capital Dynamics (as the case may be) may choose to favor prospective co-investors that provide them with a strategic or financial benefit over other investors. Further, co-investment opportunities may be offered to investors, including Capital Dynamics' affiliates, free of advisory fees and/or carried interest at the discretion of the General Partner and/or Capital Dynamics (as the case may be). In allocating co-investment opportunities, Capital Dynamics may consider a variety of factors, including those discussed in Item 8 - General Investment Risk - Co-investment opportunities.

Other business activities

Capital Dynamics and/or the General Partners may spend substantial time and attention on other business activities, including other products in which the compensation structure may differ or be more favorable to them. Certain CD Funds are subject to performance-based fees; employees providing advice to these products may also hold interests in such funds and may also provide investment advisory services with respect to similarly managed products that do not assess performance-based fees, thereby providing less incentive to spend the same time and attention on the latter.

Possible future activities

Capital Dynamics may expand the range of services that it provides over time even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. Capital Dynamics has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by CD Advisory Clients. These clients may themselves represent appropriate investment opportunities for a CD Advisory Client or may compete with a CD Advisory Client for investment opportunities.

Profit participation and related benefits

Capital Dynamics, its affiliates and their respective employees may receive a profit participation based on distributions made to investors. The existence of such distributions may create an incentive to make investments that have a higher degree of risk with higher potential upside on behalf of a CD Advisory Client that would not otherwise be made in the absence of such profit participation. In addition, from time to time, Capital Dynamics, its affiliates and their respective employees may receive compensation or employee-related benefits relating to investments or from operators or service providers of such investments. These compensation and benefit arrangements may create an actual or perceived conflict of interest and may affect the decision-making behaviors of Capital Dynamics, its affiliates and their respective employees.

Relationships with service providers

Capital Dynamics and its agents, consultants and employees have developed many relationships with third parties (including affiliates and former employees), some of which could be viewed as significant, close, or personal. These third parties may introduce investment opportunities, arrange for financing, introduce potential acquirers or sellers, provide professional services (including, without limitation, portfolio servicing administrative services, asset management services or development services), co-invest in investment opportunities or provide other significant business, investment and/or portfolio services and may receive direct or indirect compensation from a CD Advisory Client or portfolio company or project company for providing these services. Moreover, Capital Dynamics, its affiliates and their respective employees may provide services to CD Advisory Clients or portfolio companies and project companies in which CD Advisory Clients (and indirectly their respective investors) have a beneficial interest. Fees associated with these services may be allocated to the CD Advisory Client or portfolio company or portfolio project and may not be deducted from the management fee. Furthermore, Capital Dynamics may receive payments for introductions or participate in revenue generated by such third parties, and the fees of in-house legal counsel, compliance, accounting, reporting, valuation, investor services or other administration fees that are charged as Internal Service Costs.

Internal Service Costs

Internal Service Costs are documented by means of an engagement letter (which may be amended from time to time and may increase or decrease fees if assumptions underlying the fee calculation model in the original engagement letter change) that describes the services provided, the fee or fees charged and other key terms of the engagement. If the aggregate organizational expenses (including the fees for Internal Service Costs) for a fund exceed the cap for such expenses as per the fund's governing documents, payment of Internal Service Costs will be subordinated to the costs for other third party services providers to the fund, and any excess Internal Service Costs that are not borne by the fund in that case would be borne by Capital Dynamics. Capital Dynamics will select service providers for clients (including affiliated services providers charging Internal Service Costs) without review or consent of an advisory board, the investors or an independent party. This will create an incentive for Capital Dynamics to engage its affiliates or employees whose services constitute Internal Service Costs and be charged back to clients. Capital Dynamics addresses this conflict of interest by using reasonable diligence to ascertain whether each service provider, including law firms, fund administrators and internal legal, compliance and investor services personnel, provides its service on a "best execution" basis, taking into account factors such as expertise, operational and regulatory controls, availability and

quality of service and the competitiveness of compensation rates in comparison with other services providers satisfying Capital Dynamics' service provider selection criteria.

Strategic Relationships

Additionally, it can be expected that Capital Dynamics will, from time to time, enter into arrangements or strategic relationships with third parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provide for referral or sharing of investment opportunities. While it is possible that CD Advisory Clients will, along with Capital Dynamics, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that otherwise would be presented to or made by a CD Advisory Client would instead be referred (in whole or in part) to such third party, subject to the governing documents of such CD Advisory Client. For example, a firm with which Capital Dynamics has entered into a strategic relationship may be afforded with "first-call" rights on a particular category of investment opportunities.

Transactions among clients and between clients and affiliates

CD Advisory Clients and their portfolio companies or project companies often enter into contracts and transactions with Capital Dynamics and its affiliates. In addition, Capital Dynamics may invest CD Advisory Clients in tandem. For example, a CD Fund may invest alongside a CD Advisory Client or products may pool their respective investments by investing alongside such CD Fund through an intermediate vehicle.

Affiliates may, directly or through one or more entities, acquire certain investments for the purpose of holding such investments until their future sale to a CD Product, a procedure commonly known as "warehousing". Alternatively, such affiliates may, directly or through one or more entities, purchase certain investments from CD Advisory Clients, either for their own account or for further transfer to another product or affiliate. Such a sale or purchase will be completed in a manner consistent with the applicable governance documents and Section 206(3) of the Advisers Act.

To address potential conflicts of interest including, but not limited to, the foregoing, Capital Dynamics has formed a Conflicts and Compliance Committee to review such matters.

Item 12. Brokerage practices

CD Advisory Clients primarily invest in assets that are purchased and sold through privately negotiated transactions without the assistance of broker-dealers. However, from time to time, a product may receive in-kind distributions of public securities. In such cases, Capital Dynamics' practice is to dispose of public securities through a broker-executed sale immediately upon receipt, subject to applicable restrictions on sale. Capital Dynamics has discretion to select a broker-dealer to effect a disposition, taking into consideration the difficulty of executing the trade, the broker-dealers' general ability to execute transactions in a timely manner, their experience with the asset class or types of securities relevant to the transaction, the reasonableness of fees and commissions, the fact that there may be a limited number of broker-dealers who can execute certain trades, willingness to assume principal risk and its past experience with the broker-dealer.

In deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. Within the bounds of duty to provide "best execution" for its client accounts, Capital Dynamics may cause clients to pay higher fees or commissions than might be available through other available broker-dealers. In-kind distributions of restricted stock may result in delayed settlement.

Capital Dynamics does not engage in soft dollar arrangements with respect to securities transactions for CD Products and Services. Capital Dynamics does not receive client referrals from broker-dealers and does not have any directed brokerage practices. Capital Dynamics' brokerage practices may be modified by the applicable governing documents.

Item 13. Review of accounts

As discussed in Item 8, Capital Dynamics reviews the investment accounts of CD Advisory Clients on an ongoing basis. Investment committees and strategy-specific investment management sub-committees meet regularly to discuss client portfolios, investment strategies, allocation of investments, suitability within the applicable strategies and other relevant matters, as well as unusual or extraordinary macroeconomic, market, or political news that reasonably may be expected to affect client portfolios. The Private Equity Investment Committee, Private Credit Investment Committee and Clean Energy Infrastructure Investment Committee each meet regularly and on an as-needed basis, amongst other things, to approve final investment and divestment decisions for applicable CD Advisory Clients.

Capital Dynamics typically provides quarterly and annual written reports for CD Funds. Quarterly reports contain unaudited financial statements as of the end of a fiscal quarter, while annual reports contain audited financial statements as of the end of the fiscal year. Investors in CD Funds also receive quarterly capital account statements. Reporting for Investment Mandates and Portfolio Servicing Clients depends upon the agreed upon terms of the applicable governing documents.

Item 14. Client referrals and other compensation

From time to time, Capital Dynamics, its affiliates or the CD Funds pay a fee to third party placement agents either to refer clients to Capital Dynamics or investors to the CD Funds, primarily in foreign jurisdictions where neither Capital Dynamics nor CDBD is licensed to engage in solicitation activities. As discussed in Item 12, Capital Dynamics engages CDBD in connection with placement activities in the US. Payments made to third party placement agents or CDBD may be borne by clients pursuant to the relevant governing documents.

In some instances, Capital Dynamics may receive transaction fees, investment-related fees (such as agency fees, directors' fees and benefits, financial advisory fees, monitoring fees, administrative services fees and third party advisory fees), abort fees and other fees. These fees are sometimes but not always offset against the advisory fee payable to Capital Dynamics and, further, may be accelerated in the event of a disposition due to a change of control or public offering.

Item 15. Custody

Capital Dynamics has physical custody of funds and client accounts. From time to time, Capital Dynamics and/or its related persons may also be deemed to have custody of client assets if Capital Dynamics has the authority pursuant to agreement with a client to instruct the client's custodian to deduct and pay Capital Dynamic's advisory fees from the client's account. Capital Dynamics and/or its related persons may also be deemed to have constructive custody of the assets in a particular account, if Capital Dynamics is responsible for establishing and maintaining custody arrangements to hold and maintain client's funds and securities; and has the authority to instruct the custodian with respect to the transfer or withdrawal of funds and securities from the client's account in order to provide contracted for services and to collect fees owed to Capital Dynamics and its affiliates for such services.

Capital Dynamics or its affiliates may also act as the general partner or managing member of certain commingled funds. The authority granted to managing members of limited liability companies, general partners of limited partnerships, or comparable positions held for other types of commingled funds may provide such persons or entities access to client

funds or securities. Such assets, to the extent they are not “privately offered securities” as such term is defined in Rule 206(4)-2 under the Advisers Act, are maintained with a “qualified custodian” and are audited annually by an independent public accountant registered with the Public Company Accounting Oversight Board (“PCAOB”). With respect to CD Funds, Capital Dynamics generally relies on the Pooled Vehicle Annual Audit exception, which requires that audited financial statements be delivered to investors within 120 days of the end of the fund’s fiscal year (180 days in the event of a fund-of-funds) in any CD Fund over which it is deemed to have custody.

Item 16. Investment discretion

Capital Dynamics has discretionary authority to make investment decisions on behalf of most CD Funds, subject to the investment objectives, policies and restrictions of each CD Fund set forth in its respective governing documents. However, with respect to Investment Mandates, Capital Dynamics only exercises such discretionary investment authority if such discretion is granted pursuant to the relevant advisory contract. With respect to Portfolio Servicing Clients, Capital Dynamics has no discretionary authority.

Item 17. Voting client securities

Capital Dynamics has adopted voting procedures pursuant to Rule 206(4)-6 of the Advisers Act designed to ensure that proxies it holds on behalf of discretionary clients are voted in the best interest of its clients, absent their specific voting guidelines. This may result in different voting results for proxies for the same issuer held on behalf of different clients. In the event we become aware of a material conflict of interest in connection with a vote, we will determine whether voting in accordance with Capital Dynamics’ voting procedures is in the best interests of the respective client(s) and whether it is appropriate to disclose the conflict to the affected client(s). In all cases, proxies are voted consistent with Capital Dynamics’ fiduciary duties and, where applicable, relevant provisions of ERISA.

Capital Dynamics does not vote proxies on behalf of non-discretionary clients. Therefore, non-discretionary clients may vote differently than proxies which are voted by Capital Dynamics on behalf of discretionary clients.

Investors may contact Capital Dynamics, via e-mail or telephone, in order to obtain information on how it voted such investor’s proxies, and to request a copy of Capital Dynamics’ voting procedures.

Item 18. Financial information

Capital Dynamics does not have financial commitments that impair its ability to meet contractual and fiduciary commitments to clients, nor has it been the subject of a bankruptcy proceeding.

Additional information concerning electronic communications with clients

Capital Dynamics intends to use e-mail to communicate with its clients and their investors in lieu of paper mail, unless otherwise requested. Investors should expect all communications to be effected electronically once they have provided an e-mail address and consent to being contacted by an authorized Capital Dynamics representative. Investors may be asked to provide consent to the receipt of tax, legal or regulatory disclosures or other documents, statements and other information in electronic form, and are urged to provide such consents, to accelerate the receipt of important information.