

ITEM 1 - COVER PAGE

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March 31, 2023

This brochure (the “Brochure”) provides information about the qualifications and business practices of AIP, LLC. If you have any questions about the contents of this Brochure, please contact Stan Edme, our Chief Compliance Officer (“CCO”), at (212) 916-8181 or at stan@americanindustrial.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.

From time to time in this and other documents AIP, LLC may refer to itself as a “registered investment adviser” by virtue of its registration with the SEC. This title does not imply a certain level of training or skill.

Additional information about AIP, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

This Brochure contains the following material changes from AIP, LLC's previous Form ADV, which was filed as an annual amendment on March 31, 2022:

- Item 4 (Advisory Business): Assets under management has been updated.
- Item 5 (Fees and Compensation): Fee and expense information has been updated and enhanced.
- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) and Item 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading): Risk factors and conflicts have been updated consistent with the offering documents for the Funds (as defined below).
- Item 14 (Client Referrals and Other Compensation): Discussion of placement agents has been updated and enhanced.
- Item 17 (Voting Client Securities): Class action disclosures have been included.

This Brochure also contains routine updates to improve and clarify the description of AIP, LLC's business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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ITEM 4 - ADVISORY BUSINESS

- A. AIP, LLC (“American Industrial Partners”, “AIP” or the “Firm”), a Delaware limited liability company, is an investment adviser located in New York, NY, founded in 2006. American Industrial Partners serves as the sole investment adviser to pooled investment vehicles (each a “Fund” or “Client”). The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) of the Investment Company Act. Interests in the Funds are privately offered generally to qualified investors. For purposes of this Brochure, “American Industrial Partners” or the “Firm” also includes (where the context permits), affiliated general partners of the Funds.

Currently, American Industrial Partners has 69 employees, 53 of whom perform investment advisory functions.

John Becker, Kim Marvin and Dino Cusumano are the principal owners of the Firm.

American Industrial Partners generally provides discretionary investment advisory services to the Funds. In certain limited circumstances, the Firm provides non-discretionary investment advice. American Industrial Partners’ investment objective is to provide its Clients long-term capital appreciation and generate significant risk adjusted returns. As a general matter, the Funds seek to acquire control positions in primarily North American headquartered industrial companies with revenues greater than \$300 million that are underperforming their profit potential. Certain of the Funds also seek to make investments in secured and unsecured loans, notes, bonds and debt, equity and equity-related securities (including without limitation common, preferred, convertibles, options and warrants) and other obligations of such companies, as well as short sales, derivatives and other hedges (collectively, “Credit Opportunity Investments”).

American Industrial Partners is affiliated with entities that serve as the general partners to each of the Funds (each, a “General Partner” and, collectively, the “General Partners”) and each of the Funds is controlled by its respective General Partner. For purposes of this Brochure, “Limited Partner” refers to a limited partner of the Funds.

The advisory services of American Industrial Partners and each of the General Partners, as affiliated investment advisers, are described in this Brochure. Each General Partner is deemed registered under the U.S. Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”) pursuant to American Industrial Partners’ registration in accordance with SEC guidance and the information set forth herein regarding the investment advisory services provided by American Industrial Partners shall also apply in respect of the General Partners.

- B. American Industrial Partners generally utilizes a similar strategy for all its Funds, as outlined above; however, some Funds may differ slightly in their particular investing approach, as specified in each Fund’s offering memoranda. American Industrial Partners may also tailor the advisory services it provides to the Funds to the extent that certain investments cannot be held by certain Funds for legal, tax or investment mandate purposes.
- C. American Industrial Partners does not participate in wrap fee programs.
- D. As of December 31, 2022, American Industrial Partners managed \$10,410,960,160 in assets on a discretionary basis and \$76,430,556 in assets on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

- A. The Funds are offered only to “qualified purchasers”, as defined in the Investment Company Act. American Industrial Partners generally charges a management fee (the “Management Fee”) of 2% on committed capital during the investment period (or, if a successor to the applicable Fund is formed during such investment period and begins paying a management fee, 2% on remaining invested capital during the remaining portion of such investment period), and a Management Fee of 1.5% on remaining invested capital less write downs for the remaining life of the Funds.

AIP affiliates also generally charge a 20% performance-based fee (the “Carried Interest Distribution”) on realized gains net of expenses and unrealized write downs at the time of realizations.

Please refer to each Fund’s offering documents for specific information related to the fees associated with an investment in such Fund.

- B. American Industrial Partners deducts Management Fees directly from the Clients’ assets on a quarterly basis. As American Industrial Partners is structured primarily as a private equity firm, the Carried Interest Distributions are deducted as investments come to fruition and not on any set schedule. Carried Interest distributions relating to Credit Opportunity Investments are deferred until the end of the investment period and thereafter as investments come to fruition for the applicable Fund.
- C. In addition to the Management Fees and Carried Interest Distributions described above (and in Item 6 below), each Fund bears its own operating expenses, including, but not limited to: investment-related expenses (including expenses incurred in connection with transactions not consummated (“Broken Deal Expenses”), including custodial fees, interest expense, consulting (including environmental, social and governance (“ESG”) and impact consulting) and professional fees relating to particular investments or contemplated investments; travel, entertainment and related expenses (including, without limitation, first class and/or business class airfare (and/or private air travel (including in which members of the Firm or its affiliates have ownership interests), where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals and social and entertainment events with investors, prospective investors, members of a Fund’s investor advisory committee (the “Investor Advisory Committee”), Portfolio Company (as defined in Item 8 below) management, customers, clients, borrowers, brokers and service providers)); research-related expenses (including ESG and impact assessment expenses); legal expenses; accounting; audit and tax preparation expenses; organizational expenses; expenses relating to the offer and sale of interests in the Funds; expenses related to the maintenance of the Funds’ registered office; extraordinary expenses and other similar expenses relating to the Funds.

The costs and expenses of travel in connection with investigating and monitoring prospective or actual transactions can be substantial. Travel and travel-related expenses in connection with a trip taken by officers or employees of American Industrial Partners for purposes of multiple matters will generally be allocated to each such matter and then among the Funds and/or American Industrial Partners as otherwise set forth in the Funds’ governing documents or such other manner as American Industrial Partners or the General Partners deem fair in their reasonable discretion. The foregoing expenses may be borne directly by the Funds or indirectly through reimbursement

or payment, if any, by Portfolio Companies. There will likely be circumstances where any such amounts which were expected or intended to be paid, reimbursed or borne by Portfolio Companies are not—in which case, the Funds (and not American Industrial Partners) will instead bear such expenses. In addition, each Limited Partner will bear its pro rata share of the Funds’ and the General Partners’ organizational and startup expenses, including legal, accounting, filing, capital raising and other organizational expenses. Such organizational expenses also include airfare (whether private charter, first class and/or business class), which can be substantial.

In cases where co-investors participate in a completed investment, such co-investors typically will bear their pro rata share of any expenses associated with such investment. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary, ultimately is not consummated, all Broken Deal Expenses relating to such unconsummated transaction have in the past and may in the future be borne by the applicable Fund(s), and not by any prospective co-investors who were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-invest or other vehicle in connection with such transaction, such vehicle may bear its share of such Broken Deal Expenses. Such co-investments typically do not pay advisory fees or allocate any carried interest to American Industrial Partners.

American Industrial Partners may receive certain fees from Portfolio Companies, such as “transaction” fees or “monitoring” fees pursuant to monitoring, management or similar agreements, in connection with activities performed on behalf of clients (collectively, “Other Fees”). The terms of a monitoring, management or similar agreement may include (among other things) annual automatic renewals and the payment of monitoring fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric). In some instances, such fees paid to American Industrial Partners, net of expenses related to the activities leading to the receipt of such fees, will reduce the management fee paid by the Funds. The amount and timing of such fees are generally specified in the agreement or other documentation governing the applicable transaction.

Other Fees are often substantial and may be paid in cash, in securities of the Portfolio Companies, prospective Portfolio Companies or investment vehicles (or rights thereto) or otherwise. The payment of Other Fees and reimbursements by Portfolio Companies and prospective Portfolio Companies will, in some, but not all, circumstances create a conflict of interest between American Industrial Partners and its affiliates, on the one hand, and the Funds and their investors, on the other hand, because the amounts of these Other Fees and reimbursements are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. American Industrial Partners determines the amount and timing of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to Portfolio Companies, and/or third-party co-investors in its transactions. Generally, the amount of such fees and reimbursements will not (except in connection with the reductions described herein) be disclosed to investors in the Funds.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant Portfolio Company and therefore the fees are not subject to a market check. A conflict of interest exists in the determination of any

such fees and other related terms in the applicable agreement with the Portfolio Company by virtue of American Industrial Partners acting on behalf of both parties.

To the extent an Other Fee relates to more than one Fund participating (or expecting to participate) in an investment, the Other Fee is generally allocated among such Funds pro-rata based on the capital commitments of such participating Funds (or for an unconsummated investment, the proposed commitments of the Funds), or on such other basis that American Industrial Partners determines to be fair and reasonable in its sole discretion. To the extent an Other Fee relates to a Fund, co-investment vehicle or third-party investor that does not pay Management Fees, the portion of such Other Fee allocable to the non-fee paying party will be retained by American Industrial Partners and such amounts will not offset any Management Fees paid to American Industrial Partners.

For the avoidance of doubt, any fees paid to American Industrial Partners or its personnel after a Fund has exited an investment are not considered “Other Fees” and do not reduce the Management Fee.

In the event that American Industrial Partners uses a third-party placement agent, the management fee payable to American Industrial Partners is reduced by 100% of any such placement agent fees, expenses or commissions paid by the Funds.

Please refer to the relevant Fund’s governing documents for a complete understanding of each Fund’s fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund’s offering memoranda.

From time to time American Industrial Partners will be required to decide whether certain fees, costs and expenses should be borne by American Industrial Partners, a Fund, a Portfolio Company, co-investors and/or a third-party (each, an “Allocable Party”) and if so, how such fees costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. American Industrial Partners allocates fees, costs and expenses in accordance with a Fund’s governing documents. To the extent not addressed in the governing documents of a Fund, American Industrial Partners will make allocation determinations among Allocable Parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by American Industrial Partners in its sole discretion). American Industrial Partners will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance and a Fund will bear more or less of a particular expense based on the methodology used.

Certain of the Clients will incur brokerage costs. See [Item 12](#) – Brokerage Practices.

- D. Management Fees are paid quarterly in advance. Typically, in the unlikely event American Industrial Partners does not provide services for the last full period of a Fund, the amount of the Management Fee for such Fund for such last period will be pro-rated for the number of days in such last period and the Firm will refund the amount of the management fee paid by Limited Partners in such Fund allocable to that portion of such period that is subsequent to such date.

Carried Interest Distributions are not paid in advance.

- E. Neither AIP nor any of AIP's supervised persons accepts compensation for the sale of securities or other investment products.

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

American Industrial Partners affiliates are generally entitled to receive a Carried Interest Distribution, which is based on realized gains from investments above a performance threshold, as specified in each Fund's offering memorandum.

All Carried Interest Distributions are structured subject to Section 205(a)(1) of the Investment Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 of the Investment Advisers Act permitting performance-based fee arrangements with "qualified clients". Accordingly, American Industrial Partners seeks to ensure that the Funds' investors satisfy the qualifications of Rule 205-3, and have been advised of the terms of such performance-based fees and the associated risks.

The payment by some, but not all, Funds of Carried Interest Distributions or the payment of Carried Interest Distributions at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for American Industrial Partners to disproportionately allocate time, services or functions to Funds paying Carried Interest Distributions or Funds paying Carried Interest Distributions at a higher rate. Carried Interest Distributions may create an incentive for American Industrial Partners to cause the Funds to make investments that may be riskier or more speculative than those which would be made under a different fee arrangement. However, the Firm is committed to fulfilling its fiduciary duty to the Funds to act at all times in the best interests of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance based fees, as more fully described in each Fund's offering memorandum.

ITEM 7 - TYPES OF CLIENTS

As described in Item 4, American Industrial Partners provides investment advice to the Funds, which are private investment vehicles that are exempt from registration under the Investment Company Act. These Funds are typically limited to individuals and entities that meet the criteria of “accredited investors” and “qualified purchasers”. The Funds are marketed exclusively to institutional investors and high net worth individuals.

American Industrial Partners does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the governing documents of such Fund.

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

Methods of Analysis and Investment Strategies

American Industrial Partners' investment objective is to provide its Clients with above average positive absolute returns. As a general matter, the Firm seeks to acquire control positions in U.S.- and Canada-headquartered industrial companies ("Portfolio Companies") with revenues greater than \$300 million that are underperforming their profit potential and improve these companies through the implementation of a comprehensive operating agenda (the "Operating Agenda") developed in collaboration with Portfolio Company management.

American Industrial Partners seeks Portfolio Companies where both the operating opportunities and risks are familiar to the Firm's investment professionals. In particular, American Industrial Partners will pursue Portfolio Companies that enjoy favorable competitive positions, proprietary capabilities or leading market shares yet have the potential for significant value enhancement through operating improvements, add-on investments or other strategic initiatives. American Industrial Partners seeks investments in Portfolio Companies with a high degree of predictability with respect to revenue growth, product life cycles and profit margins. American Industrial Partners places special emphasis on companies with global marketing and sourcing opportunities and those with significant aftermarket sales opportunities. American Industrial Partners maintains an ESG policy that describes the Firm's approach to integrating the evaluation of material ESG factors as part of our assessment of investment risk. The Firm evaluates changes in ESG factors throughout the lifecycles of its investments. ESG factors are among a variety of factors American Industrial Partners is attentive to, and are considered in, but not determinative of, our investment decisions.

For certain of its Clients, American Industrial Partners also seeks to make investments in Credit Opportunity Investments. For deals sourced through American Industrial Partners' credit opportunities channel, the Firm seeks distressed investments in U.S.- and Canada-headquartered industrial enterprises where American Industrial Partners has the potential for developing actual or effective control (in some cases in conjunction with other investors) and where American Industrial Partners can leverage its operating capabilities and change the value of assets by implementing an Operating Agenda in partnership with management. American Industrial Partners seeks investments with financial restructuring process dynamics that lend themselves to speedy and consensual resolutions. In addition, American Industrial Partners' Credit Opportunity Investments include a wide variety of investments in securities and other instruments, issued by a wide variety of issuers in a wide variety of industries, where control by American Industrial Partners is highly unlikely or impossible. American Industrial Partners believes that having a credit opportunity platform that is a market participant will increase the probability that American Industrial Partners will have the opportunity to make control investments at favorable valuations. In addition, the Credit Opportunity Investment strategy has included in the past, and may include in the future, opportunistic short-term investment in publicly traded debt instruments.

Risks

American Industrial Partners' investment program is speculative and entails substantial risks, including risk of loss of the entire investment. There can be no assurance that American Industrial Partners' investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Investors should be prepared to bear these risks.

The descriptions contained below are a brief overview of the material risks related to the strategies employed by American Industrial Partners; however, this is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management of, or an investment in, the Clients. Please refer to the respective Funds' offering documents for further detail thereto.

Risks in Effecting Operating Improvements. The activity of identifying and implementing potential operating improvements at Portfolio Companies entails a high degree of uncertainty. There can be no assurance that American Industrial Partners will be able to successfully identify and implement such improvements.

Past Performance Not Indicative of Future Results. Performance of prior Funds managed by American Industrial Partners and its affiliates is not necessarily indicative of future results. There can be no assurance that the future Funds will generate investment returns commensurate with American Industrial Partners' past performance.

Distressed Companies. The Funds may invest in companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization or liquidation proceedings. Although investments in distressed companies may result in significant returns to the Funds, they involve a substantial degree of risk and may not show any return for a considerable period of time, if at all. Given the nature of the targeted companies, American Industrial Partners anticipates that there is a likelihood that one or more investments of the Funds may fail to yield any returns. In addition, such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investments therein. On a selective basis, the Funds intend to invest in distressed companies with the intention of influencing the restructuring of the company, through a work-out, bankruptcy proceeding or otherwise. However, even where the Funds invest in distressed securities with the intention of gaining control of the company, there can be no assurance that the Funds will obtain such control, and without control, they may be unable to preserve the value of their investment.

Business and Financial Risks. The Funds' investments may include securities issued by publicly and privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Use of Leverage. Certain of the Funds' Portfolio Companies may have capital structures with significant leverage. Consequently, the leveraged capital structure of such Portfolio Companies will increase their exposure to adverse factors such as rising interest rates, downturns in the economy or a deterioration in the business of a Portfolio Company or its industry, and may impair such Portfolio Companies' ability to meet their debt obligations. Additionally, the Funds may leverage their portfolio investments by borrowing. Failure to satisfy the terms of debt incurred by the Funds can have negative consequences, including forced liquidation of other portfolio investments in order to satisfy the borrower's obligations. Leverage may also take the form of trading on margin, which will result in interest charges that could be substantial. The use of leverage will have the effect of increasing the volatility of the Funds' portfolio investments.

Unspecified Investments. Investors in the Funds must rely upon the ability of the General Partner and the Firm to identify structure and implement investments consistent with the Fund's

investment objectives and policies. The Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives.

Illiquid and Long-Term Investments. Investment in the Funds requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to the Limited Partners. Although Portfolio investments by the Funds may generate current income, the return of capital and the realization of gains, if any, from a Portfolio investment will generally occur only upon the partial or complete disposition or refinancing of such Portfolio investment. Many of the Portfolio investments will be highly illiquid and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the Limited Partners. However, certain events, such as a prepayment, default or a negotiated restructuring of terms, may shorten or lengthen the term of any debt investment. While an investment may be sold at any time, it is not generally expected that this will occur, if at all, for a number of years after such investment in a Portfolio Company is made, and may not occur until after the end of the Funds' term. Moreover, a Portfolio investment that initially consists of an interest in assets may be exchanged, contributed or otherwise converted into private or publicly-traded stock of a corporation, interests in a limited liability company or other interests or assets (and vice-versa), and any such exchange, contribution or conversion will likely not constitute a disposition under the governing documents of the type that results in Limited Partners receiving distributions, whether in-kind or otherwise. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Moreover, the Funds may make Portfolio investments that may not be advantageously disposed of prior to the date that the Funds will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partners expect that portfolio investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Funds may have to sell, distribute or otherwise dispose of Portfolio investments at a disadvantageous time and for a price which is less than the price that could have been obtained if the Portfolio investments were held for a longer period of time as a result of its dissolution. Even where the Funds hold freely tradable publicly traded securities, the Funds' position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Funds wish to dispose of or reduce their position in such company by selling shares into the market.

Highly Competitive Market for Investments. The business of identifying, negotiating, acquiring, monitoring, managing and selling investments that fall within the Funds' investment objective is highly competitive, involves a high degree of uncertainty and will be subject to market conditions. The Funds expect to encounter competition from other persons or entities with similar investment objectives. The Funds may be unable to find a sufficient number of attractive investments to meet its investment objectives. There can, therefore, be no assurance that investments of the Funds will meet all the investment objectives of the Funds, or that the Funds will be able to invest all of its available capital. Certain types of investments may not be available to the Funds on terms that are as attractive as the terms on which opportunities were available to the prior Funds. Potential competitors include, but are not limited to, strategic industry acquirers, other investment partnerships and corporations, business development companies and other financial investors, including private equity funds, investing directly or through affiliates. Further, over the past several years, an increasing number of private equity funds, venture capital funds and hedge funds have

been or are being formed (and many such existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk and more personnel than the Firm, the General Partners, the Funds and their affiliates. It is possible that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions (or more auctions), the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which Portfolio investments can be made. Participating in auctions will also increase the pressure on the Funds with respect to pricing of a transaction. For example, given the increasingly more competitive environment, the Firm has found it more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund, or the ability to terminate the transaction if there has been a material adverse change in the company's business prior to closing of the investment. In addition, the Firm has found competitors for investment opportunities are willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund level guarantees. In the event a financing-related closing condition is not available to the Funds or if the Funds are required to provide a reverse break-up fee or guarantee in connection with a potential investment, the Funds may become obligated to consummate a transaction on less favorable terms or may be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made. There can be no assurance that the Funds will be able to identify or consummate investments satisfying their investment criteria or that if such investments are made, that such investments will be realized upon at favorable valuations or that the objectives of the Funds will be achieved. To the extent that the Funds encounter competition for investments, returns to Limited Partners may decrease. There can be no assurance that the Funds will be able to realize upon the values of the Funds' investments or that the Funds will be able to invest all of their available capital.

Convertible Securities. The Funds may invest in convertible securities, which are bonds, debentures, notes, preferred stock or other securities that may be converted into or exchanged for a specified amount of common or other stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. The ability of a Portfolio Company to pay a dividend is limited to the extent that the Portfolio Company does not have sufficient legally available funds for distribution. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock (or other stock) due to their fixed income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock (or other stock) increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock (or other stock)). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is largely determined by the

market price of the underlying common stock (or other stock). If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock (or other stock) approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock (or other stock) while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument and within a certain time period, which time period may vary from security to security. If a convertible security held by the Funds is called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying common stock (or other stock) or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to achieve their investment objective.

Warrants. The Funds may receive or invest in warrants or rights. Warrants and rights generally give the holder the right to receive, upon exercise, a security of the issuer at a stated price. Risks associated with the use of warrants and rights are generally similar to risks associated with the use of options. Unlike most options, however, warrants and rights are issued in specific amounts, and warrants generally have longer terms than options. Warrants and rights are not likely to be as liquid as exchange-traded options backed by a recognized clearing agency. In addition, the terms of warrants or rights may limit the Funds' ability to exercise the warrants or rights at such time, or in such quantities, as the Funds would otherwise wish.

Special Purpose Acquisition Companies. A special purpose acquisition company (a "SPAC") is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses believed by the SPAC to be undervalued. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a pre-determined period of time elapses. Investors in a SPAC would typically receive a return on their investment in the event that a target company is identified and is acquired and such target company's value increases. In the event that a SPAC is unable to identify and acquire a target company by the deadline (and the deadline is not otherwise extended), the SPAC will be required to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to identify or successfully complete an initial business combination ("IBC") by the deadline or any extension thereof and may be required to liquidate and return any remaining proceeds in the trust account to stockholders, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC for any number of reasons, (vi) the value of the proceeds held in the trust account may decline, (vii) the inability of SPAC

investors to have their SPAC interests redeemed to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition, (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made, (ix) warrants or other rights with respect to the SPAC held by the Funds may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price, (x) an investment in a SPAC may be diluted in connection with the business combination or by additional financings, (xi) no or only a thinly traded market for shares of or interests in a SPAC may develop, leaving the Funds unable to sell its interest in the SPAC or to sell its interest only at a price below what the Funds believe is the SPAC's interest intrinsic value, (xii) such SPAC's due diligence may not uncover all material risks and uncertainties associated with a particular target business and (xiii) a SPAC investment may be subject to an extended lock-up period and other restrictions on resale and redemption, including those in connection with a private placement voting and support agreement. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be composed of hedge funds (at least at inception).

Any SPAC in which the Funds directly or indirectly invest will be a newly formed company with no operating results that may not commence formal operations until obtaining funding through an initial public offering. Some SPACs may pursue acquisitions only within certain industries or regions, and may encounter substantial competition for attractive targets, particularly given the substantial increase in SPACs in recent years. In addition, the SPAC industry has recently received heightened regulatory attention and scrutiny, in particular from the SEC, and it is possible that SPACs may become subject to different or heightened rules or requirements that could have a material adverse effect on the SPAC's ability to identify and complete a successful business combination and the results of its operations. In addition, the plaintiffs' bar has been increasingly targeting SPACs, which increases the likelihood of shareholder litigation, particularly in connection with any proposed IBC.

To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. In connection with a business combination, a SPAC will generally not be required to obtain an opinion from an independent investment banking firm or from an independent accounting firm that the price the SPAC is paying is fair to the company from a financial point of view. There is no guarantee that the SPAC's board will properly assess the value of the company and thus there is no guarantee that the price the SPAC pays in connection with its business combination will be fair. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk. At the time the Funds invest directly or indirectly in a SPAC, they will typically not be provided with an opportunity to evaluate the specific merits or risks of any IBC and the SPAC's board may in certain circumstances complete an IBC without seeking stockholder approval. As a result, if the SPAC does not seek stockholder approval of an IBC, the Funds' only opportunity to affect the investment decision regarding a potential IBC may be limited to exercising its redemption rights in connection with the IBC. Other public stockholders may opt to redeem their shares in the SPAC, which may result in the Funds directly or indirectly providing additional capital and thereby increasing its exposure to such transaction.

A SPAC may seek to enter into an IBC agreement with a target company that requires as a closing condition that the SPAC have a minimum net worth or a certain amount of cash. If too many public stockholders exercise their redemption rights, the SPAC may not be able to meet such closing condition and, as a result, would not be able to complete the business combination. Prospective

targets will be aware of these risks, which may make a business combination with the SPAC less attractive.

Reliance on Portfolio Company Management Teams. Each Portfolio Company's day-to-day operations will be the responsibility of such company's management team. Although the General Partners and the Firm will be responsible for monitoring the performance of each Portfolio investment to varying degrees, depending on a number of factors such as ownership interest, level of governance and level of information rights, there can be no assurance that the existing management team or any successor, will be able to operate the applicable Portfolio Company successfully, and the Funds may have limited protections and governance rights in this regard if the Funds do not control such Portfolio Company. The success of the Portfolio Companies is heavily dependent on the management of such companies. The amount of time spent by management teams on their Portfolio Companies will also be important, and in that respect it is noted that management teams of one Portfolio Company can be expected, from time to time, to assist with sourcing and/or management functions of other Portfolio Companies (or portfolio companies of other Funds). Portfolio Companies can lose employees, as notwithstanding general unemployment levels or developments within a particular industry, the market for high-performing executive talent is highly competitive. In connection with attracting and retaining strong management teams (including as result of the foregoing), Portfolio Companies may enter into customized arrangements with one or more members of their management teams, including low- or zero-interest loans, unconventional incentive compensation or compensation in-kind. The Funds may in appropriate circumstances fund the capital necessary for such arrangements or separately enter into such arrangements directly with management team members. There can be no assurance that the management of a Portfolio Company on the date a Portfolio investment is made will continue to be affiliated with the company throughout the period the Portfolio investment is held or that the Firm and/or the Portfolio Company will be able to recruit and retain successor management teams capable of operating the Portfolio Company successfully and, as a result, such investment and the Funds may be adversely affected thereby. In addition, the General Partners will generally establish the capital structure of companies in which the Funds invest on the basis of financial projections for such companies. Projected operating results will normally be based primarily on the judgment of the management of the Portfolio Company. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections were developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. Changes in general economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections. This may be especially true for Credit Opportunity Investments, as there can be no assurance that the Funds will be successful in achieving the ability to exert such influence with respect to any particular Credit Opportunity Investment or Credit Opportunity Investments as a group.

Documentation and Legal Risks. The Funds, Portfolio Companies and portfolio investments are governed by a complex series of legal documents and contracts. The intent of the legal documents and contracts might not be clear, and even clear drafting can be misconstrued by counterparties and judges. A dispute over interpretation of any of these documents or contracts could arise, which may result in unenforceability of the contract or other outcome that is adverse to the Funds.

Permits, Approvals and Licenses. A license, approval or permit may be required to acquire certain portfolio investments and their direct or indirect holding companies or registration may be required before an acquisition can be completed. Examples of permits, approvals and licenses

necessary to make an investment include antitrust approvals, environmental licenses, foreign investment approvals and registrations, and other similar matters. The Firm currently maintains, and in the future may maintain, various registrations and/or licenses in certain non-U.S. jurisdictions in which it operates. Such licenses and registrations subject the Firm to certain various information and other requirements. The Firm's failure to obtain or maintain such licenses could have adverse consequences on the Firm and its ability to operate in such non-U.S. jurisdictions. Certain portfolio investments can involve regulated activities (e.g., gaming, gambling or betting and liquor). Portfolio investments in Portfolio Companies that are subject to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally, including, but not limited to, risks relating to approval of a change in ownership and to the acquisition and maintenance of applicable licenses. Accordingly, the Funds' Portfolio Companies themselves may be required to obtain, or may require the Firm, the Funds, the General Partners or their personnel to obtain, various U.S. federal, state, local or non-U.S. licenses in connection with the operation of their businesses or in order to make, hold or dispose of certain investments, particularly to enable a Portfolio Company to engage in certain types of regulated business practices. If a Portfolio Company fails to comply with these requirements, such Portfolio Company could also be subject to civil or criminal liability and the imposition of fines. A Portfolio Company could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. There can be no assurances that a Portfolio Company (or the Firm, the Funds, the General Partners or their personnel, if applicable) will obtain all of the licenses sought or that there will not be significant delays in seeking such licenses, which could impact such Portfolio Company's operations. Governments have considerable discretion in implementing regulations that could impact a Portfolio Company's business, and governments may be influenced by political considerations and may make decisions that adversely affect a Portfolio Company's business. Furthermore, Portfolio Companies may be subject to various information and other requirements in connection with obtaining or maintaining such licenses, and there is no assurance that a Portfolio Company will satisfy those requirements or that the Firm, the Funds, the General Partners or their personnel will provide any information requested or required of it. Such licenses may depend in whole or in part on information about the Funds, the Limited Partners and/or the Firm and its personnel that the Firm may be unwilling or unable to provide (in which case a Portfolio Company's application for such license could be unsuccessful). In some circumstances, the Funds may be required to provide certain information about the Limited Partners in order for a Portfolio Company to obtain such licenses. A Portfolio Company's failure to obtain or maintain licenses could have adverse consequences for the Funds and/or such Portfolio Company. In addition, the ownership and operation of certain Portfolio Companies may require certain individuals to be routinely vetted in order for the Portfolio Company to obtain and maintain certain licenses. The Funds may require some or all of these licenses, approvals and permits to acquire an asset, and counterparties may also require some or all of these licenses, approvals and permits to acquire assets from the Funds. There can be no guarantee of when and if such a license, approval or permit will be obtained or if the registration will be effected, which may adversely affect the Fund's ability to acquire and sell assets.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies. Before making investments, the Firm will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment (including the nature of the security, the size of the applicable Fund's proposed investment and deal dynamics). Due diligence generally entails, among other factors, evaluation of important and complex business, financial, tax,

accounting, technical, cyber, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants will present risks, including that the General Partner has reduced control of the functions that are outsourced. When conducting due diligence and making an assessment regarding an investment, the General Partner and/or the Firm will rely on the resources available to it, including representations or other information provided by the target of the investment and, in some circumstances, third-party investigations. However, representations made by a counterparty could be inaccurate, and third-party investigations may not uncover all risks. This risk is further exacerbated by the impact of COVID-19, which has caused commercial disruption on a global scale and has disrupted the manner in which due diligence investigations have historically been conducted. In certain cases, the General Partner and/or the Firm may not conduct its standard level of due diligence with respect to a particular prospective Portfolio Company, including where the General Partner believes that such level of due diligence is either not possible or not practicable given the circumstances of the proposed Portfolio Company (including where the Fund is making a minority investment).

As a result, due diligence investigation that the General Partner and/or the Firm carries out with respect to any investment opportunity will not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity, especially when there is a compressed diligence timeframe and/or heightened competition for an investment, where there may be limited publicly available information with respect to a particular company or its executives, where because of the size or other aspects of an investment limited information is made available to the Fund by the prospective Portfolio Company or where all or a portion of such due diligence is conducted remotely. An extended period of remote work arrangements could strain a Fund's or its Portfolio Companies' business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair such Fund's or the Portfolio Companies' ability to manage its business. Moreover, such an investigation will not necessarily result in the investment being successful. In circumstances where the Firm accesses non-public confidential information, there is a possibility that certain trading restrictions would apply to the Firm and its affiliates, which may affect a Fund's ability to transact. Additionally, it is difficult to obtain accurate and complete information regarding the true financial condition of certain companies, especially those in financial distress. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in a Fund as being speculative and having a high degree of risk.

Consultants, legal advisors, appraisers, accountants, investment banks and other third parties may be involved in the due diligence process and/or the ongoing operation of the Portfolio Companies to varying degrees. For example, certain asset management, finance, administrative and other similar functions may be outsourced to a third-party service provider whose fees and expenses will be borne by the Portfolio Companies or a Fund and will not offset the Management Fee. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the General Partner's reduced control of the functions that are outsourced. In addition, if the General Partner is unable to timely engage third-party providers, their ability to evaluate more complex targets could be adversely affected.

There can be no assurance that a Fund will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence investigation or during

its efforts to monitor a Portfolio Company on an ongoing basis or that any risk management procedures implemented by the Firm will be adequate. Conduct occurring at Portfolio Companies, even activities that occurred prior to such Fund's investment therein, could have an adverse impact on such Fund. In the event of fraud by any Portfolio Company or any of its affiliates, a Fund may suffer a partial or total loss of capital invested in that Portfolio Company. There can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments. An additional concern is the possibility of material misrepresentation or omission on the part of the Portfolio Company or the seller. Such inaccuracy or incompleteness may adversely affect the value of a Fund's portfolio investments in such Portfolio Company. Such Fund will rely upon the accuracy and completeness of representations made by Portfolio Companies and/or their former owners in the due diligence process to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness of any such representations. Such Fund may elect to obtain a representations and warranties insurance policy that may provide protection to such Fund the event of losses arising from the inaccuracy or incompleteness of any such representation. However, there is no guarantee that such Fund would be able to obtain recovery under any such insurance policy or that such recovery will be sufficient. In addition, in a transaction where such Fund has obtained such a policy, recourse to the former owners of a Portfolio Company may be severely limited or even eliminated, and recovery under such policy may effectively be the sole source of recovery for such Fund in such circumstances. Under certain circumstances, payments to such Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Limited Information. In general, the Funds' public investments will be made based on information available to the public at large. By comparison, privately negotiated transactions, the type of transactions pursued by most private equity funds, are usually completed based upon information gathered through contact with and access to the counter-party's records, facilities and personnel. Therefore, this disparate amount of information may negatively affect the Funds' certainty of achieving a particular outcome in connection with its investments.

Fund Valuation. Because of the illiquidity of certain positions that may be held by the Funds, the liquidation values of the Funds' investments may differ significantly from the interim valuations of such investments made by the General Partner. Such differences may be further affected by the time frame within such liquidation occurs. Third-party pricing information may not be available regarding certain of the Funds' investments.

Investments with Third Parties; Syndication of Co-Investment Opportunities. The Funds may from time to time co-invest with third-parties, including through partnerships, joint ventures or other entities, thereby acquiring jointly-controlled or non-controlling interests in certain Portfolio Companies in conjunction with participation by one or more third parties in such investment. Any such co-investment may occur at the time of such third party's investment or after such third party has already invested and such interests may be acquired via primary or secondary transactions. As a co-investor, the Funds may have interests or objectives that are inconsistent with those of the third-party partners or co-venturers. The Funds may not have control over these companies and, in such a case, may have a limited ability to protect its position therein, although where appropriate American Industrial Partners expects to seek to negotiate rights in an effort to protect the interests of the Funds. Such investments may involve risks not present in investments where a third party is not involved, including the increased possibility of default by, or diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn or the possibility that a third-

party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Funds, may have other economic arrangements with American Industrial Partners that could conflict with the Funds' interest or may be in a position to take (or block) action contrary to the Funds' investment objectives. Also, third-party partners or co-venturers may opt to liquidate an investment at a time during which such liquidation is not optimal for the Funds. Consortium transactions generally entail a reduced level of control by the Funds over the investment because governance rights must be shared with the other consortium sponsors. Accordingly, the Funds may not be able to control decisions relating to a consortium investment, including the timing and nature of any exit. In addition, the Funds may in certain circumstances be liable for the actions of its third-party partners or co-investors. For example, in connection with the sale of a Portfolio Company, the Funds and such third-party partners or co-investors may be required to indemnify the purchasers of such Portfolio Company for any representations about the business and financial affairs of such Portfolio Company made to the purchaser turn out to be inaccurate, for tax obligations for pre-closing periods or for other liabilities, and in such cases the Funds may be primarily liable for such indemnification obligations and may be unable to receive reimbursement from such third-party partners or co-investors. Furthermore, if a co-investor defaults on its funding obligations, the Funds may be required to make up the shortfall. Investments made with third parties through consortiums of private equity investors, partnerships, joint ventures or other similar arrangements may involve incentive compensation and/or other fees payable to such third-party partners or co-investor. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements directly or indirectly borne by the Funds relating to such investments, including incentive compensation arrangements.

In addition, the Funds may make and pursue investments and/or bear costs as Fund expenses in connection therewith with the expectation of offering a portion of its interests therein as a co-investment opportunity to Limited Partners and/or other third parties. In the event that the Funds are not successful in transferring such co-investment, in whole or in part, the Funds may consequently hold a greater concentration and have more exposure in the related investment than initially was intended, which could make the Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment that is not syndicated to co-investors as originally anticipated could significantly reduce the Funds' overall investment returns. Further, a co-investment syndication from time to time will not be concurrent with the closing of a transaction. In such cases, such co-investors will be investing at a price determined at the transaction closing or commencement of the syndication, which value of the investment may not be the value of such investment on the date of the closing of such syndication. Where the value of the investment has increased between the transaction closing and syndication closing, the investment return for the Funds will not reflect any profits for the syndicated portion of the transaction because the current price paid by the syndication co-investors to the Funds to make such investment would be the previously determined price, not the value as of the time of the syndication closing.

Non-U.S. Investments. The Funds may invest a portion of their aggregate commitments outside of the United States and Canada. In addition, the Funds may invest in companies that have their principal place of business in the United States that have material subsidiaries, operations or assets in, material sales to or other material exposure to foreign countries. With any portfolio investments outside the United States and/or with material exposure outside the United States, there exists the

risk of adverse political developments, including nationalization, confiscation without fair compensation or war. Non-U.S. investments involve certain risk factors not typically associated with investing in U.S. securities or instruments, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Funds invest; (iii) differences between the U.S. and foreign securities markets, including potentially greater price fluctuations and market volatility and also relative lack of liquidity of some foreign securities markets, (iv) different accounting, auditing and financial reporting standards, practices and disclosure requirements compared to those applicable to U.S. companies; (v) varying levels of government supervision and regulation; (vi) higher rates of inflation; (vii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (viii) controls on, and changes in controls on, non-U.S. investment and limitations on repatriation of invested capital and on the Funds' ability to exchange local currencies for U.S. dollars; (ix) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, political hostility to investments by foreign or private equity investors, risks relating to trade wars involving the U.S. and/or other countries (including any rules, regulations, taxes and/or import duties that arise as a result of such disputes), the risks of political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (x) the possible imposition of foreign taxes on income, gains and gross sale or other proceeds relating to such securities, including as a result of the loss of tax treaty benefits that were expected at the time of investment; (xi) differing and potentially less well-developed or well-tested corporate and intellectual property laws regarding the rights of creditors and other stakeholders (including the rights of secured parties), fiduciary duties, the protection of investors, and intellectual property owner protections; (xii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters (including differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts)); and (xiii) less publicly available information. Additionally, the legal systems of some non-U.S. countries lack transparency or could limit the protections available to foreign investors.

Accounting, auditing, financial and other reporting standards, practices and disclosure requirements in certain of the countries in which the Funds may invest are not equivalent to those in the United States and certain Western European countries and may differ in fundamental ways. Accordingly, information available to the Funds, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in more economically sophisticated countries and less information may be available to investors. Assets and profits appearing on the financial statements of a Chinese company, for example, may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with U.S. generally accepted accounting principles. In addition, in certain instances, the Funds may not have access to all available information to determine fully the origination, credit appraisal and underwriting practices utilized with respect to the investments or the manner in which the investments have been operated. As a result, the Funds' due diligence activities may provide less information than due diligence reviews conducted in more developed countries. The lower standards of due diligence in certain countries will increase the risk related to the portfolio investments in these countries. While the Funds will endeavor to conduct appropriate due

diligence in connection with each portfolio investment, no guarantee can be given that they will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with a portfolio investment.

Furthermore, Portfolio Companies located outside the U.S. may be involved in restructurings, bankruptcy proceedings or reorganizations that are not subject to laws and regulations that are similar to the U.S. Bankruptcy Code and the rights of debtors or creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide the Funds with equivalent rights and privileges necessary to promote and protect its interest in any such proceeding, the Funds' Portfolio investments in any such Portfolio Company may be adversely affected.

Because the integrity and independence of the judicial systems in some of the countries in which the Funds invest varies, the Funds may have difficulty in successfully pursuing claims in the courts of such countries. For example, it is more difficult to enforce contracts in some countries, especially against governmental entities, which could materially and adversely affect revenues and earnings of the Funds or their Portfolio Companies. If counterparties repudiate contracts or default on their obligations, there may not be adequate remedies available. Furthermore, to the extent that the Funds or a Portfolio Company obtains a judgment in a country with a strong judiciary but is required to seek its enforcement in the courts of a country with a weaker judiciary, there can be no assurance that the Funds or such Portfolio Company will be able to enforce the judgment. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries.

Certain markets do not have well-developed shareholder rights, which could adversely affect the Funds' minority investments. In these markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Legislation to safeguard the rights of private ownership may not exist in certain areas. In certain cases, the laws and regulations governing investments in financial instruments may not exist or may be subject to inconsistent or arbitrary interpretation.

While the Firm and/or the General Partners intend, where deemed appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Funds that are in or subject to the laws of those countries or the value or realization of the Funds' Portfolio investments.

Investments in Smaller or Less Established Companies. The Funds' Credit Opportunity Investments may invest a portion of their assets in the securities of smaller or less established companies. Investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure.

Troubled Companies. The Funds may invest in Portfolio Companies that are in various stages of correcting previous operational or regulatory problems. Some or all of these companies may

operate at a loss or with substantial variation in operating profits and losses from period to period, and may have a need for substantial additional capital to support expansion or to achieve or maintain a stable operating position. If turnarounds are not achieved, these Portfolio Companies could experience failures or substantial declines in value, and the Funds may not be able to divest themselves of such unprofitable investments in a timely fashion or at all.

Investments in Restructurings and Distressed Debt. The Funds' Credit Opportunity Investments may make investments in (i) restructurings that involve Portfolio Companies that are experiencing or are expected to experience financial difficulties or (ii) distressed debt securities and instruments. These financial difficulties may never be overcome and may cause such Portfolio Companies to become subject to bankruptcy or liquidation proceedings. Such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investments 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 the Funds 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 local 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. Investments in distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition. Distressed companies may have further inability to service their debt obligations during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. The value of distressed debt securities and instruments tends to be more volatile and may have an increased sensitivity to changing interest rates and adverse economic and business developments than other securities and instruments.

Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased as part of the Funds' Credit Opportunity Investments will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Investments in High Yield and Distressed Securities. There is no minimum credit standard that is a prerequisite to the Funds' Credit Opportunity Investments in any instrument, and a significant portion of the assets in a portfolio may constitute "below investment grade" securities across different segments of the credit markets, encompassing high-yield, stressed and distressed credits, and investment grade credits and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. The Funds' Credit Opportunity Investments may consist of non-investment grade senior secured loans, notes and bonds (or interests in non-investment grade senior secured loans) that are subject to liquidity, market value, credit, interest

rate, reinvestment and certain other risks. These risks could be exacerbated to the extent that a portfolio is concentrated in one or more particular types of the Funds' investments. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that these assets will result in a successful reorganization or similar action.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there is a risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security in respect to which such distribution was made. To the extent that the Firm becomes involved in a liquidation or reorganization proceeding, the Funds may have a more active participation in the affairs of an issuer than that assumed generally by an investor. In addition, involvement by the Firm in an issuer's reorganization proceedings could result in the imposition of restrictions limiting the Funds' ability to liquidate its position in the issuer.

A non-investment grade senior secured loan or debt obligation, or an interest in a non-investment grade senior secured loan or debt obligation, is generally considered speculative in nature and may become a defaulted loan or obligation for a variety of reasons. Upon any such loan or obligation becoming a defaulted loan or obligation, such loan or obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such loan or obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such loan or obligation. The liquidity for defaulted loans or obligations may be limited, and to the extent that defaulted loans or obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

Need for Follow-On Investments. Following the Funds' initial investment in a given Portfolio Company, the Funds may be presented with the opportunity, or may be required, to make additional, "follow-on" investments in its existing Portfolio Companies, either for regulatory reasons, because the company's performance and/or liquidity have been below expectations or because additional capital is required to fund growth or the Funds may have the opportunity to increase their investment in a successful Portfolio Company. There can be no assurance that the Funds will desire to make follow-on investments or that it will have sufficient funds to do so. Some or all of a follow-on investment opportunity may, in certain circumstances, be allocated to a

successor Fund or to co-investors. Any decision by American Industrial Partners not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a Portfolio Company in need of such an investment and may dilute the Funds' existing investment and/or may diminish American Industrial Partners' ability to influence the Portfolio Company's future development.

Equity Commitment Arrangements. The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, the Funds agree that upon the closing of a transaction with respect to a potential Portfolio Company, the Funds will purchase securities in a transaction. Furthermore, in certain instances the Funds will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, it agrees that if a transaction with respect to a potential Portfolio Company is not consummated, the Funds will pay a percentage of the total value of the transaction as a "reverse termination fee" to the seller entity or otherwise be liable for damages and other amounts to the seller entity. While any co-investment vehicle with investments contractually consummated and tied to the Funds will generally be obligated to pay its proportionate share of the purchase price or damages or other amounts, such co-investment vehicle is generally not a direct party to the commitment arrangements or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Funds would be held responsible for the entire purchase price or damages or other amounts, as applicable. If the parties to the co-investment vehicle are not contractually bound to the transaction, or in the event that the parties to the co-investment vehicle are contractually bound to the transaction, if the General Partners determine there is a good faith basis for the co-investor not to bear such fees or expenses, then they will generally not bear any portion of the reverse termination fee or any other fees relating to the non-consummation of the transaction.

Bridge Financings. From time to time, the Funds may lend to Portfolio Companies or in connection with portfolio investments therein 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, where and as permitted under the governing documents. Such bridge loans would typically be convertible into a more permanent, long-term instrument; however, for reasons not always within the Funds' control, such long-term instrument or other refinancing or syndication may not occur and such bridge loans and interim investments would remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Funds and such situations may result in a greater concentration to a particular company and sector than anticipated.

Preferred Financing. In addition to secured financing arrangements, the Funds may in the future employ preferred financing arrangements with respect to some or all of their investments. In such arrangements, a third party typically provides cash liquidity in exchange for the right to receive a return of such amount plus a preferred return thereon prior to the return of any additional proceeds to a Fund. Subject to the express terms of the Funds' governing documents, such arrangements could be employed to provide for additional capital for new or follow-on investments by the Funds. These arrangements could result in a Fund receiving a lower overall return of distributions than it would otherwise have received if, for example, an investment is held for a long period of time, resulting in a compounding preferred return in favor of the third-party preferred financing provider, or where the proceeds of the financing are reinvested in investments

that do not perform as well as the original investments that were subject to the financing arrangement. Such preferred financing arrangements or margin loans will not be treated as borrowings incurred by a Fund for purposes of determining such Fund's compliance with the limitations on borrowings set forth in its governing documents.

Hedging Policies/Risks. The Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.

Concentration of Investments. The Funds may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of any single investment. Limited Partners have no assurance as to the degree of diversification of the Funds' portfolio investments, either by geographic region, asset type or subsector of the industrial sector. In addition, up to 20% of the aggregate commitments in a fund (except with regard to bridge financings or with Investor Advisory Committee consent) may be invested in any one Portfolio Company. To the extent the Funds concentrate investments in a particular issuer, industry, security or geographic region, their investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions with respect thereto. Furthermore, if the Funds co-invest with other investment funds, a Limited Partner may have exposure to portfolio investments through more than one Fund. In circumstances where the General Partners intend to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Funds having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Risks of Investments in the Industrial Sector. Investments in the industrial sector may entail risks associated with more mature businesses and heavily regulated industries, including transportation, aerospace and defense, building products, chemicals and other industrial companies generally. These Portfolio Companies may also serve customers that include governmental entities. Investments that are subject to greater amounts of governmental regulation, or with significant customer concentration with governmental entities, pose additional and unique risks. Governmental budgeting and procurement requirements could adversely affect profitability. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased operating costs, increased compliance costs or the need for additional capital expenditures generally. Additionally, certain industrial Portfolio Companies may have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject a portfolio company to complex laws and regulations, as well as labor relations disputes or difficulties generally. Business operations at one or more facilities may be interrupted as a result of work stoppages and delays in the process of renegotiating collective bargaining agreements.

Investments in Public Companies. The Funds may make investments in the securities of Portfolio Companies that have gone public and in the securities of other publicly traded companies. Additionally, the Funds may hold securities of a publicly traded company as a result of an initial public offering or subsequent public offering of an existing Portfolio Company. Such public

company securities may be thinly traded, relatively illiquid or may cease to be publicly traded after the Funds invest. The Funds may be involved in “PIPEs” or private investments in public equity. PIPE transactions may involve the sale of equity-like securities of an already public company. In a PIPE transaction, the Funds may bear the price risk from the time of pricing until the time of closing. In addition, the Funds may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC’s preparedness to declare effective a resale registration statement covering the resale, from time to time, of the shares sold in the private financing. In addition, the Funds’ sales of thinly traded securities could depress the market value of such securities. These circumstances or events could reduce the Funds’ returns. General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds’ investments.

Portfolio investments in public company securities will subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, limitations on and risks associated with the company’s or the Funds’ use of 10b5-1 plans, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities or instruments at certain times or add to its position of such securities or instruments at certain times, increased likelihood of shareholder litigation against such companies’ board members and/or insider trading allegations against such companies’ executives and board members and increased costs associated with each of the aforementioned risks. In addition, securities of a public company may, depending on the circumstances and securities laws of the relevant jurisdiction, be subject to lock-up periods or other limitations on the ability to dispose of such securities at certain times.

The Funds may be unable to obtain financial covenants or other contractual governance rights. Moreover, the Funds may not have the same access to information in connection with investments in public securities, both before and after making the investment, as compared to privately negotiated investments. Furthermore, the Funds may be limited in its ability to make investments, and to sell existing investments, in public securities if the General Partners or other American Industrial Partners businesses have material non-public information regarding the issuer or as a result of other policies or requirements. In addition, securities acquired of a public company may, depending on the circumstances and securities laws of the relevant jurisdiction, be subject to lock-up periods.

Broker or Dealer Insolvency. While great care is taken in selecting brokers or dealers who will maintain custody of certain of the assets of the Funds, there is a residual risk that any of such brokers or dealers could become insolvent. It is expected that all securities and other assets deposited with brokers or dealers will be clearly identified as being assets of the Funds and hence such entity should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this and there may be practical or timing problems associated with enforcing the rights of the Funds to its respective assets in the case of an insolvency of any such party.

Counterparty Risk; Recent Developments in the Banking Sector. The Funds are exposed to the risk that third-parties that may owe the Funds or the Portfolio Companies money, securities or other assets will not perform their obligations. These parties include trading counterparties, clearing

agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations to the Funds or the Portfolio Companies, due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into revolving credit lines or swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Funds or the Portfolio Companies, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Also, any practice of rehypothecation of securities of the Fund or the investments held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties.

Furthermore, the distress, impairment or failure of one or more banking institutions with whom the Funds, their Portfolio Companies and/or the Firm transact may inhibit the ability of the Funds or their Portfolio Companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where the Funds or one or more of their Portfolio Companies holds depository accounts, access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation ("FDIC") protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected Portfolio Companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a custodian or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds or their Portfolio Companies. One or more investors or the General Partners could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, the General Partners may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

Recent bank closures in the U.S. banking sector have caused uncertainty for financial services companies, and fear of instability in the global financial system generally. Notwithstanding intervention by government regulators, depositors of such financial institutions have experienced, and may continue to experience, significant challenges and uncertainty regarding access to banking products and services, including with respect to the availability of such customers' deposits, lines of credit and other accounts and banking relationships. In addition, the financial institutions provide credit facilities and other forms of financing, and there can be no assurance that their ability to honor these obligations will continue or be unaffected or, if affected, whether other financial institutions can provide replacement financing or capabilities and on similar terms. Furthermore, it is possible that other banking institutions may be similarly impacted, and there is no assurance what steps regulators may take in the event of further bank closures. Uncertainty caused by recent bank failures—and general concern regarding the financial health and outlook for other financial institutions, including smaller and/or regional banks—could have an overall negative effect on banking systems and financial markets generally. The recent developments may also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the global financial

markets will not worsen and/or adversely affect the Funds or one or more of their portfolio investments or their overall performance.

Compliance with the AIFM Directive. The European Union Alternative Investment Fund Managers Directive (the “Directive”) as transposed into national law within the member states of the European Economic Area (the “EEA”) and, where relevant, as transposed and retained into the national laws of the United Kingdom (the “UK”) following the UK’s exit from the EU (together, the “AIFMD”), imposes requirements on alternative investment fund managers (“AIFMs”) that market alternative investment funds (“AIFs”) to professional investors within the EEA or the UK and/or manage AIFs within the EEA or the UK (as applicable). In particular, if the Funds are marketed in the EEA or the UK, domestic laws implementing the Directive will require additional disclosure and reporting in relation to the Funds and their investments. Compliance with such domestic laws will involve additional costs, as well as restrictions on certain early distributions or reductions in capital in respect of EEA or UK portfolio companies (the so-called “asset stripping” rules), which will limit the use of certain investment and realization strategies (such as dividend recapitalization and reorganization). Such domestic laws do not apply to non-AIF/AIFM competitors not subject to the Directive and thereby potentially place the Funds at a disadvantage to such competitors if the Funds are marketed in the EEA or the UK. Applicable home state regulators will also charge initial and/or periodic registration fees for registering a Fund for marketing to professional investors within their jurisdiction. More generally, implementation of the Directive could expose the Funds, the General Partners and/or the Firm to conflicting regulatory requirements in the United States and the EEA and UK.

In the future, it may be possible for non-EEA AIFMs to market an AIF within the EEA or the UK pursuant to a pan-European marketing “passport” instead of under national private placement regimes, provided that the AIFM complies with all relevant provisions of the Directive, including, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on the use of leverage, additional disclosure and reporting requirements to both investors and EEA home state regulators, the independent valuation of an AIF’s assets and the appointment of legal representatives and an independent depository to hold assets. Certain EEA Member States have indicated that they will cease to operate national private placement regimes when or shortly after the passport becomes available, which would mean that non-EEA and non-UK AIFMs to whom the passport is available would be required to comply with all relevant provisions of the Directive in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA and non-UK AIFMs may only market in certain EEA jurisdictions pursuant to a passport, the Firm may not seek to market interests in the Funds in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in the Funds. Alternatively, if the Firm sought to comply with the requirements needed to use the passport, this could have other adverse effects including, among other things, increasing the regulatory burden and costs of operating and managing the Funds and their investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting the Firm’s ability to recruit and retain these personnel.

It should be noted that the scope and requirements of the AIFMD remain uncertain and continue to develop. AIFMD remains subject to change as a result of the issuance of any further national and/or European Securities and Markets Authority (“ESMA”) guidance with respect to the AIFMD, the enactment of further secondary legislation and/or the introduction of further national implementing legislation in relevant EEA member states and/or in the UK. In November 2021, the

European Commission published its draft proposal for amendments to be made to the AIFMD. The proposal focused in particular on delegation arrangements, liquidity risk management, supervisory reporting and loan origination by alternative investment funds. While the legislation to amend the AIFMD still has to go through the EU legislative process and is subject to change, additional costs may be incurred by the Funds in order to ensure compliance with the amendments to the AIFMD and this could adversely affect the Funds and, therefore, the limited partners. It is also unclear at this stage whether the UK would seek to implement any such legislative proposal which is adopted in the EEA.

General Economic and Market Conditions. The success of the Funds' investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political, environmental and socioeconomic circumstances. The Funds' financial condition may be adversely affected by a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Funds' business and operations and thereby could impact the Funds. Moreover, a downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Funds' profitability, impede the ability of the Portfolio Companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively exit investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in an investment's capital structure.

Recent volatility in the global financial markets and political systems of certain countries may have adverse spill-over effects into the global financial markets generally and U.S. markets in particular. Moreover, a recession, slowdown and/or sustained downturn in the global economies (or any particular segment thereof) or weakening of credit markets could adversely affect the Funds' profitability, impede the ability of the Funds' Portfolio Companies to perform under or refinance their existing obligations and impair the Funds' ability to effectively exit portfolio investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a particular Portfolio Company's capital structure.

Inflation/Deflation Risk. Inflation risk is the risk that the value of assets or income from a Fund's investments will be worth less in the future as inflation decreases the value of payments at future dates. As inflation increases, the real value of a Fund's Portfolio Could decline and the interest payments on borrowings by a Fund, if any, may increase. Certain countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Some countries in which a Fund will invest and/or in which certain investments will be located, including, without limitation, the United States, are expected to experience higher rates of inflation as a result of government policies due to general economic conditions therein. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which a Fund may invest. There can be no assurance that high rates of inflation in such countries will not have a material adverse effect on the investments of the Funds and the returns for the Funds. Deflation risk is the risk that prices throughout the economy decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely or materially impair the ability of distressed issuers to restructure, which may result in a decline in the net asset value of a Fund's portfolio.

The U.S. and other developed economies have recently begun to experience significant inflation rates. It remains uncertain whether substantial inflation in the U.S. and other developed economies will be sustained over an extended period of time or have a significant effect on the U.S. or other economies. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, if a Portfolio Company is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Portfolio Companies may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, a Portfolio Company may earn more revenue but may incur higher expenses. As inflation declines, a Portfolio Company may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in the economy and central banks may increase interest rates. Efforts by governments and central banks to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Funds and their Portfolio Companies. There are some indications that the global economy is beginning to experience inflation with respect to certain goods and services. There can be no assurance that continued and more wide-spread inflation in the U.S. and/or other economies will not become a serious problem in the future and have a material adverse impact on the Funds' returns and their ability to fulfill their investment objectives.

Technology Sector Disruptions. During the first half of 2022, the technology sector in both the private and public markets experienced a significant disruption and decline, including as a result of recent volatility in the global financial markets and political systems of certain countries, significant inflation rates in the U.S. and other developed economies and increases in interest rates by the Federal Reserve System and other central banks due to concerns about inflation. Such disruption and decline in the technology sector may continue for an extended period of time and present material uncertainty and risk with respect to the Funds and the performance of their portfolio investments or operations and to the ability of the Funds to achieve their investment objectives.

U.S. Presidential Election. The current regulatory environment in the U.S. may be impacted by future legislative developments. On January 20, 2021, Joseph R. Biden and Kamala D. Harris became the President and Vice President of the United States, respectively. The Biden administration has signaled that it intends to seek to enact changes to numerous areas of law and regulations currently in effect. Any such changes could significantly impact the Funds and/or the portfolio investments made by the Funds. Specific legislative and regulatory proposals discussed during election campaigns and more recently that might materially impact the Funds and/or their portfolio investments include, but are not limited to, changes to trade agreements, immigration policy, import and export regulations, tariffs and customs duties, energy regulations, income tax regulations and the federal tax code (including added scrutiny of management fee and carried interest waivers), public company reporting requirements and antitrust enforcement. Any significant changes in governmental policies, laws, rules, regulations, regulatory interpretations, enforcement activity levels or administrative agency procedures, including those relating to, among other things, economic policy (including with respect to interest rates, foreign trade and inflation), the regulation of the financial services industry in general and the asset management industry in particular, tax laws, immigration policy, public health policy, healthcare laws, infrastructure spending, consumer protection laws, environmental protection and/or climate

change policies or regulations, unemployment benefit programs and/or other government entitlement programs could have a material adverse impact on the Funds and their Portfolio Companies, and thereby returns to limited partners.

It is expected that the Biden administration will seek to change many of the policies put forth by the prior administration. Changes in U.S. federal policy, including tax policies, and at regulatory agencies occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing and economic effects of potential changes to the current legal and regulatory framework affecting financial institutions under the Biden administration remain highly uncertain. None of the General Partners, the Funds or their respective affiliates can predict the ultimate impact of the foregoing on the Funds, their business and investments or the private equity industry generally, and any prolonged uncertainty could also have an adverse impact on the Funds and their investment objectives. Future changes may adversely affect the Funds' operating environment and therefore the Funds' business, operating costs, financial condition and results of operations. Further, an extended federal government shutdown resulting from failing to pass budget appropriations, adopt continuing funding resolutions or raise the debt ceiling, and other budgetary decisions limiting or delaying deferral government spending, may negatively impact U.S. or global economic conditions, including corporate and consumer spending, and liquidity of capital markets.

In addition, any changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing the financial services industry, foreign trade, manufacturing, outsourcing, development and investment in the territories and countries or types of investments in which the Funds may invest, and any negative sentiments towards the United States as a result of such changes, could adversely affect the performance of the Funds' investments. Moreover, media (including social media) has the potential to influence public sentiment and escalate tensions both within the U.S. and in international relations, which could cause social unrest and could negatively impact stock markets and economics around the globe and the Funds' investments.

The new Biden administration has led to leadership changes at a number of U.S. federal regulatory agencies with oversight over the U.S. financial services industry. This poses uncertainty with respect to such agencies' policy priorities and may lead to increased regulatory enforcement activity in the financial services industry. Leadership and policy changes could also affect various industries in which the Firm's Portfolio Companies operate, including technology, technology-enabled and growth industries. Although there is a substantial lack of clarity regarding the likelihood, timing and details of potential changes or reforms by the Biden administration, such changes or reforms may impose additional costs and burdens on the companies in which the Firm has invested or chooses to invest in the future, require the attention of senior management or result in limitations on the manner in which the companies in which the Firm has invested or chooses to invest in the future conduct business.

In addition, under the direction of its new Chairman, Gary Gensler, the SEC has indicated that it is considering adopting regulatory changes that, if adopted, will add to the Firm's and the Funds' already-significant compliance costs and burdens, including regulatory changes related to Form PF reporting, the private placement offering framework (including Form D reporting), disclosures regarding ESG matters and diversity, equity and inclusion matters, and reporting regarding proxy votes with respect to executive compensation matters. Moreover, several market commentators

have noted that, under the leadership of its new Chairman, the SEC is likely to apply a greater degree of regulatory scrutiny to, and engage in more enforcement activity against, the private equity industry. SEC actions and initiatives can have an adverse effect on the Funds' financial results, including as a result of the imposition of any sanctions, limitations on the activities of the Firm and its personnel or changes to its historic practices.

Political Activities. A Portfolio Company may, in the ordinary course of its business, make political contributions to elected officials, candidates for elected office or political organizations, hire lobbyists or engage in other permissible political activities in U.S. and/or non-U.S. jurisdictions with the intent of furthering its business interests or otherwise. Portfolio Companies are not considered affiliates of the Firm, and therefore such activities may be undertaken by a Portfolio Company without the knowledge or direction of the Firm. The interests advanced by one Portfolio Company may, in certain circumstances, not align with the interests of other Portfolio Companies, the Funds and/or the Limited Partners. The costs of such activities may be allocated to or ultimately borne by the Funds and, while the costs of such activities will typically be borne by the Portfolio Company undertaking such activities, such activities may also directly or indirectly benefit other Portfolio Companies, other Funds, their portfolio companies and/or the Firm. There can be no assurance that any such activities will be successful in advancing the interests of a Portfolio Company or otherwise benefit such Portfolio Company or the Funds. Such activities may bring negative publicity to a Portfolio Company and/or the Funds, which could have an adverse impact on such Portfolio Company, the Funds and/or the Limited Partners.

Business, Terrorism and Catastrophe Risks. Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on American Industrial Partners' business and Clients' portfolios including investments made by American Industrial Partners.

Forward Trading. As part of Credit Opportunity Investments, the Funds may invest in forward contracts and options. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Firm would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

Short Selling. As part of Credit Opportunity Investments, the Funds may engage in short selling. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling

allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales depends upon the Firm's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Cyber Security Breaches, Identity Theft, Denial of Service Attacks, Ransomware Attacks and Social Engineering Attempts. Cyber security incidents, cyber-attacks, denial of service attacks, ransomware attacks and social engineering attempts (including business email compromise attacks) have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future (including as a consequence of the COVID-19 pandemic and the increased frequency of virtual working arrangements). There have been a number of recent highly publicized cases involving the dissemination, theft and destruction of corporate information or other assets, as a result of a failure to follow procedures by employees or contractors or as a result of actions by a variety of third parties, including nation state actors and terrorist or criminal organizations. The Firm, the Funds, the Portfolio Companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions, and their operations rely on the secure access to, and processing, storage and transmission of confidential and other information in their systems and those of their respective third-party service providers. These information, technology and communications systems are subject to a number of different threats or risks that could adversely affect the Firm, the Funds, the Limited Partners and the Portfolio Companies. For example, the information and technology systems of the Firm, the Funds, their Portfolio Companies and other related parties, such as service providers, may be vulnerable to damage or interruption from cyber security breaches, computer viruses or other malicious code, ransomware attacks, network failures, computer and digital infrastructure failures, infiltration by unauthorized persons and other security breaches or usage errors by their respective professionals or service providers. power outages or catastrophic events such as fires, tornadoes, floods, hurricanes, earthquakes, wars and terrorist attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Firm's, the Funds' the Portfolio Companies' or their respective service providers' systems to disclose sensitive information in order to gain access to the Firm's, the Funds' or the Portfolio Companies' data or that of the Limited Partners. There also have been several publicized cases where hackers have requested ransom payments in exchange for not disclosing client or customer information or restoring access to digital infrastructure (and any information contained therein), pipelines and other infrastructure assets. The U.S. federal government has issued public warnings that indicate that such infrastructure assets might be specific targets of "cyber sabotage" events, which illustrates the particularly heightened risk for the Funds and their Portfolio Companies from such events.

If unauthorized parties gain access to any information and technology systems of the Firm, the Funds, Portfolio Companies or certain service providers, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to

Limited Partners (and their beneficial owners) and material nonpublic information. Although the Firm has implemented, and Portfolio Companies and service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. There also have been several publicized cases of ransomware where hackers have requested ransom payments in exchange for not disclosing client or customer information or restoring access to information technology or communications systems. The Firm does not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to the Firm, the Funds and their Portfolio Companies, each of which could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing them from being addressed appropriately. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in the Firm's, its affiliates', the Funds' and a Portfolio Company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Limited Partners (and their beneficial owners), material non-public information and the intellectual property and trade secrets and other sensitive information in the possession of the Firm and Portfolio Companies. The Firm, the Funds or a Portfolio Company could be required to make a significant investment to remedy the effects of any such failures, harm to their reputations, legal claims that they and their respective affiliates may be subjected to, regulatory action or enforcement arising out of applicable privacy and other laws, adverse publicity and other events that may affect their business and financial performance.

Lack of Investment Company Act Registration. The Firm and/or the General Partners believe the nature of the Funds will not subject them to the registration requirements of the Investment Company Act. There is no assurance that the Firm's and/or the General Partner's belief in this regard will continue to be correct. In order to ensure that the Funds may continue to rely upon an exemption from registration under the Investment Company Act, appropriate representations and undertakings will be obtained from the Limited Partners. Due to the various burdens of compliance with the Investment Company Act, the performance of the Funds' portfolio investments could be materially adversely affected, and risks involved in financing developing companies could substantially increase, if the Funds become subject to the Investment Company Act. Neither the Funds nor their counsel can assure investors that, under certain conditions, changing circumstances or changes in the law, the Funds may not become subject to the Investment Company Act or other burdensome regulation.

Expenses. Expenses to be borne by the Funds (and as a result the Limited Partners) can be substantial and include, but are not limited to, all fees, costs, expenses, liabilities and obligations relating to the acquiring, monitoring, holding and sale of securities; tax, legal, accounting, auditing, consulting, administration, investment banking, broker, deal finder, underwriting, valuation and other advisory or other services; any litigation, insurance or indemnity expense; borrowings, other indebtedness of or guarantees made by the Funds or the General Partners on behalf of the Funds; legal and regulatory compliance with federal, state, local, non-U.S. or other law and regulation related to the activities of the Funds; and any taxes, fees or other governmental charges levied against the Funds. In addition, the Funds will be responsible for any such expenses in connection with transactions that are not consummated. The costs and expenses of travel in connection with

investigating and monitoring prospective or actual transactions (as described in “Travel Expenses” below) can be substantial. Travel and related expenses in connection with a trip taken by officers or employees of American Industrial Partners for purposes of multiple matters will generally be allocated to each such matter and then allocating the resulting expenses to the Funds and/or the Firm as otherwise set forth herein or such other manner as the Firm and/or the General Partner deem fair in their reasonable discretion. The foregoing expenses may be borne directly by the Funds or indirectly through reimbursement or payment, if any, by Portfolio Companies. There will likely be circumstances where any such amounts which were expected or intended to be paid, reimbursed or borne by Portfolio Companies are not—in which case the Funds (and not the Firms) will instead bear such expenses. In addition, each Limited Partner will bear its pro rata share of the Funds’ and the General Partners’ organizational and startup expenses, including legal, accounting, filing, capital raising and other organizational expenses. Such organizational expenses also include airfare (whether private charter, first class and/or business class), which can be substantial.

Expenses to be borne by the Funds will reduce the actual returns realized by investors on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds in investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time may exceed amounts expected or budgeted by the General Partners and/or Limited Partners of the Funds.

From time to time, the General Partners will be required to decide whether costs and expenses are to be borne by one Fund, on the one hand, or the Firm and/or other Funds, on the other hand, and/or whether certain costs and expenses should be allocated between or among one Fund, on the one hand, and other Funds, on the other hand. Certain expenses may be suitable for only a certain Fund and borne only by such Fund, or, as is more often the case, expenses may be allocated pro rata among each participating Fund even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. The General Partners will make such judgments in its good faith discretion, notwithstanding their interest in the outcome, and may make corrective allocations after the fact should it determine that such corrections are necessary or advisable.

Travel Expenses. Travel, entertainment and related expenses include, without limitation, first class and/or business class airfare (and/or private air travel (including in which members of the Firm or its affiliates have ownership interests), where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals and social and entertainment events with investors, prospective investors, members of the Investor Advisory Committee, Portfolio Company management, customers, clients, borrowers, brokers and service providers). Travel expenses also include third party charges for work-related activity, such as wireless internet charges, cost of faxes and/or photocopying and/or other similar expenses that, if incurred while not traveling, would otherwise constitute overhead to be borne by the General Partners and their affiliates. The foregoing expenses will be borne by the Funds or borne indirectly through reimbursement or payment, if any, by Portfolio Companies, except as provided in the governing documents.

Local Company Expenses. To the extent not paid for by a Portfolio Company, the Funds also will bear the costs and expenses related to the organization or maintenance of any intermediate entity used to directly or indirectly acquire, hold or dispose of any investment or otherwise facilitating the Funds’ investment activities (including, without limitation, travel and related expenses related

to such entity and the salary and benefits of any personnel (including personnel of the Firm or its affiliates) reasonably necessary and/or advisable for the maintenance and operation of such intermediate entity). The Funds may in the future use the services of and/or acquire an ownership interest in an entity formed in a particular jurisdiction, such as Luxembourg, Singapore, Mauritius or another jurisdiction, that manages or would manage a group of similar jurisdiction-based companies through which the Funds may structure some of their investments in a relevant jurisdiction (a “Local Company”). Such a Local Company could be entirely owned by the Funds that also use such Local Company in addition to the Funds. Key service functions provided by a Local Company could include domiciliation, accounting, regulatory and tax reporting and compliance. All costs associated with a Local Company’s services and operations (including any Local Company employee compensation and other general overhead) will, to the extent not paid for by a Portfolio Company, be ultimately borne by the Funds or their portfolio companies that own or use such Local Company. These shared costs would be intended to be allocated and charged on a cost sharing basis to the individual fund related entities utilizing the services of such Local Company based on the type and level of services provided and may include a mark-up, though the Local Company would generally be intended to operate on a nominal profit basis. In any such instance, the General Partners would endeavor to allocate fees and expenses associated with the Local Company fairly and equitably, which allocation involves certain methodologies based on actual data pertaining to the services provided.

Reliance on Valuation Information. In order to value the assets and liabilities of the Funds, American Industrial Partners may rely on information provided by outside parties, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. American Industrial Partners intends to implement procedures that endeavor to safeguard against the use of inaccurate information. To the extent the information received by the Firm is inaccurate or unreliable, the valuation of the Fund’s assets and liabilities may be inaccurate.

Risk of Investment Concentration. The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all of the Funds’ investments cannot reasonably be expected to perform well or even return capital, for the Funds to achieve above-average returns, one or a few of their investments must perform very well. There can be no assurance that this will be the case. To the extent the Funds concentrate investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions with respect thereto. Furthermore, if a Fund co-invests with other private equity funds, a Limited Partner may have exposure to investments through more than one Fund. In circumstances where the Firm intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification. Finally, the exposure of the Funds to financially troubled or distressed companies may be significant, and the aggregate return of such Funds may be substantially adversely affected by the unfavorable performance of the overall distressed sector. Concentration in financially troubled or distressed companies may subject the Funds to greater volatility than a more diversified portfolio of investments.

Regulatory Approvals. The Funds intends to invest in Portfolio Companies that the Firm and/or the General Partners believe have obtained all necessary regulatory approvals. In addition, the Funds

may require the consent or approval of applicable regulatory authorities in order to acquire or hold particular Portfolio Companies. A Portfolio Company could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such Portfolio Company. Governments have considerable discretion in implementing regulations that could impact a Portfolio Company's business, and because a Portfolio Company's business may provide basic, everyday services and face limited competition, governments may be influenced by political considerations and may make decisions that adversely affect a Portfolio Company's business. Moreover, additional regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in a Portfolio Company's customer(s) or for other reasons. There can be no assurance that a Portfolio Company will be able (i) to obtain all required regulatory approvals that it does not yet have or that it may require in the future, (ii) to obtain any necessary modifications to existing regulatory approvals or (iii) to maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay in satisfying or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility or sales to third parties or could result in additional costs to a Portfolio Company.

Privatizations. The Funds may invest in state-owned enterprises that have been or will be transferred from government to private ownership. It is impossible to predict the timing of such privatizations (or give any assurance that they will occur at all), or what the terms or effects of such privatizations may be. There can be no assurance that any privatizations will be undertaken or, if undertaken, that such plans will be successfully completed. There can also be no assurance that, if a privatization is undertaken on a private placement basis, the Funds will have the opportunity to participate in the investing consortium. Limited Partners should be aware that changes in governments or economic factors could result in a change in a country's policies on privatization. Should these policies change in the future, it is possible that governments may determine to return projects and companies to state ownership. In such a situation, the level of compensation that would be provided to the owners of the private companies concerned cannot be accurately predicted but could be substantially less than the amount invested in such companies.

Engaged Investors. Activist investors may seek certain changes at a Portfolio Company, such as selling assets or subsidiaries, increasing dividends or share buy-backs, changing management and/or executives, changing business practices and/or other matters. If an activist investor tries to effect significant change at a Portfolio Company, successfully or unsuccessfully, such activism may have an adverse effect on the Portfolio Company or the Funds' equity or other investments therein or otherwise impact the Funds' investment objectives with respect to such issuer.

Future Investment Techniques and Instruments. Subject to the terms of the governing documents and applicable law, the Funds may employ new investment techniques or invest in new instruments that the Firm believes will help achieve the Funds' investment objectives, whether or not such investment techniques or instruments are specifically described herein. Such investment techniques or instruments may entail risks not described herein. New investment techniques or instruments may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings that could result in unsuccessful investments and, ultimately, losses to the Funds. In addition, any new investment technique or instrument

developed by the Funds may be more speculative than earlier investment techniques or instruments and may involve material and unanticipated risks.

Foreign Investment Controls. Foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. Some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in many countries in recent years, there can be no assurance that more restrictive regulations will not be adopted in the future. Moreover, while the General Partners believe their investment structures will not subject the Funds' portfolio investments to the most prohibitive of foreign investment and repatriation restrictions, there can be no assurances that authorities will agree that such investment structures do not trigger such restrictions or that the law will not change such that additional governmental approvals are required, the Funds' Portfolio investments are restricted or prohibited, or repatriation of proceeds are taxed, restricted or otherwise prohibited. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. For example, some governments have in the past, and may in the future, impose controls and/or procedural requirements on the convertibility of their currencies into foreign currencies and the remittance of currency from such countries to other jurisdictions in certain circumstances (including controls based on the category of remittance to be made, e.g., current account items such as payments to suppliers for imports, labor, services and payments of interest on foreign exchange loans and capital account-related payments, such as the repayment of bank loans denominated in foreign currencies or direct investment). Accordingly, deteriorations in a country's balance of payments or a number of other circumstances, could cause governments to impose temporary restrictions on capital remittances abroad. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities or other assets held by the Funds, and income on such securities or other assets or gains from the disposition of such securities or other assets may be subject to withholding taxes imposed by certain jurisdictions.

Contingent Liabilities Upon Disposition. In connection with the disposition of a portfolio investment, the Funds may be required to make representations about the business and financial affairs, and other aspects (such as property, environmental matters, intellectual property, regulatory matters, tax, insurance and litigation) of the Portfolio Company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. Buyers of Fund assets may sue the Funds under various theories, including breach of contract and tort, for losses they suffer, including resulting from problems not uncovered in due diligence. It may also be required to indemnify the purchasers of such portfolio investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate or continue to be liable for tax obligations for pre-closing periods. These arrangements may result in contingent liabilities, which shall be borne by the Funds and Limited Partners may be required to return amounts distributed to them to pay for the Funds' obligations, subject to certain limitations set forth in the governing documents.

Investments in Smaller or Less Established Companies; Risk of Fraud in a Portfolio Company. The Funds may invest a portion of its assets in the securities of smaller or less established companies. portfolio investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In addition, less mature companies could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Funds invest, the Funds may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on the Funds' other portfolio investments.

Non-Control or Minority Investments. The Funds may invest in non-controlling or minority positions of companies and/or make small scale investments in companies for which the Funds have fewer or no rights to exert any influence, and that may be passive in nature (including the absence of any voting rights). In such cases, the Funds will generally have a limited, or no, ability to protect its position in such investments. Although it is expected that the Funds generally will seek appropriate rights to protect the Funds' interests in connection with an investment by the Funds (including board representation, negative controls, veto rights on major decisions, priority cash flows and/or liquidity preferences), there can be no assurance that such rights or board representation will be available, that such rights will provide sufficient protection of the Funds' interests or that the Funds will be able to control the timing or occurrence of an exit strategy for such Portfolio Companies in a manner that maximizes or protects value. In such cases, the Funds will typically be significantly reliant on the existing management, board of directors and other equity holders of such Portfolio Companies, who may not be affiliated with the Funds and whose interests may conflict with the interests of the Funds. These risks remain relevant for minority investments even where there is a control orientation or significant influence.

Minority Positions in Portfolio Companies. As part of its overall investment strategy, a Fund may hold a minority position in one or more Portfolio Companies, and as such it may not be able to exercise control over such companies. In such cases, the Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund.

Investments in Debt. The Funds may invest in certain debt investments, which can create various risks for the Fund. For example, debt investments will typically not provide the holders with any governance rights, and so a Fund's ability to influence the success of such investment may be significantly limited; further, the Firm typically would not be able to implement an Operating Agenda for a company in which the Fund solely invests in debt. In addition, the market for selling debt may not be as liquid as the market for selling equity securities, which may impair the ability of a Fund to sell investments in debt at the opportune time. A Fund's investment may be in debt that is subordinate to other outstanding indebtedness of a Portfolio Company, which exacerbates the risk that the value of such investment will be impaired if the Portfolio Company does not perform. Finally, one of the fundamental risks associated with the Funds' debt investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. A Fund's return to its Limited Partners would be adversely

impacted if an issuer of debt securities in which the Fund invests becomes unable to make such payments when due.

It is anticipated that certain debt securities and instruments acquired by the Funds will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt securities and instruments. Although the amount and characteristics of underlying assets selected as collateral may allow the Funds to withstand certain assumed deficiencies in payments occasioned by an issuer's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to the Funds in respect to their investment. Any subordinated investments of the Funds will be subordinated to the senior obligations of an issuer. In addition, many of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Any such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer or in general economic conditions (or both) may impair the ability of such issuer to make payments on the subordinated securities and result in defaults on and declines in the value of such securities more quickly than in the case of the senior obligations of such issuer.

The valuations of loans and other debt instruments may be subject to fluctuations due to changes in the issuer's credit quality. Also, a default on a debt instrument that is held by the Funds or a sudden and extreme increase in prevailing interest rates may cause a decline in the value of the Funds' portfolio investment in such debt instrument.

Debt investments also are subject to creditor risks, including the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws and so-called lender liability claims by the issuer of the obligations. Further, the laws with respect to creditors and other investors in non-U.S. jurisdictions may not be as comprehensive or as well developed as in the United States, and the procedures for the judicial or other enforcement of such rights may not be as effective as in the United States. The Funds' debt investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Funds earlier than expected.

Unsecured Loans and Collateral Impairment. In the event of a default by a borrower, a Fund may not receive payments to which it is entitled and thereby could experience a decline in the value of its investment in a borrower. If a Fund invests in debt securities or instruments that are not secured by collateral, in the event of such default the Fund will have only an unsecured claim against the borrower. In the case of debt securities or instruments that are secured by collateral, the value of the collateral may be equal to or less than the value of such debt or may decline below the outstanding amount of such debt subsequent to the Fund's investment. The ability of a Fund to have access to the collateral may be limited by bankruptcy and other insolvency laws. Under certain circumstances, the collateral may be released pursuant to the terms of the underlying debt agreement with a borrower. There is no assurance that the liquidation of the collateral securing a debt would satisfy the borrower's obligation in the event of nonpayment of scheduled interest or principal, or that the collateral could be readily liquidated. As a result, the Fund might not receive

full payment on a secured debt investment to which it is entitled and thereby may experience a decline in the value of, or a loss on, such debt investment.

Controlling Investments. The Fund may own a significant portion of the securities of its Portfolio Companies, including ownership positions which may represent a majority of a Portfolio Company's voting securities. These investments may entitle a Fund to elect substantially all of a Portfolio Company's directors and exert significant influence over a Portfolio Company's business, operations, affairs and transactions. Additionally, officers and employees of the Firm may serve as directors of Portfolio Companies in which a Fund invests. These capabilities could lead such Fund to be viewed as controlling a Portfolio Company or being considered a controlling stockholder. The exercise of control over a company through a control position, or the service of an officer or employee of the Firm as a director of such company, could (i) expose the assets of the Fund to claims by such company, its security holders and creditors or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. In the event any such claims were successful, the Fund may be held liable for any damages that are awarded or be required to fund any settlement with such parties. Even if such claims, lawsuits or investigations prove to be without merit, the Fund may be required to expend significant resources defending itself and its affiliates. In addition, the Fund's reputation and goodwill may be harmed if it is considered a controlling stockholder of a Portfolio Company that is subject to negative publicity.

In addition, a Fund's acquisition of more than 10% of the equity securities of certain companies or the service by officers or employees of the Firm as directors may subject a Fund to liability for "short-swing profits" under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under Section 16(b) of the Exchange Act, holders of more than 10% of any class of equity securities of a company registered under Section 12 of the Exchange Act and certain officers and directors of such an issuer are prohibited from any purchase and sale, or any sale and purchase, of any equity or derivative security of such issuer within any period of less than six months. If a Fund engages in a transaction that results in short-swing profits, the Fund may be required to return the amount of such profit to the issuer, which could adversely affect the overall return on investment realized by the Fund. Measures to avoid short-swing liability may limit the ability of the Fund to buy or sell securities of target companies.

Hedging Policies/Risks. In connection with the financing of certain investments, the Funds may employ hedging techniques, including, but not limited to, put and call options, designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks or costs. Thus, while a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions. For example, to complete a short sale, a Fund generally must borrow the securities from a third-party in order to make delivery to the buyer. Such Fund will be obligated to return securities equivalent to those borrowed at any time on demand of the lender of the securities borrowed by purchasing them at the market price at the time of replacement. Theoretically, short selling may be subject to unlimited risk of loss because there may be no limit on how much the price of a security may appreciate before the short position is closed. As a hedging technique, the Funds may also purchase exchange-listed and over-the-counter put and call options on specific securities or

write and sell covered or uncovered call and put option contracts. Use of put and call options may result in losses to the Funds, force the sale or purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Funds can realize on their investments or cause the Funds to hold a security it might otherwise sell. In addition, a Fund may determine not to employ such hedging techniques with respect to certain investments and in such cases, unanticipated changes in interest rates, securities prices, or currency exchanges may also result in poorer overall performance for the Fund than if it had entered into such hedging transactions.

OFAC, FCPA and Similar Considerations. Economic sanction laws in the United States and other jurisdictions may prohibit the Firm, its professionals, and the Funds from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders, and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities, and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers, and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at www.treas.gov/ofac. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. Similar sanction lists are maintained by the United Kingdom, including the consolidated list of financial sanctions targets, and the European Union, including the consolidated list of persons, groups and entities subject to EU financial sanctions. These types of sanctions may restrict the Funds' investment activities.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. The Firm, its professionals and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA"), the United Kingdom Bribery Act of 2010 (the "Bribery Act"), the United Nations Convention Against Corruption (the "Convention") and other anti-corruption laws and regulations and anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Fund may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Funds to act successfully on investment opportunities and for investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws through the enactment of the Bribery Act, which is broader in scope than the FCPA and applies to private and public sector corruption and holds companies liable for failure to prevent bribery unless such companies have adequate procedures in place to prevent bribery. Other countries have also adopted or improved their anti-corruption legal regimes in recent years. While the Firm has developed and implemented policies and procedures designed to ensure strict compliance by the Firm and its personnel with the FCPA, the Bribery Act, the Convention and other similar laws, such policies and procedures, or even compliance programs, may not be effective in all instances to prevent violations. In addition, in spite of the Firm's policies and procedures,

affiliates of Portfolio Companies, particularly in cases where a Fund or another the Firm-sponsored fund or vehicle does not control such Portfolio Company, may engage in activities that could result in FCPA, the Bribery Act, the Convention and other similar laws, such policies and procedures, or even compliance programs violations. Any determination that the Firm has violated the FCPA, the Bribery Act, the Convention and other similar laws, such policies and procedures, or even compliance programs or other applicable anti-corruption laws or anti-bribery laws could subject the Firm and/or the Fund to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Firm's business prospects and/or financial position, as well as the Fund's ability to achieve its investment objective and/or conduct its operations.

U.S. Federal Tax Reform. According to publicly released statements, a top legislative priority of President Biden's administration and of Democrats in the Senate and the House of Representatives is significant tax increases and various other changes to U.S. tax rules. Legislation has been proposed that includes, among other changes, increases in the corporate and capital gains rates, an overhaul of the international tax rules, modifications to the exemption for portfolio interest and further changes to the taxation of carried interest. It is unclear whether any legislation will be enacted into law or, if enacted, what form it would take, and it is also unclear whether there could be regulatory or administrative action that could affect U.S. tax rules. The impact of any potential tax changes on an investment in a Fund is uncertain. Prospective investors should consult their own tax advisors regarding potential changes in tax laws and the impact on their investment in a Fund and the impact on such Fund and any potential investments.

Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry and the Financial Services Industry. A Fund's ability to achieve its investment objectives, as well as the ability of a Fund to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect a Fund's ability to achieve its investment objectives, as well as the ability of a Fund to conduct its operations.

There continues to be significant discussion regarding enhancing governmental scrutiny and/or increasing the regulation of the private equity industry. On July 21, 2010, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. A key feature of the Dodd-Frank Act is the potential extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") to nonbank financial companies that are not currently subject to such regulation but that are determined to pose risk to the U.S. financial system. The Dodd-Frank Act defines a "nonbank financial company" to include a company that is predominantly engaged in activities that are financial in nature. The Financial Stability Oversight Council (the "FSOC"), an interagency body created to monitor and address systemic risk, has the authority to subject such a company to supervision and regulation by the Federal Reserve (including, among others, capital, leverage and liquidity requirements) if the FSOC determines that such company is systemically important, in that its material financial distress or the riskiness of its activities could pose a threat to the financial stability of the United States. The Dodd-Frank Act does not contain any minimum size requirements for such a determination by the FSOC, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity funds and hedge funds and other provisions that affect the private equity industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called “Volcker Rule”, which takes the form of Section 13 of the Bank Holding Company Act of 1956. Among other things, the Volcker Rule prohibits any “banking entity” (generally defined as any insured depository institution, subject to certain exceptions including for depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets and significant trading assets and liabilities, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law, and any affiliate or subsidiary of the foregoing entities) from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the 1940 Act in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The Volcker Rule also permits the Federal Reserve to impose, by rule, additional capital requirements and certain other quantitative limits on such activities engaged in by certain nonbank financial companies that have been designated as systemically important by the FSOC and subject to supervision by the Federal Reserve (as discussed above), although such entities are not expressly prohibited from sponsoring or investing in such funds. Prospective investors in a Fund that are banking entities should consult their bank regulatory counsel prior to making an investment. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on a Fund. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on the Funds or otherwise impede the Funds’ activities.

The current regulatory environment in the United States may be impacted by future legislative or regulatory developments, such as amendments to key provisions of the Dodd-Frank Act. For example, on May 24, 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the “Reform Act”) was signed into law. Among other regulatory changes, the Reform Act amends various sections of the Dodd-Frank Act, including by modifying the Volcker Rule to exempt depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets or significant trading assets and liabilities. In July 2019, U.S. federal regulatory agencies adopted amendments to the Volcker Rule regulations to implement the Volcker Rule amendments included in the Reform Act, and also in 2019, such U.S. federal regulatory agencies adopted certain targeted amendments to the Volcker Rule regulations to simplify and tailor certain compliance requirements relating to the Volcker Rule. In June 2020, U.S. federal regulatory agencies adopted additional revisions to the Volcker Rule’s restrictions on banking entities sponsoring and investing in certain covered hedge funds and private equity funds, including by adopting new exemptions allowing banking entities to sponsor and invest without limit in credit funds, venture capital funds, customer facilitation funds and family wealth management vehicles (the “Covered Fund Amendments”). The Covered Fund Amendments also loosen certain other restrictions on extraterritorial fund activities and direct parallel or co-investments made alongside covered funds. The Covered Fund Amendments should therefore expand the ability of banking entities to invest in and sponsor private funds. The ultimate consequences of the Reform Act on a Fund and its activities remain uncertain. Prospective investors in a Fund that are banking entities should consult their bank regulatory counsel prior to making an investment. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on the Firm or a Fund, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on the Firm or otherwise impede a Fund’s activities. The current regulatory environment in the United States may

be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act.

Additionally, in February 2022, the SEC voted to propose new rules and amendments (collectively, the “SEC Proposed Rule”) to existing rules under the Investment Advisers Act specifically related to registered advisers and their activities with respect to private funds. If enacted, the SEC Proposed Rule could have a significant impact on the Firm and/or the Funds. In particular, the SEC has proposed to limit circumstances in which a fund manager can be indemnified by a private fund; increase reporting requirements by private funds to investors concerning performance, fees and expenses; require registered advisers to obtain an annual audit for private funds and also require such fund’s auditor to notify the SEC upon the occurrence of certain material events; enhanced requirements, including the need to obtain a fairness opinion and make certain disclosures, in connection with adviser-led secondary transactions (also known as “GP-led” secondaries); prohibit advisers from engaging in certain practices, such as, without limitation, charging accelerated fees for unperformed services or fees and expenses associated with an examination to private fund clients and seeking reimbursement, indemnification, exculpation or otherwise limiting an adviser’s liability for certain activities; and impose limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with an adviser. If adopted, including with modifications, this new SEC Proposed Rule could have a significant effect on the Firm, the Funds and their operations, including increasing compliance burdens and associated regulatory costs, reducing the ability to receive expense or indemnification reimbursements and enhancing the risk of regulatory action, including public regulatory sanctions and may result in a change to the Funds’ practices and create additional regulatory uncertainty. Further, if such SEC Proposed Rule were to be enacted, it could also significantly increase the cost of insurance, specifically D&O and E&O insurance, or may even make such insurance coverage unavailable.

In May 2022, the SEC proposed amendments to rules and reporting forms to promote consistent, comparable and reliable information for investors concerning investment advisers’ incorporation of ESG factors (the “ESG Proposed Rule”). The ESG Proposed Rule seeks to categorize certain types of ESG strategies broadly and require advisers to both provide census type data in Form ADV Part 1A and provide more specific disclosures in adviser brochures based on the ESG strategies they pursue.

The SEC Proposed Rule and ESG Proposed Rule, if adopted, may result in material alterations to how the Firm operates its business and/or the Funds, as well as the Firm’s implementation of the Funds’ investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on the Firm, the General Partners, the Funds, their investments and/or the Limited Partners. To the extent permitted under the governing documents, the incremental costs of compliance by the Firm and/or the Funds with any new SEC rules may be borne by the Funds, which may be significant.

While the Firm is registered under the Investment Advisers Act, the enactment of these reforms and/or other similar legislation could nonetheless have an adverse effect on the private investment funds industry generally and on the Firm or the Funds specifically, and may impede the Funds’ ability to effectively achieve their investment objectives.

As a registered investment adviser under the Investment Advisers Act, the Firm is required to comply with a variety of periodic reporting and compliance related obligations under applicable federal and state securities laws. In light of the heightened regulatory environment in which the Firm operates and the ever increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time consuming for the Firm and its affiliates to comply with such regulatory reporting and compliance related obligations. Any further increases in the regulations applicable to private investment funds generally or the Funds or the Firm in particular may result in increased expenses associated with the Funds' activities and additional resources of the Firm being devoted to such regulatory reporting and compliance related obligations, which may reduce overall returns for investors in the Funds or have an adverse effect on the ability of the Funds to effectively achieve its investment objective.

In addition, as private equity firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private equity industry has recently been subject to criticism by some politicians, regulators and market commentators. In Germany, for example, U.S. and UK private equity firms are perceived by some as being responsible for high levels of domestic unemployment. There have been similar concerns expressed in other European countries. Various federal, state and local agencies have been examining the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. As a related matter, the Firm may be required to provide certain information regarding some of the investors in the Funds to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the FCPA. Furthermore, elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There can be no assurance that the foregoing will not have an adverse impact on the Firm or the Funds or otherwise impede the Funds' activities.

This increased political and regulatory scrutiny of the private equity industry was particularly acute during the global financial crisis of 2008-2009. For example, in addition to the U.S. legislative developments described above, other jurisdictions, including many European jurisdictions, have proposed modernizing financial regulations and have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, private equity funds and hedge funds. There is therefore a material risk that regulatory agencies in the United States, Europe, Asia or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity and hedge fund industry, or other changes that could adversely affect private equity firms, hedge fund firms and the funds they sponsor, including the Funds.

Finally, increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the Firm, and may furthermore place the Funds at a competitive disadvantage to the extent that the Firm and/or the Funds are required to disclose sensitive business information.

As a result, there can be no assurance that any of the foregoing will not have an adverse impact on the Firm or otherwise impede the Funds' ability to effectively achieve their investment objectives.

Potential De-Registration under the Investment Advisers Act. The Firm is currently registered as an investment adviser with the SEC. For so long as the Firm is so registered, it will continue to provide the Funds the protections afforded an advisory client under the Investment Advisers Act. However, an exemption from registration may become available to the Firm in the future (or the Firm may determine in the future to rely upon a currently available exemption). On and after the effective date of any such de-registration, the Funds would no longer receive all of the protections afforded to an advisory client under the Investment Advisers Act (including but not limited to, protections under advertising, custody and personal securities trading reporting requirements), and the Firm and its affiliate(s) would no longer be subject to routine SEC examinations.

Financial Market Fluctuations and Increased Regulation of Financial Markets. Fluctuations in the global financial markets may reduce the availability of attractive investment opportunities and could affect the Funds' ability to make investments and the value of the investments. In particular, the value of investments may be adversely affected by increases in interest rates or declines in the capital markets. Volatility in interest rates and the securities markets may also increase the risks inherent in the Funds' investments. Volatility in the capital markets, and the dislocations in the credit markets specifically, may impact the ability of companies to obtain financing for ongoing operations. It is unclear what the repercussions of any market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) would have a positive or negative effect on market conditions. There can be no assurance that the market will in the future, have adequate liquidity for efficient capital markets transactions. The ability of Portfolio Companies to refinance debt securities will depend on their ability to sell new loans or securities in the credit markets and/or to private investors. Additionally, significant dislocation in the global credit markets in the aftermath of the global financial crisis of 2008-2009 made it more difficult than it had been for financial sponsors like American Industrial Partners to obtain favorable financing for investments. A reduction in liquidity, coupled with the deterioration of the sub-prime and global debt markets, led to reduced investor demand for leveraged credit, which in turn led some investment banks and other lenders to be less willing or unwilling to finance new private equity investments or to only offer committed financing for these investments on less favorable terms than had been previously been available. This phenomenon could occur again and be more pronounced. In addition, increased and/or emerging regulations applicable to banks and other lending institutions may limit the ability of the Funds to obtain leverage in amounts, and/or on terms, historically available to the Funds. Moreover, to the extent that such marketplace events occur, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Funds have invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Funds' returns. Such marketplace events also may restrict the ability of the Funds to sell or liquidate investments at favorable times or for favorable prices. Additionally, the Funds may be required to pay break-up, termination or other fees or expenses even if the Funds are willing to close on an investment if it is ultimately unable to close on such investment due to a lender's unwillingness to provide previously committed financing. In addition, a downturn in the performance of the public equity markets may limit the ability to exit portfolio investments through initial public offerings, subsequent follow-on offerings, and/or block trades. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions

in the financial markets will not worsen or adversely affect one or more of the Funds' Portfolio Companies. The ability of Portfolio Companies to refinance debt depends on their ability to sell new loans and/or securities in the public or private credit markets.

Increased Regulation of ESG Matters: The Firm is subject to the increased focus by regulators on ESG matters. In 2021, the SEC established its task force on ESG and Climate, housed within the enforcement division, to investigate ESG practices and disclosures by public companies and investment managers. Findings from this taskforce could result in the SEC's imposition of more stringent regulation of ESG practices and ESG-related claims over time. In 2022, the SEC's proposed rule for Enhanced Disclosures by Certain Investment Advisers and Investment Companies about Environmental, Social, and Governance Investment Practices was published, and would require investment advisers to provide additional disclosures related to their ESG strategies and proxy voting activities. Certain investment managers would also be required to disclose greenhouse gas emissions of fund vehicles based on the classifications defined by the proposed rule. American Industrial Partners expects to be subject to compliance with the proposed rule, once final, and anticipates additional regulatory obligations are likely to be imposed by the SEC in the future.

Assumption of Contingent Liabilities. In connection with an investment, a Fund may assume, or acquire a Portfolio Company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions or payment of indebtedness, among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a Portfolio Company. In addition, if a Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Fund, including the unfunded commitments of Limited Partners.

Investments Longer than Term. The Funds may make investments that may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that the Funds will be dissolved, either by expiration of a Fund's term or otherwise. Although the Firm and the General Partners generally expect that investments will be either disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, a Fund may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund, its General Partner (or the relevant liquidator) will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as the General Partner (or such liquidator) shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Firm, service providers to the Firm or the Funds and/or their respective affiliates could cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of the Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to the Funds. American Industrial

Partners has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that American Industrial Partners will be able to identify or prevent such misconduct.

Simultaneous Transactions. There may be instances where American Industrial Partners negotiates transactions with counterparties that involve the Funds and/or American Industrial Partners in different capacities. For example, the Funds may sell or purchase an interest in a Portfolio Company to a counterparty (such as another sponsor's fund), while the same counterparty acquires or sells an interest in a portfolio company of another American Industrial Partners Fund or American Industrial Partners. While these transactions may be separate or non-contingent, due to the simultaneous or closely related timing of these transactions, there may be actual or perceived conflicts of interest in connection with such transactions due to American Industrial Partner's duties to one Fund, on one hand, and other Funds or American Industrial Partners participating in the related transaction, on the other hand, for example, conflicts with respect to ensuring that each transaction is separately in the best interest of the applicable American Industrial Partners Fund and that the valuations are fair and reasonable to each respective American Industrial Partners Fund, among other things. To the extent American Industrial Partners believes that such transactions rise to the level of a conflict where mitigation would be appropriate, American Industrial Partners may, for example, negotiate each such transaction independently and ensure there is not a cross-conditioned closing of the two transactions, to ensure that the terms of each such transaction stand on their own, but is not required to do so or to engage in any other conflict mitigation techniques with respect to such transactions.

Dependence on Patents, Trademarks and other Intellectual Property. Certain of the Funds' Portfolio Companies may depend on intellectual property rights, including patents, trademarks and trade secret protection. The ability to effectively enforce patent, trademark and other intellectual property laws may affect the value of these Portfolio Companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a Portfolio Company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of a product or service developed or to be developed by a Portfolio Company.

There can be no assurance that the Funds' Portfolio Companies will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a Portfolio Company's technologies. While piracy adversely affects portfolio company revenue, the impact on revenue from other jurisdictions could be significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for intellectual property rights could adversely affect Portfolio Companies.

Data Protection. Data privacy and cybersecurity are receiving increased amounts of attention and scrutiny from regulators. The Firm, the Funds and their respective affiliates and/or service providers and, in due course, certain of their Portfolio Companies may each receive, store, process and use personal data, including through the use of third-party processors and cloud-based and other service providers. Legal requirements relating to the collection, storage, handling and transfer of personal data continue to develop in different countries. Certain activities of the Firm, the Funds and/or their respective affiliates may, for example, be subject to the General Data

Protection Regulation 2016/679 (the “GDPR”) of the European Union (the “EU”), the United Kingdom Data Protection Act 2018 (as amended), the California Consumer Privacy Act (the “CCPA”) or the Cayman Islands Data Protection Act (As revised) (the “DPA”) (together with other applicable laws, the “Privacy and Data Protection Laws”). While the Firm, the Funds and their respective affiliates intend to comply with their privacy and data protection obligations under the Privacy and Data Protection Laws (where applicable), a breach of such laws could result in negative publicity and may subject the Funds to significant costs associated with regulatory sanctions, civil liability for claims in damages from data subjects or third parties and other penalties. Under some Privacy and Data Protection Laws, it is an offense to not notify the appropriate regulator of a security breach of personal data, or to not notify the data subjects affected by the breach. Compliance with Privacy and Data Protection Laws requires implementing effective policies and procedures that reflect the applicable law, and maintaining an ongoing and active monitoring program. The resources required for day-to-day operations and for dealing with exceptional circumstances may divert the Firm’s time and effort from other activities relating to the management of the Funds and entail substantial expense.

The framework legislation at an EU level with respect to data protection currently is the General Data Protection Regulation 2016/679 (“GDPR”), which came into effect on May 25, 2018 and is directly applicable in all EU member states. This created a single legal framework and resulted in a more uniform application of data privacy laws across the EU. To the extent that a Fund, its General Partner or the Firm is established in the United Kingdom or is not established in the EU, but offers services to, or monitors the behavior of, natural persons resident in the EU (“EU Data Subjects”), they will be required to comply with the provisions of the GDPR, which are extensive and require consistent and thorough application.

The GDPR imposes stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, requiring expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities. Controllers must put in place the necessary mechanisms to allow EU Data Subjects to exercise their data subject rights, such as the right to access and rectify their personal data, the right to impose restrictions on processing, and in certain circumstances the right to request the deletion of personal information, to request the transfer of such information to another controller or to object to the processing of their personal information. The GDPR provides that EU member states may make their own additional laws and regulations in relation to certain data processing activities, and may impose stricter governance requirements, which could limit a Fund’s or its General Partner’s or the Firm’s ability to use and share personal data or could require localized changes to a Fund’s or its General Partner’s or the Firm’s operating model.

Under the GDPR, fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, may be imposed for non-compliance. An assessment by a competent authority in the EU of failure to comply with the requirements of the GDPR could result in serious financial and reputational damage to a Fund. These new laws also could cause a Fund’s and its investments’ costs to increase and result in further administrative costs, which is likely to reduce capital that can be deployed for making investments.

The provisions of the GDPR may also apply to the Portfolio Companies, to the extent that they are established in the EU, or offer goods or services to, or monitor the behavior of, EU Data Subjects. In addition, global data protection laws are evolving and as the Portfolio Companies may be continually subject to new laws, regulations or standards or new interpretations of existing laws, regulations, or standards, these laws could affect the value of the Portfolio Companies if they incur additional costs and restrict business operations. Failure by the Portfolio Companies to comply with applicable requirements may result in governmental enforcement actions, litigation, (actual or contingent) fines and penalties or adverse publicity, which could have an adverse effect on the Portfolio Company and the Funds with an interest in such Portfolio Company's reputation and adversely affect the business and the value of such Fund's investments.

Benchmark Reform and the Impact on LIBOR and other Interest Rate Benchmarks. Benchmark Reform and the Impact on LIBOR and other Interest Rate Benchmarks. The London Interbank Offered Rate (known as "LIBOR") has historically been a commonly used reference rate in global financial markets. A major shift is underway to transition from LIBOR to alternative near Risk-Free-Rates ("RFRs"). Similar reforms are taking place in the context of other interest rate benchmarks based on interbank lending (in addition to LIBOR, "IBORs").

From January 1, 2022, all sterling, euro, Swiss franc and Japanese yen LIBOR settings, and the 1-week and 2-month U.S. dollar LIBOR settings ceased to be available.

Six sterling and yen LIBOR settings (1-, 3-, and 6-month) will continue for the duration of 2022 but calculated in a way that does not rely on submissions from panel banks, and instead based on RFRs ("synthetic" LIBOR). There is a restriction on the new use of synthetic LIBOR which is intended for so-called 'legacy' contracts.

The remaining U.S. dollar LIBOR settings are expected to cease after June 30, 2023 but with restrictions on new use until then. It is not clear whether the continuing U.S. dollar LIBOR settings will operate on a synthetic basis for a period when the U.S. dollar LIBOR panel ends in June 2023.

It is not possible to predict with certainty the overall effect of LIBOR reform, but the discontinuance of LIBOR and the transition to RFRs continues to pose a number of risks.

Where it is not possible to amend an existing LIBOR exposure to the relevant RFR (a process known as "remediation"), by the time the relevant rate ceases to be published, is declared unrepresentative by the FCA, or where applicable, synthetic LIBOR is no longer published, that asset is unlikely to function or perform as originally intended, its price may be negatively impacted or value transferred, and it may become illiquid and hard to value. It may not be possible to remediate certain assets from LIBOR to the new RFRs, or to transition a hedge and its underlying position at the same time, causing a mismatch or "basis risk". Remediation is likely to be particularly difficult for assets issued to multiple investors or with high consent thresholds to amend the rate. Delays or failures in obtaining investor or counterparty consent, or regulatory approval, may adversely impact transition.

Remediation from LIBOR to RFRs may lead to a Fund paying more or receiving less on an asset than if it had remained a LIBOR-referencing asset. Spread adjustments applied to RFRs to reflect the historical difference in performance with LIBOR are rough proxies and will not perfectly match the performance of the relevant LIBOR rate it replaces, meaning that some economic impact is inevitable. Borrowing costs under financing arrangements could be impacted where RFRs or other

interest rates are used (directly or indirectly) instead of LIBOR. Interest on instruments which reference an RFR is only capable of being determined at the end of the relevant interest period and just prior to the relevant interest payment date. This may make it harder to reliably estimate the amount of interest that will be payable on such instruments.

Some of the RFRs are relatively new interest rate benchmarks compared to LIBOR and how these rates, and any adjustment spreads, will perform in stressed market conditions or over longer time periods is not well established. Industry and market solutions for transition from LIBOR to RFRs across different asset classes and currencies are not aligned and are have progressed at different rates. If remediation alters the legal, commercial, tax, accounting or other economic outcome of the relevant trade(s), including as between a trade and its hedge, there is a risk of detriment to the relevant Fund and consequently to its investors. For new investments, including where an existing LIBOR-referencing asset is sold and replaced with an RFR-referencing asset during transition, the market in the relevant RFR-referencing asset may lack liquidity and/or price transparency, particularly when compared with historical LIBOR volumes. Certain other IBORs are affected by global benchmark reforms. The timings for transition from such rates vary but the broad risks set out in this section apply generally to those affected interest rate benchmarks

Change of Law Risks. In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to implement, change or increase regulation of American Industrial Partners, the operations of the Funds, as well as a Portfolio Company's operations, or implement laws or regulations affecting the same, separate from any contractual rights they may have. American Industrial Partners, the Funds or a Portfolio Company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on American Industrial Partners, the Funds or such Portfolio Company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by or from American Industrial Partners, the Funds or a Portfolio Company or gains recognized by the Funds on their investment in such Portfolio Company, which could impact the performance or return on investment of the Funds or such Portfolio Company's business. Because some of a Fund's Portfolio Companies may provide basic everyday services and/or face limited competition, or because the industries of certain of a Fund's Portfolio Companies may be considered strategic areas or for other reasons, governments may be influenced by political considerations and may make decisions that adversely affect a Portfolio Company's business.

Material Non-Public Information. By reason of their responsibilities in connection with their other activities, the Firm (or its employees) may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

An officer, employee or other representative of the Firm may serve as a director of a Fund's Portfolio Companies. As a result, such Fund (through its representatives or otherwise) may receive or be deemed to receive information that would restrict its ability to cause the Fund to buy or sell securities of a company for substantial periods of time when profit could otherwise be realized or loss avoided, which may adversely affect the ability of the Fund to buy or sell securities.

Force Majeure Risk. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism and labor strikes. Some force majeure events may adversely affect a party's ability to perform its obligations, under a contract or otherwise, until it is able to remedy the force majeure event. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are incapable of, or costly to, cure may also have a permanent adverse effect on the Fund or a Portfolio Company.

Availability of Insurance for Certain Catastrophic Losses. Certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, hurricanes, terrorist attacks, floods or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property, if decided to be obtained. As a result, all investments may not be insured against terrorism or certain other risks. If a major uninsured loss occurs, the Fund could lose both invested capital in and anticipated profits from the affected investments. In general, the General Partner will have discretion as to the type and level of coverage to obtain, or whether to obtain insurance at all.

Pay-to-Play Laws, Regulations and Policies. In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a governmental plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If the General Partner, the Firm or their respective affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on the Funds by, for example, providing the basis for the withdrawal of the affected governmental plan investor.

Epidemics/Pandemics. Certain countries have been susceptible to epidemics, which may be designated as pandemics by world health authorities, most recently a novel and highly contagious form of the 2019 novel coronavirus ("COVID-19"). The outbreak of such epidemics or pandemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which the Funds invest), and therefore is expected to adversely affect the performance of the Funds' portfolio investments. Furthermore, the rapid development of epidemics or pandemics could preclude prediction as to their ultimate adverse impact on economic and market conditions and, as a result, presents material uncertainty and risk with respect to the Funds and the performance of their portfolio investments or operations and to the ability of the Funds to achieve its investment objectives.

Coronavirus Outbreak Risks. There is currently an ongoing outbreak of COVID-19, which the World Health Organization has declared to constitute a “Public Health Emergency of International Concern.” The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global impact of the outbreak has been rapidly evolving over the course of the pandemic, and many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, vaccine mandates (whether broadly applicable or limited to subsets of the population, such as certain public sector employees) and other restrictive measures designed to help slow the spread of COVID-19. Businesses have also implemented, at different times and to different degrees, similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are (i) expected to have a material adverse impact on tenants, real estate lenders and commercial property owners like the Funds, (ii) creating significant disruption in supply chains and economic activity and (iii) having a particularly adverse impact on transportation, hospitality, tourism, entertainment, healthcare, consumer and other industries. Moreover, with the continued spread of COVID-19, governments and businesses have taken and may continue to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 has, and could in the future continue to, spread throughout the world, resulting adverse market impacts, including global, regional or other economic recessions, have already occurred, and the likelihood of an ongoing and/or exacerbated impact is uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on American Industrial Partners, the Funds and their Portfolio Companies and could adversely affect the Funds’ ability to fulfill their investment objectives.

The extent of the impact of any public health emergency on the Funds’ and their Portfolio Companies’ operational and financial performance will depend on many factors, including the duration and scope of such public health emergency (as well as the availability of effective treatment and/or vaccination), the extent of any related travel advisories and voluntary or mandatory government or private restrictions implemented the impact of such public health emergency on overall supply and demand, goods (including component parts and raw materials) and services, investor liquidity, consumer confidence and spending levels, the extent of government support and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. For example, the shortage of workers and lack of key components and raw materials that has come as a result of COVID-19 has and may continue to contribute to manufacturers and distributors being unable to produce or supply enough goods to meet increasing demands. The impact of these global supply chain constraints may not fully be reflected until future periods and may have an adverse impact on the Funds and their Portfolio Companies at a future point when COVID-19 may not be as prevalent in the public. For this reason, valuations in such environment are subject to heightened uncertainty and subject to numerous subjective judgments even beyond what is traditionally the case, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to effectively capture fair value in the midst of significant volatility or market dislocation. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds and their Portfolio

Companies, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their investment objectives, all of which could result in significant losses to the Funds. In particular, a public health emergency like COVID-19 may have a greater impact on leveraged assets.

Such circumstances can have a negative impact on a counterparty's ability to meet or willingness to honor its financial obligations (including, without limitation, its ability to extend credit or otherwise to transact with the Funds or their Portfolio Companies). Current conditions may affect how counterparties interpret their obligations (and the Funds' obligations) pursuant to counterparty arrangements such that the applicability, or lack thereof, of force majeure or similar provisions could also come into question and ultimately could work to the detriment of the Funds. In addition, the operations of the Funds, the companies in which they invest and American Industrial Partners may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel and movement, remote working requirements and other social, political, financial, legal and regulatory or other factors related to an actual or threatened public health emergency (such as the COVID-19 pandemic), including its potential short-term and/or long-term adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers. Any such disruptions may continue for an extended and uncertain period of time. In this regard, views and other forward-looking statements expressed in this brochure are based upon assumptions that may not be valid during or following a public health emergency such as the one that has been underway for nearly three years. The full impacts of the COVID-19 pandemic on markets, business activity and the U.S. and global economies, as well as potential changes in economic and fiscal policies that may be adopted to address the current pandemic or the possibility of a similar future event, price shocks and related externalities, are not yet fully identified or understood and the situation continues to evolve. In implementing the Funds' investment strategy, American Industrial Partners will make a number of assumptions, including as to the severity of the consequences of COVID-19 to the U.S. and global economies as well as prospective Portfolio Companies, and the likelihood of a similar future event and any possible impacts thereof. There can be no assurances that such assumptions will be correct and unexpected events and developments, including the severity of this or any other pandemic on economies and specific Portfolio Companies, may be detrimental to the Funds and their investments. Additionally, restrictions on immigration and processing of visas and other work permits may affect the work force of the Funds' Portfolio Companies, some of which may rely on foreign talent as an important part of its work force and which could have a material adverse impact on their ability to implement their business plans. The impact to businesses in such circumstances has been and may continue to be substantial.

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

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines (some for emergency use only) and these vaccines are currently available to the general public in the United States and in some non-U.S. jurisdictions, due to limited supply they

are not yet widely available to the general public in many other jurisdictions. As newly developed vaccines, not all of the side effects are currently known. Furthermore, a substantial proportion of the U.S. population and other jurisdictions has, despite the availability of vaccines, not been vaccinated, which is believed to be prolonging the effects of COVID-19. In addition, the vaccines have been found to be less than 100% effective and to have waning effectiveness within an extended period of time following inoculation, which means a portion of the population that receives such vaccinations is less than fully protected against the disease and may still experience symptoms, hospitalization or death (and be contagious to others even if asymptomatic). Furthermore, such vaccines (even among individuals who have received one or more “booster” vaccinations) have shown reduced efficacy against certain existing or emerging variants of COVID-19, and emerging variants may continue to be more transmissible or deadly than existing variants of COVID-19. Other jurisdictions are encountering similar issues with respect to COVID-19 vaccines. The global impact of COVID-19 has been evolving over the course of the pandemic and at different points in time has affected, and may continue to affect, the economy generally, and the pandemic and its economic impact may affect the Funds and the Funds’ ability to achieve its investment objectives to a degree that is not currently known, given the situation continues to evolve.

LIBOR Replacement Risk. Payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may be tied to floating rates, such as the London Interbank Offered Rate (“LIBOR”). In 2017, the UK Financial Conduct Authority (“FCA”) announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies (e.g., the Secured Overnight Financing Rate for U.S. dollar LIBOR and the Sterling Overnight Interbank Average Rate for GBP LIBOR). Various financial industry groups have been planning for the transition away from LIBOR, and markets are developing in response to these new rates, but questions around the liquidity of the new rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on the Funds. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR. The transition may also result in a reduction in the value of certain LIBOR-based investments held by the Funds or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses for the Funds. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Firm, service providers to the Firm or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or

regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Firm has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Firm will be able to identify or prevent such misconduct.

Environmental Social and Governance. While ESG is only one of the many factors American Industrial Partners will consider in making an investment, there is no guarantee that American Industrial Partners will successfully implement and make investments in companies that creates positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that American Industrial Partners engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of American Industrial Partners will depend on American Industrial Partners' skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on American Industrial Partners' view of certain ESG-related and other factors, and carries the risk that American Industrial Partners may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by American Industrial Partners.

Consideration of ESG factors may affect American Industrial Partners' exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact American Industrial Partners' performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by American Industrial Partners or any judgment exercised by American Industrial Partners will reflect the beliefs or values of any particular investor. In evaluating a company, American Industrial Partners is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause American Industrial Partners to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or American Industrial Partners' assessment of such practices may change over time.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies and tracking tools being implemented by other asset managers, and American Industrial Partners' adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. American Industrial Partners' ESG policies could become subject to additional regulation in the future, and American Industrial Partners cannot guarantee that its current approach will meet future regulatory requirements.

Climate Change. The Funds may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and

tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Funds' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

CFIUS. The actions of the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person and certain other transactions involving foreign investment, may adversely impact the prospects of a Fund's Portfolio Company in the context of mergers with, or acquisitions by, a foreign person. CFIUS may recommend that the President of the U.S. block such transactions, or CFIUS may impose conditions on such transactions, certain of which may materially and adversely affect a Fund's ability to execute its investment strategy. In addition, the CFIUS process will continue to evolve. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act ("FIRRMA") was enacted into law and has broadened the jurisdiction of the CFIUS with respect to certain investments, including investments in certain companies that do not confer potential control over a U.S. business by a foreign person. Such legislation could impact the participation in the Fund's investments by non-U.S. limited partners, which in the aggregate are expected to hold a significant portion of the interests in a Fund, and may impair a Fund's ability to execute its investment strategy. The reforms enacted by FIRRMA include (i) a requirement of mandatory disclosures to CFIUS of all transactions in which a foreign government owned or controlled entity proposes to acquire a substantial interest in a U.S. business active in critical infrastructure, critical technologies, or which has access to sensitive personal data of U.S. citizens if such data might be exploited in a manner that threatens national security, and (ii) jurisdiction for CFIUS to review any investment (other than truly passive investment) by a foreign person in the same types of companies regardless of the percentage ownership interest of the foreign person. Proposed rules implementing the FIRRMA legislation became effective on February 13, 2020. FIRRMA will increase the number of transactions involving the Funds that would be subject to CFIUS review and investigation and the timing and substantive risks described above. The outcome of the CFIUS process may be difficult to predict, and there is no guarantee that, if applicable to a Fund's Portfolio Company, the decisions of CFIUS would not adversely impact a Fund's investment in such company. A Fund's governing documents contain certain provisions that may require certain limited partners to be excluded from participating in an investment, for example where their participation would result in a significant delay, extraordinary expense or

material adverse effect on a Fund or its affiliates or on the applicable Portfolio Company or investment. Moreover, notwithstanding anything to the contrary contained the Funds' governing documents or any side letter or similar agreement, the Funds' limited partners will be restricted from any physical, logical or other access to material nonpublic technical information in the possession of any Fund's Portfolio Company. Material nonpublic technical information means information not in the public domain that (i) provides knowledge, know-how or understanding of the design, location or operation of critical infrastructure, including without limitation vulnerability information such as that related to physical security or cybersecurity or (ii) is necessary to design, fabricate, develop, test, produce or manufacture critical technologies, including processes, techniques or methods, it being understood that such term does not include financial information regarding the performance of a Fund's Portfolio Company.

Trade Policy Uncertainty. Recent developments in the United States and certain European countries have fueled doubts about the future of global free trade. For example, the U.S. government has imposed tariffs on certain foreign goods, including steel and aluminum, in recent years, and has indicated a willingness to maintain those tariffs and impose new tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto.

In addition, on June 3, 2021, President Biden issued an Executive Order on Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China, which amends Executive Order 13959 issued by former President Trump and prohibits the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of identified Chinese companies.

Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of the Funds and their portfolio investments.

Although the U.S. and China entered into the "Phase One" economic and trade agreement in early 2020, there are still ongoing trade disputes between the two countries. If these disputes remain unresolved, they may be an ongoing source of instability. They could potentially result in significant currency fluctuations and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). While these disputes have already had negative economic consequences on U.S. markets, to the extent they escalate into a "trade war" between the U.S. and China, there could be additional significant impacts on the Funds and the Portfolio Companies in which they invest.

Moreover, the U.S. government has imposed limitations on whether and how U.S. companies and, under certain circumstances, non-U.S. companies may interact with certain Chinese companies that are potentially important suppliers to, or customers for, U.S. companies. Further limitations are possible via the addition of companies to U.S. restricted parties lists, the imposition of licensing

requirements for certain emerging and foundational technologies, changes to the export control regulations to capture a greater number of items and the expansion and enforcement of U.S. laws restricting imports of products made with forced labor. These measures could have a materially adverse impact on the Funds and their portfolio investments.

In addition, trade disputes may develop between other countries, which may have similar or more pronounced risks and consequences for the Funds and their portfolio investments.

UK Withdrawal from the EU. The UK formally left the EU on January 31, 2020. There followed an implementation period, during which EU law continued to apply in the UK and the UK maintained its EU single market access rights and EU customs union membership. The implementation period expired on December 31, 2020. Consequently, the UK has become a third country vis-à-vis the EU, without access to the single market or membership of the EU customs union. On December 30, 2020, the UK and the EU signed a trade and cooperation agreement (the “TCA”) to govern their ongoing relationship. The TCA was officially ratified by the UK Parliament on December 30, 2020 and by the EU Parliament and Council on April 29, 2021. It is anticipated that further details of the relationship between the UK and the EU will continue to be negotiated even now that the TCA has been formally ratified.

Broadly, the TCA provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin, but is subject to both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid and tax transparency.

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

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

relied on access to the single market for their custom or that have historically relied on sourcing goods, materials or labor from the single market).

Over time, UK regulated firms and other UK businesses may be adversely affected by the terms of the TCA, as compared with the position prior to the expiration of the implementation period on December 31, 2020. For example, the TCA introduces new customs checks, as well as new restrictions on the provision of cross-border services and on the free movement of employees. These changes have the potential to materially impair the profitability of a business, and to require it to adapt or even relocate.

Investors should also be aware of the ongoing disagreements between the UK government and the EU regarding the Northern Ireland Protocol (“NIP”). The NIP is part of the arrangements put in place as part of the TCA to address cross-border trade in goods between Great Britain, Northern Ireland and the EU. The UK government has subsequently raised concerns as to the manner in which the NIP has been interpreted and implemented and has indicated it may take action to suspend and/or override aspects of the NIP. The European Commission has stated it would take retaliatory measures in response to UK government actions.

Although it is probable that any adverse effects flowing from the UK’s withdrawal from the EU will principally affect the UK (and those having an economic interest in, or connected to, the UK), given the size and global significance of the UK’s economy, the effect of the UK’s withdrawal from the EU is also likely to be an ongoing source of instability for the EU (and countries outside the EU), produce significant currency fluctuations, and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). The withdrawal of the UK from the EU could therefore adversely affect the Funds and the Portfolio Companies. In addition, the withdrawal of the UK from the EU could have a further destabilizing effect if any other member states were to consider withdrawing from the EU, presenting similar and/or additional potential risks and consequences to the Funds and the Portfolio Companies.

Russian Invasion of Ukraine. Commencing in 2021, Russian President Vladimir Putin ordered the Russian military to begin massing thousands of military personnel and equipment near its border with Ukraine and in Crimea, representing the largest mobilization since the illegal annexation of Crimea in 2014. President Putin initiated troop movements into the eastern portion of Ukraine and continued to threaten an all-out invasion of Ukraine. On February 22, 2022, the United States and several European nations announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia’s pre-positioned forces into Ukraine, which could have a negative impact on the economy and business activity globally (including in the countries in which a Fund invests), and therefore could adversely affect the performance of a Fund’s portfolio investments. Furthermore, the conflict between the two countries and the varying involvement of the United States and other North Atlantic Treaty Organization nations could preclude prediction as to their ultimate adverse impact on global economic and market conditions, and, as a result, presents material uncertainty and risk with respect to a Fund and the performance of its portfolio investments or operations and the ability of a Fund to achieve its investment objectives. Additionally, to the extent that third parties, investors or related customer bases have material operations or assets in Russia, Ukraine, Belarus or the immediate surrounding areas, they may have adverse consequences related to the ongoing conflict.

ITEM 9 - DISCIPLINARY INFORMATION

In the past ten years, there have been no legal or disciplinary events involving either American Industrial Partners or any of its management persons that would be material to the evaluation of American Industrial Partners' advisory business or the integrity of its management.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. Neither the Firm nor any management persons are registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither AIP nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.
- C. As disclosed in Item 4, American Industrial Partners organizes and sponsors the Funds, which are private investment companies. Each investment vehicle managed by American Industrial Partners is controlled by a General Partner. Although American Industrial Partners provides advisory services to each American Industrial Partners fund, the General Partner is responsible for all decisions regarding portfolio transactions of an American Industrial Partners fund and have full discretion over the management of such American Industrial Partners Fund's investment management activities. While the General Partner and American Industrial Partners are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Investment Advisers Act and the rules promulgated thereunder. Neither American Industrial Partners nor any of its management persons have affiliations with broker-dealers, municipal securities dealers, government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commission merchants, registered commodity pool operators, registered commodity trading advisors, banking or thrift institutions, accountants or accounting firms, lawyers, law firms, insurance agencies or companies, pension consultants, real estate brokers or dealers or other sponsors or syndicators of limited partnerships.

Additionally, American Industrial Partners personnel, and/or their family members or relatives may have ownership or other economic or other interests in certain service providers. These relationships can influence American Industrial Partners in determining whether to select, or recommend such service provider to perform services for a Fund or a Portfolio Company. Although the firm selects service providers that it believes will enhance Portfolio Company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that American Industrial Partners, because of financial, business interest or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

- D. American Industrial Partners does not recommend or select other investment advisers for its Clients.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTERESTS IN CLIENT TRANSACTIONS AND PERSONAL TRADING

- A. American Industrial Partners has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Clients, requires that the Firm’s employees act in the best interests of Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. American Industrial Partners’ employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by American Industrial Partners or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of American Industrial Partners’ employees. The Code prohibits personal securities transactions of issuers who have been placed on the Firm’s restricted list, requires pre-clearance for all reportable securities, initial-public offerings and private placements, requires employees to report all securities transactions on at least a quarterly basis and provide a summary of securities holdings on at least an annual basis. The Code also addresses, among other things, outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. American Industrial Partners will provide a complete copy of its Code to any Client, investor or prospective investor upon request to Stan Edme at Stan@americanindustrial.com.
- B. Although unlikely, from time to time, consistent with a Fund’s investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Funds’ governing documents and applicable law, American Industrial Partners may recommend that a Fund acquire or sell an investment which an American Industrial Partners employee has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested American Industrial Partners employee could benefit from such a purchase or sale of the applicable investment by a Fund. However, the Code is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that the Firm fulfills its role as a fiduciary to the Funds. In particular, the Code requires that American Industrial Partners and its employees act in the best interests of the Funds, in good faith and in an ethical manner. Certain terms of the Funds’ governing documents and the equity participation of American Industrial Partners related persons in the Funds further mitigate such conflicts.
- C. Related persons of AIP have invested in the same securities that are recommended to AIP’s Clients, alongside a Fund to the extent permitted by the governing documents of such Fund or with the requisite consent of the Investor Advisory Committee or the Limited Partners of the applicable Fund.
- D. (See Item 11.B above.) In the unlikely event that American Industrial Partners recommends to a Client an investment in which an American Industrial Partners employee has a preexisting or direct interest, the Fund and the employee may sell their interest simultaneously, depending on the relevant facts and circumstances. Should this occur, the simultaneous sale would be unlikely to affect the sale price for the Fund due to the nature of the Firm’s investments. However, if such a sale could adversely impact the sale price received by the Fund, such employee would be required to wait until the Fund completed its transaction before selling his or her interest. Additionally, as

disclosed in each Fund's offering memoranda, the Firm's partners are permitted to invest their own capital, up to a maximum of 5% cumulatively, in any investment acquired by a Fund.

Valuation. The Firm is primarily responsible for valuing the assets of its Funds and does so internally; the Firm may also utilize a third-party for valuation purposes. Due to the nature of its investments strategy, many of the Fund assets are priced in the absence of a readily available market and are priced on determinations of fair value, which may prove to be inaccurate. The valuation of Fund investments in Portfolio Companies is determined internally by the Firm based on, to the extent possible, the most currently available data. On a regular, ongoing basis, the Firm obtains updates on each Portfolio Company's financial performance, as well as information on economic and industry trends and other operational issues. Conflicts of interest may arise with the presentation or reporting of valuations to investors or otherwise.

Carried Interest. As described in Item 6, carried interest may create an incentive for the Firm to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement.

Pursuant to the governing documents of the Funds, the General Partners may be required to return excess amounts of carried interest as a "clawback". This clawback obligation may create an incentive for the General Partners to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

Time Management. Personnel of the Firm devote such time as, in their discretion, deemed necessary to carry out the operations of the Funds effectively. Certain personnel also work on other projects; conflicts of interest may arise in allocating management time, services or functions among responsibilities.

Allocation of Personnel. The Firm and its affiliates will devote such time as necessary to conduct the business and operational affairs of the Funds in an appropriate manner and as provided by their governing documents. American Industrial Partners personnel may work on other projects, including other Funds or vehicles. Such personnel may also serve as members of the boards of directors of various entities other than Portfolio Companies. Conflicts may arise as a result of such other activities. The possibility exists that such entities could engage in transactions that would be suitable for a Fund, but in which such Fund might be unable to invest. In addition, it is expected that employees of the Firm responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Firm, including funds raised in the future or to proprietary investments made by American Industrial Partners and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and American Industrial Partners personnel. American Industrial Partners personnel have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds.

Compensation of Portfolio Company Advisors. Operating executives, executive advisors and similar persons are typically compensated by Portfolio Companies and not by American Industrial Partners and are not considered American Industrial Partners employees, except in limited circumstances where operating executives, executive advisors and similar persons may be American Industrial Partners employees on a part-time basis. Accordingly, any compensation received by operating

executives, executive advisors and similar persons, in their capacity as such, is not subject to any Management Fee offset provisions. Furthermore, any costs or expenses of or otherwise relating to operating executives, executive advisors or similar persons that are not otherwise paid by the Portfolio Companies will generally be treated as Fund Expenses and therefore borne by the Fund. It may be difficult to distinguish services provided by operating executives, executive advisors and similar persons from the investment advisory services provided to the Funds by American Industrial Partners.

Side Letters. The Firm and the General Partners have entered into other written agreements (“Side Letters”) with one or more Limited Partners in a Fund. These Side Letters may entitle such Limited Partner(s) to make an investment in the Funds on terms other than those described herein. The Firm and the General Partners will not be required to notify any or all of the other Limited Partners of any such Side Letters or any of the rights or terms or provisions thereof, nor will they be required to offer such additional or different rights or terms to any or all of the other holders of Interests. Any such terms, including with respect to (i) opting out of particular investments, (ii) reporting obligations of a Fund, (iii) transfer to affiliates, (iv) co-investment opportunities, (v) withdrawal rights due to adverse tax or regulatory events, (vi) consent rights to certain governing agreement amendments or (vii) any other matters described herein, may be more favorable than those offered to any other Limited Partners. If the Firm or a General Partner enter into a Side Letter entitling a Limited Partner to opt out of a particular investment or withdraw from a Fund, any election to opt out or withdraw by such Limited Partner may increase any other Limited Partners’ pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal). In addition, Limited Partners will have no recourse against a Fund, the applicable Fund’s General Partner, the Firm or their respective affiliates in the event that certain Limited Partners receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other Limited Partners.

Conflicting Investor Interests. Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with recommendations made by the Firm or decisions made by a General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Firm generally will consider the investment and tax objectives of each Fund and its Limited Partners as a whole, not the investment, tax or other objectives of any single Limited Partner.

Indemnification. The Fund is required to indemnify the Firm, General Partner, affiliates of the General Partner and their respective members, partners, officers, employees, directors and shareholders and members of the Investor Advisory Committee for liabilities incurred in connection with the affairs of the Funds and otherwise as provided in their governing documents. Such liabilities may be material and have an adverse effect on the returns to the Limited Partners. For example, in their capacity as directors of Portfolio Companies, the members or affiliates of the General Partner may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds. If the assets of the Funds are insufficient, the General Partner may recall distributions previously made to the Limited Partners (subject to certain limitations set forth in the governing

documents). Such liabilities of the Funds may not be resolved prior to the date that the Fund will be dissolved.

Placement Agents. One or more parties may act as placement agents (each, a “Placement Agent”, and together, the “Placement Agents”). Potential investors must independently evaluate the offering and make their own investment decisions. The General Partner will pay each Placement Agent a placement fee in connection with commitments from investors that each such Placement Agent introduces to the General Partner. For the avoidance of doubt, the Placement Agents will not offer Interests to or act on behalf of non-institutional investors as defined by Financial Industry Regulatory Authority, Inc. (“FINRA”) Rule 2111. Potential investors should also note that at various times, the Placement Agents may act as placement agents for other fund sponsors and funds, including fund sponsors and funds unaffiliated with American Industrial Partners, which fund sponsors and funds may offer interests that are similar to the Interests. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from a Fund, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to a Fund. Each potential investor should consider these issues in making its investment decision.

Effect of Carried Interest. The existence of the General Partner’s carried interest creates an incentive for the General Partner to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangement. In addition, if distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the Funds’ governing documents. An independent appraisal generally will not be required and is not expected to be obtained. In addition, the manner in which the General Partner’s entitlement to carried interest is determined may result in a conflict between its interests and the interests of Limited Partners with respect to the sequence and timing of disposals of investments. For example, the ultimate beneficial owners of the General Partner are generally subject to U.S. federal and local income tax (unlike certain of the Limited Partners). The General Partners may be incentivized to operate the Funds, including to hold and/or sell investments, in a manner that takes into account the tax treatment of its carried interest. Investors should note in this regard that recently passed tax reform legislation relating to the taxation of carried interest provides for a lower capital gains tax rate in respect of investments held for at least three years. While the Firm generally intends to seek to maximize pre-tax returns for a Fund as a whole, the Firm may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on its carried interest.

Fund Leverage and Borrowing – Conflicts. The Firm will likely cause the Funds to borrow funds or enter into other financing arrangements from time to time. Repayment of such borrowings may not be made by the relevant Funds for such time as deemed appropriate by its General Partner, subject to the time limitations set forth in a Fund’s governing documents. Such borrowings will increase the exposure of a Fund to adverse economic factors, such as rising interest rates or economic downturns. In addition, the interest expense and other costs of any such borrowings will be Fund expenses and, accordingly, may decrease net returns of such Fund. Gains realized with borrowed funds may cause the Fund’s returns to increase at a faster rate than would be the case without borrowings, which in turn may be subject to conflicts of interest.

Borrowings by the Funds are secured by the capital commitments of Limited Partners as well as by the Fund's assets and the documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the payments made to the Limited Partners by the Fund may be subordinated to such borrowing. Moreover, to the extent the Fund uses borrowed funds in advance or in lieu of capital contributions or a Portfolio Company borrows funds directly through a Fund revolving credit facility, the Limited Partners will generally make correspondingly later capital contributions. As a result, the Fund's use of borrowed funds will impact the calculation of gross and/or net performance metrics (e.g., IRR and MOIC) (as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed) and may make gross and/or net IRR and gross and/or net MOIC calculations higher than they otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed. In addition, where a Portfolio Company borrows funds directly through a Fund's revolving credit facility, the Fund may charge the Portfolio Company borrower higher interest rates than the interest rate the Fund pays pursuant to such financing facility, among other things, to help offset origination and other facility costs and to effect arm's length cost of capital, as determined by its General Partner. The Fund may also incur indebtedness and guarantee obligations together with other Funds on a joint and several or cross-collateralized basis (which may be on an investment-by-investment or portfolio-wide basis). While such arrangements may be joint and several with respect to the Fund, such arrangements may not necessarily impose reciprocal joint and several obligations on such other Funds. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, the Fund may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such funds or vehicles are unable to repay their pro rata share of such indebtedness. Moreover, the Fund could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments. As a result, the Firm and its General Partners have an incentive to fund the acquisition and ongoing capital needs of investments and the Funds with the proceeds of such borrowings in lieu of drawing down capital commitments.

Certain parties participating in an investment (including any co-investment party and/or joint venture partner) may not bear their pro rata share of expenses relating to the subscription facility used for making an investment or used to guarantee a borrowing in connection with an investment (including, without limitation, interests expenses, origination and other costs). As a result, such Fund may bear a disproportionate cost in connection with the extension of credit. In addition, because co-investment parties are not expected to be parties to the subscription facility, such Fund will bear a disproportionate amount of the credit risk in incurred the debt on behalf of the other parties.

To the extent that a Fund is unable to obtain a revolving credit facility, or if such a facility would not be appropriate for such Fund or otherwise determines not to use such facility or if access to such facility otherwise becomes unavailable, the Firm and the General Partner of such Fund may decide to draw down capital commitments of the Limited Partners in advance and hold them in reserve in order to make investments and satisfy Management Fees, Fund expenses and other capital needs as such needs arise in the future.

The use of Fund-level borrowings will differ based on available credit facility capacity and contractual terms applicable to each Fund and each such credit facility. Therefore, as the subscription credit facilities utilized by the Funds may have different terms, while the Funds may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the relevant governing documents, the investment return can, in certain circumstances, differ among the Funds as a result.

Capital Calls and Use of Revolving Credit Facilities. The General Partner generally causes a Fund to make investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, one or more assets of a Fund (i.e., asset-backed facilities) or the unfunded commitments of the investors (i.e., subscription lines)) prior to calling capital commitments. Further, for administrative convenience, capital calls, including those used to pay interest on such indebtedness, may from time to time be “batched” together into larger, less frequent capital calls or closings, with a Fund’s interim capital needs being satisfied by the Fund borrowing money from such credit facilities. In particular, it is expected that capital needs of the Fund during the fundraising period may be met through drawdowns from such revolving credit facilities rather than capital calls. In addition, the batching of capital calls may amplify the magnitude of potential defaults by Limited Partners as a result of there being fewer but larger capital calls. To the extent a revolving credit facility is due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on Limited Partners and/or Limited Partners facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Finally, the existence of a revolving credit facility may impair a Limited Partner’s ability to transfer its interest in the Fund as a result of restrictions imposed on such transfers by the lender.

Allocation of Investment Opportunities Among Other Investment Vehicles. The Firm may, from time to time, be presented with investment opportunities (including follow-on investments) that fall within the investment objective of one or more Funds, either ones already formed or ones that might be formed in the future, and in such circumstances, it will allocate such opportunities among the Funds on a basis that it reasonably determines in good faith to be fair and reasonable, taking into account the sourcing of the transaction, the nature of the investment focus of each such other fund (including, without limitation, the equity size of an investment), the relative amounts of capital available for investment and anticipated co-investment (if any), the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals, any requirements contained in the governing documents of such other Funds and other considerations deemed relevant by the Firm in good faith.

In the event the Funds hold different securities (including with respect to their relative seniority, and whether such securities are purchased contemporaneously or otherwise), the Firm may be presented with decisions when the interests of the two Funds are in conflict. For example, with a Portfolio Company in which a Fund has an equity investment and in which another Fund has a debt investment, American Industrial Partners may have conflicting loyalties between its duties to the Funds and to other affiliates. In that regard, actions may be taken for the one Fund that are adverse to another Fund.

In addition, future Funds may invest in securities of publicly traded companies that are actual or potential Portfolio Companies. The trading activities of those vehicles may differ from or be

inconsistent with activities which are undertaken for the account of a Fund in such securities or related securities. In addition, such Fund may not pursue an investment in a Portfolio Company as a result of such trading activities by other Funds.

In addition, General Partner and its affiliates may, on a transaction by transaction basis, establish co-investment funds, accounts or vehicles ("Co-Investment Vehicles"), which entities may invest alongside a Fund in one or more investment opportunities. Such Co-Investment Vehicles generally will be contractually required, as a condition to investment, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the Fund and may pay reduced or no Management Fees or Carried Interest Distributions. In general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Firm or other participants in the applicable transaction, such as co-sponsors, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in a Fund, in the sole discretion of the Firm, (iv) certain persons other than investors in a Fund may be offered co-investment opportunities, in the sole discretion of the Firm, and (v) co-investors may purchase their interests in a Portfolio Company at the same time as a Fund or may purchase their interests from another Fund after the Fund has consummated its investment in such Portfolio Company (also known as a post-closing sell down or transfer). The Firm may charge (or may decide not to charge) a co-investor interest costs for the time period between the closing of the Fund's investment in a Portfolio Company to the date of the transfer of interests in such Portfolio Company to the applicable co-investor.

Participation in Co-Investments. Prospective investors should note that while the Firm may offer co-investment opportunities in its sole discretion, it is not expected to offer co-investment with respect to all investments made by a Fund. Moreover, transaction-specific returns, and a Limited Partner's overall returns from its exposure to a Fund's investments, may be affected significantly by the extent to which Limited Partners are offered and choose to participate in co-investment opportunities. The actual number of co-investment opportunities made available to any Limited Partner may be higher or lower than those made available in connection with such Limited Partner's investment in any other Fund. The Firm and its General Partners may present co-investment opportunities to certain Limited Partners and other third-party potential co-investors at any time and with respect to any particular co-investment opportunity, at different times. Thus, one or more Limited Partners and/or other third-party potential co-investors may have a longer period of time to evaluate a co-investment opportunity relative to other potential co-investors being offered the same opportunity. In addition, certain Firm employees and their affiliates may co-invest with a Fund. There is no guarantee or projection of the availability of future co-investment opportunities. Investing in a Fund does not give Limited Partners any rights, entitles or priority to co-investment opportunities. The performance of co-investments is not aggregated with that of the Funds, including for purposes of determining Carried Interest Distribution or Management Fees.

There may be circumstances where an amount that would have otherwise been invested by a Fund is instead offered to co-investors (e.g., due to a determination by the Firm that allocating such portion to co-investors is in such Fund's best interests, for instance in order to increase diversification), which may include, without limitation Co-Investment Vehicles, certain Firm employees and their affiliates or third-parties, and there is no guarantee for any Limited Partner that it will be offered any co-investment opportunities. In exercising the Firm's discretion to decide

how to allocate investment opportunities, the Firm and its General Partners may consider certain factors, which may include, but are not limited to (i) the size and financial resources of a potential co-investor and the Firm and its General Partners' perception of the ability of such potential co-investor (in terms of, for example, staffing, expertise, and other resources) to efficiently and expeditiously participate in the investment opportunity with a Fund without harming or otherwise prejudicing the Fund, in particular when the investment opportunity is time-sensitive in nature, as is typically the case, (ii) any confidentiality concerns the Firm and its General Partners may have that may arise in connection with providing a potential co-investor with specific information relating to the investment opportunity in order to permit such potential co-investor to evaluate the investment opportunity, (iii) the evaluation of its past experiences and relationships with a potential co-investor, such as the willingness or ability of such potential co-investor to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Firm, (iv) the evaluation of whether the investment opportunity may subject a potential co-investor to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that such potential co-investor would act upon the investment opportunity if offered, (v) the evaluation of whether the profile or characteristics of a potential co-investor may have an impact on the viability or terms of the proposed investment opportunity and the ability of a Fund to take advantage of such opportunity (for example, if a potential co-investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of such potential co-investor, or the jurisdiction in which such potential co-investor is based, may affect the likelihood of such Fund being able to capitalize on a potential investment opportunity), (vi) the evaluation of whether potential co-investor is able to provide strategic perspectives and/or credibility or otherwise add value to the investment at the operational level, (vii) the ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely), (viii) whether the potential co-investment party will make commitments to invest in other Funds, (including concurrently with the applicable co-investment) as well as commitments to future funds raised by the Firm, and (ix) whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Funds (i.e., a stapled co-investment opportunity). Prospective investors should also note that, except as may be otherwise agreed in advance with a Limited Partner, Limited Partners are not required to participate in co-investments offered by the Firm. The allocation of co-investment opportunities will in many or all cases involve a benefit to the Firm including, without limitation, Carried Interest Distribution or Management Fees from the co-investment opportunity, capital commitments to the Fund and capital commitments to other Funds.

There can be no assurances with respect to the amount of any investment opportunity that will be allocated to the Fund. Co-investors, including without limitation Co-Investment Vehicles, may purchase their interests in a Portfolio Company at the same time as the Fund or may purchase their interests from a Fund after such Fund has consummated its investment in such Portfolio Company (also known as a post-closing sell down or transfer). The Firm may charge (or may decide not to charge) a co-investor interest costs for the time period between the closing of a Fund's investment in a Portfolio Company to the date of the transfer of interests in such Portfolio Company to the applicable co-investor. In addition, co-investors, including without limitation Co-Investment Vehicles, generally will not share in broken deal expenses (all of which may be borne by the Fund, even if a portion of such investment would have been or was offered for co-investment).

Cross-Transactions. In certain cases, American Industrial Partners will, from time to time cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to

another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or American Industrial Partners might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, American Industrial Partners, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). American Industrial Partners and its affiliates generally receives management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Fund (or American Industrial Partners as a result of its interests in a particular Fund), and one Fund may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, American Industrial Partners may be incentivized to support a less successful Portfolio Company of an older Fund by causing a newer Fund with a longer remaining term and investment period to purchase a part or all of such Portfolio Company in order to provide American Industrial Partners additional time to potentially manage it to a successful exit and increase the likelihood of American Industrial Partners or an affiliate receiving Carried Interest. Conversely, American Industrial Partners may be incentivized to sell an attractive investment in an older Fund to a newer Fund to increase the amount of fees received by American Industrial Partners or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to American Industrial Partners' consideration of the particular terms (including the fee terms) of the Funds and American Industrial Partners' interest in such Funds. Such acquisition or merger may result in the acquiring entity purchasing a Fund's Portfolio Company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, American Industrial Partners may wish to reduce the investment of one or more Funds in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds or through any other transaction structure (for example, distribution of Portfolio Company interests from one Fund and contribution of such interests to another Fund). Any costs and expenses associated with any such transaction will be borne by such Funds in accordance with such Funds' governing documents and to the extent not addressed in the applicable governing documents, on an allocation that American Industrial Partners deems in good faith to be fair and reasonable.

To address these conflicts of interest, in connection with effecting such transactions, American Industrial Partners will follow the governing agreements of the relevant Funds (e.g., the governing documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those governing documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the governing agreements of the relevant Funds, American Industrial Partners will be responsible for obtaining any required approvals of the

transaction. There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to each Fund or Portfolio Company nor is there any assurance that such transaction will be equally or similarly profitable or advantageous to each participating Fund.

Alternative Data. American Industrial Partners receives and generates various kinds of Portfolio Company data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, ESG and other metrics, financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as “big data.” This information may, in certain instances, include confidential and/or sensitive information received or generated in connection with efforts on behalf of one Client’s investment (or prospective investment) in a Portfolio Company. As a result, American Industrial Partners is better able to anticipate macroeconomic and other trends and financial opportunities, enhance and improve operations of Portfolio Companies and otherwise develop investment strategies or identify specific investment or business opportunities. American Industrial Partners also intends to utilize such data for purposes of identifying new investments opportunities for the Clients. Information from a Portfolio Company owned by a Client may enable American Industrial Partners to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for American Industrial Partners and other Clients that do not own an interest in such Portfolio Company, without compensation or benefit to such Client or its Portfolio Companies. Further, data is expected to be aggregated across the Clients and their respective Portfolio Companies and, in connection therewith, American Industrial Partners is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. American Industrial Partners may also share data from a Portfolio Company of one Client with a portfolio entity of another Client, which may increase a competitive disadvantage for, and indirectly harm, such Portfolio Company. Portfolio Companies may incur incremental expenses in collecting and organizing information requested or required to be furnished to American Industrial Partners (which expenses are indirectly borne by the Clients). American Industrial Partners has in the past entered into and is likely in the future to enter into information sharing and confidentiality arrangements with Portfolio Companies and other sources of information that may limit the internal distribution and use of such data. American Industrial Partners has already used and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to American Industrial Partners, its affiliates, or to certain other Clients without compensating or otherwise benefitting the Client or Clients from which such information was obtained. In addition, American Industrial Partners may have an incentive to pursue investments in Portfolio Companies based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use of distribution, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, American Industrial Partners is generally free to use data and information from a Client’s activities in its sole discretion for the benefit of American Industrial Partners and other Clients. The sharing and use of “big data” and other information present potential conflicts of interest and any benefits received by American Industrial Partners or its personnel will not be subject to the Management Fee offset provisions or otherwise shared with a Client or its Limited Partners. American Industrial Partners has in the past utilized and is likely in the future to utilize such information to benefit American Industrial Partners, its Affiliates and/or certain Clients.

American Industrial Partners and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow American Industrial Partners, the Clients and the Clients' Portfolio Companies to better discern economic or other trends and developments. American Industrial Partners believes that all Clients benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across American Industrial Partners' businesses and the Clients' Portfolio Companies. However, information sharing may involve conflicts of interest between the Clients and/or between the Clients and American Industrial Partners. For example, data analytics based on inputs from one Portfolio Company may inform business decisions by other portfolio investments, or investment decisions by American Industrial Partners and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Therefore, American Industrial Partners and its affiliates may utilize such data outside of Client activities in a manner that may provide a material benefit to American Industrial Partners, without directly compensating or otherwise benefiting the Clients. As a result, American Industrial Partners may have an incentive to pursue investments (on its own behalf or on behalf of the Clients) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits American Industrial Partners and/or investments held by other Clients.

Investor Advisory Committee Approvals. The Funds governing documents generally contain certain protections for investors against conflicts of interest faced by the Firm, but will not purport to address all types of conflicts that may arise. Under the governing documents, certain transactions that involve conflicts of interest between the Firm and the Fund may be submitted to the Fund's Investor Advisory Committee for resolution. However, the Investor Advisory Committee will not necessarily represent the interests of all the Limited Partners and the members of the Investor Advisory Committee may themselves be subject to various conflicts of interest (including as investors in other entities related to members of the General Partner). In general, the Limited Partners will not be entitled to control the selection of members of the Investor Advisory Committee.

Service Providers. Certain service providers or their affiliates (including any accountants, administrators, lenders, brokers, attorneys, consultants and investment or commercial banking firms) of the Firm, the Fund and the General Partners or any of their affiliates may be investors in a Fund, affiliates of one or more General Partners and/or sources of investment opportunities and co-investors or counterparties therewith. This may influence the Firm in deciding whether to select such a service provider. In certain circumstances, services providers or their affiliates may charge different rates or have different arrangements for services provided to the Firm, the General Partners, or their affiliates (other than the Funds) as compared to services provided to the Funds or its Portfolio Companies, which may result in more favorable rates or arrangements than those payable by the Funds or such Portfolio Companies. The Firm is not required to select service providers who may have lower rates (or to engage in any benchmarking of such fees).

Additionally, former Firm employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Firm, the Funds and/or Portfolio Companies. While employed by the Firm, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Firm unless a Fund's

governing documents permit certain allocations of internal expenses to the Fund. If a former Firm employee becomes an employee or consultant of a third party that also provides services to a Fund, such former Firm employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Firm employee working on the Fund will be borne entirely by the Fund and no such amounts will reduce the management fee paid or the carried interest distributed by such Fund on the basis that such person used to be a former Firm employee.

Allocation of Fees and Expenses. From time to time, American Industrial Partners will be required to decide whether certain fees, costs and expenses should be borne by a Portfolio Company or a Fund, on the one hand, or the Firm, another Fund or other party, on the other hand. In exercising its discretion to allocate fees and expenses, the Firm is faced with a variety of conflicts of interest. Any such conflict will be resolved as required by a Fund's or Funds' governing documents, the Firm's allocation policies or, if not addressed therein, otherwise in a fair and equitable manner as determined by the Firm in its sole discretion. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to inherent biases in the process. For example, the Firm may, from time to time in the future, caused one or more funds to purchase, and/or bear premiums, fees, costs and expenses (including, without limitation, expenses or fees of insurance brokers) for insurance to insure multiple Funds, the applicable General Partner, the Firm and/or their respective directors, officers, employees, agents, representatives, members of investor advisory committees and other indemnified parties, against liability in connection with the activities of the funds. The Firm will make judgments about the allocation of such premiums, fees, costs and expenses for such "umbrella" or other insurance policies among one or more Funds and/or the Firm, in its reasonable discretion and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies. In addition, as such umbrella policies cover all Funds a single large claim with respect to one Fund may reduce the remaining coverage available for other Funds under such policies.

If more than one Fund evaluate a potential investment that is not consummated, the Firm generally allocates the broken deal expenses among such funds based on the anticipated investment of each fund. Where a Co-Investment Vehicle is created, and would generally not have been established were an investment not consummated, such fees and expenses would not generally be allocated to such a Co-Investment Vehicle. However, if the potential investment is not consummated and co-investors have entered into binding commitments to invest in the potential transaction (either directly or indirectly through a Co-Investment Vehicle), broken deal expenses may, subject to negotiation with co-investors, be borne solely by the funds anticipated to participate in such investment as well as such co-investors based on their anticipated investment in the potential transaction. Generally, certain fees and expenses that are not specifically related to a Co-Investment Vehicle or to an investment made by a Co-Investment Vehicle are payable by the Funds, and not the Co-Investment Vehicles themselves.

Please also see [Item 5](#) – Fees and Compensation.

Business with Portfolio Companies and Investors. Certain Portfolio Companies may be counterparties or participants in agreements, transactions or other arrangements with other Portfolio Companies or Portfolio Companies of other Funds or investment vehicles or with the Firm

that, although the Firm determines to be consistent with the requirements of the governing documents of such Funds, may not have otherwise been entered into but for the affiliation with the Firm, and which may involve fees, commissions, servicing payments and/or discounts to the Firm, an affiliate, or a Portfolio Company that are not subject to management fee offset. The benefits received by a Portfolio Company providing a service may be greater than those received by the Portfolio Company receiving the service, or vice versa, and in some cases, the benefit received by the Firm or its affiliates may be greater than the benefit received by a Portfolio Company. These arrangements may impact the operations of one or more Portfolio Companies. In some cases, the Firm representatives may sit on the board of one or more Portfolio Companies subject to such arrangements.

The Firm may have an incentive to recommend the products or services of certain investors Firm-sponsored funds, certain third-parties, or their related businesses to the Funds or their Portfolio Companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the Portfolio Companies. The Firm may have a conflict of interest in making such recommendations, in that it has an incentive to maintain goodwill between it and existing and prospective Portfolio Companies and investors, while the products or services recommended may not necessarily be the best available to the Funds or their Portfolio Companies.

Portfolio Companies controlled by a Fund may provide services to certain investors in Firm-sponsored funds. The Firm may have an incentive to attempt to influence the Portfolio Company to favor those investors relative to other Portfolio Company clients or customers in terms of pricing or otherwise, which could adversely affect the Portfolio Company's profitability to a Fund. Additionally, the Portfolio Company could recommend to its clients or customers that they invest in a Fund.

The Firm and/or its affiliates may engage in business opportunities arising from a Fund's investment in a Portfolio Company (for example, without limitation, entering into a joint venture with a Portfolio Company or making a proprietary investment in a Portfolio Company). This creates a conflict of interest, as such interests are a benefit arising from such Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to a Fund).

In addition, American Industrial Partners has in the past, and may in the future cause a Fund to transact with a Portfolio Company or the Fund or another Fund, including purchasing an asset from, or selling an asset to, a Portfolio Company. This creates a conflict of interest as the interests of the purchasing or selling Fund differ from those of the counterparty Portfolio Company.

In certain instances, one Fund's Portfolio Company may compete with, be a customer of, or be a service provider to, another Fund's Portfolio Company. In providing advice to a Portfolio Company's business, the Firm is not obligated to, and need not, take into consideration the interests of other relevant Portfolio Companies or funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Firm to one Fund's Portfolio Company may have adverse consequences to a Portfolio Company owned by another Fund.

From time to time a Fund's Portfolio Company will be counterparties or participants in agreements, transactions or other arrangements with other Portfolio Companies of such Fund or other Funds.

These agreements, transactions and other arrangements will involve payment of fees and other amounts, none of which will result in any offset to the Management Fee. Such agreements, transactions and other arrangements will generally be entered into without the consent or direct involvement of the Funds and/or American Industrial Partners or the consent of any advisory committee.

Certain members of a Fund's Investor Advisory Committee or Firm personnel are, or in the future may be, officers or directors of, serve on the investment committees of, or otherwise be affiliated with, investors in a Fund. The Firm will from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

From time to time, Firm Personnel may invest in funds or other entities managed by Limited Partners of a Fund, which could incentivize such Firm Personnel to afford the Limited Partner preferential or favored treatment, such as, for example, increased access to co-investment opportunities, and could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing Portfolio Companies.

Diverse Limited Partner Group. The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests of individual Limited Partners may relate or arise from, among other things, the nature of investments made by such Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the Firm and/or its General Partners, including with respect to the nature or structuring of investments that may be more beneficial for one investor, including the General Partner, than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the General Partner and the Firm will consider the investment and tax objectives of the Fund and its Limited Partners as a whole, not the investment, tax or other objectives of any Limited Partner individually.

Conflicts of interest not described herein may also exist. The Firm can give no assurance that any conflicts of interest will be resolved in favor of a particular Fund or investors in such Fund. In the case of all conflicts of interest which are not managed pursuant to a contractual obligation, policy or procedure, the Firm's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment but in its sole discretion. In resolving conflicts, the Firm considers various factors, including the short- and long-term interests of the applicable Funds. Conflicts of interest relating to the Funds will typically be presented for review by the relevant Fund's Investor Advisory Committee or limited partner advisory committee.

ITEM 12 - BROKERAGE PRACTICES

- A. Due to the nature of the Firm's investment strategy, American Industrial Partners does not generally utilize broker-dealers in connection with its Clients' investments in Portfolio Companies. To the extent the Firm uses a broker-dealer to facilitate the sale of a Portfolio Company, the Firm will select a broker-dealer for such transaction based on relevant factors to the specific situation due to the unique and highly fact-specific nature of such transactions.

In connection with the its investments in Credit Opportunity Investments, the Firm will select broker-dealers on the basis of obtaining the best overall terms available, which the Firm will evaluate based on a variety of factors, including the reputation, financial strength and stability of the broker; the quality of execution, including the accurateness and timeliness of execution, clearance and dispute resolution; error correction capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; ongoing reliability; overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads; the quality, comprehensiveness and frequency of available research and related services or other services or facilities provided by the broker or dealer that the Firm considers to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Funds' overall selection criteria.

1. Currently, the Firm does not, on behalf of any Funds, directly enter into any soft dollar arrangements by which it receives research or services other than execution in exchange for commissions. To the extent that the Firm uses soft dollars in the future, the Firm's general policy is to use Fund commissions to pay only for products or services that qualify as eligible "brokerage and research services" under the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934.
 2. American Industrial Partners does not consider Client referrals when selecting or recommending a broker-dealer.
 3. American Industrial Partners does not engage in directed brokerage at this time.
- B. The Firm employs an investment structure whereby no two Funds managed by American Industrial Partners require aggregation.

ITEM 13 - REVIEW OF ACCOUNTS

The Funds' Portfolio Companies and Credit Opportunity Investments are continuously monitored and reviewed by American Industrial Partners' senior managing partners and other investment professionals. American Industrial Partners' senior managing partners, John Becker, Kim Marvin and Dino Cusumano are primarily responsible for portfolio and risk management. Portfolio Companies and Credit Opportunity Investments are reviewed in the context of each Client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as a Client's individual circumstances, or the market, political or economic environment.

Within 30 days after the completion of each year's audit of the Funds' books and records, or as soon as reasonably practicable thereafter (and within 120 days of the Funds' fiscal year end), audited financial statements, prepared in accordance with generally accepted accounting principles ("GAAP"), will be distributed to investors in the Funds. American Industrial Partners may also provide periodic unaudited performance information for the Funds, no less frequently than quarterly, to their respective investors.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

- A. No one other than AIP's Clients provide an economic benefit to AIP for providing investment advice or other advisory services to the Clients.
- B. Neither AIP nor any related person directly or indirectly compensates any person who is not a supervised person for Client referrals. However, as noted in Item 5(c) above, AIP may use an unaffiliated third-party placement agent for investor referrals. AIP has in the past, and may from time to time in the future, engage one or more persons to act as a placement agent for a Client in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Client that are subsequently accepted. Such Client will bear the costs of such placement agent fees, subject to any limitations set forth in its governing documents. Management Fees received by AIP are generally reduced by the amount of such fees paid by the Client.

ITEM 15 - CUSTODY

American Industrial Partners is deemed to have custody of Client assets by virtue of it having affiliates serve as general partners of its Clients. Therefore, American Industrial Partners is subject to Rule 206(4)-2 under the Investment Advisers Act (the "Custody Rule").

In accordance with the Custody Rule, American Industrial Partners' Chief Financial Officer ("CFO") is responsible for ensuring that the Funds' securities, other than cash and "privately offered securities," are held only with a qualified custodian. American Industrial Partners' CFO is also responsible for arranging for annual independent audits of the Funds by an accounting firm registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, within 120 days of the Funds' fiscal year end and for obtaining audited financial statements prepared in accordance with GAAP. American Industrial Partners arranges for the delivery of such audited financial statements to investors of the Clients within 120 days of the Funds' fiscal year end, which is December 31.

ITEM 16 - INVESTMENT DISCRETION

American Industrial Partners generally accepts discretionary authority to manage assets and securities on behalf of its Clients. In such instances, American Industrial Partners accepts discretion through the investment management agreements with such Clients subject to the limitations as described in the respective governing documents, including the applicable limited partnership agreements.

ITEM 17 - VOTING CLIENT SECURITIES

- A. American Industrial Partners generally has discretionary authority over the securities held by the Funds, and therefore has proxy voting authority. Accordingly, American Industrial Partners is subject to Rule 206(4)-6 under the Investment Advisers Act (the “Proxy Voting Rule”). To meet the Firm’s obligations under the Proxy Voting Rule, American Industrial Partners has adopted proxy voting policies and procedures to ensure that any proxy voted on behalf of the Funds is voted in a manner that is in the best interest of the Funds. American Industrial Partners typically votes proxies in accordance with management’s recommendation. However, under circumstances in which the Firm believes that company management’s proposal will not maximize value for the Funds, the Firm will vote against company management. In such cases, the reason for the decision, along with a record of the vote, will be retained by the Firm.

Occasions may arise in which the Firm is required to vote a proxy while having an actual or potential conflict of interest with a Fund. To protect the Funds against a breach of the Firm’s duties to them, on any occasion when a proxy vote presents an actual or potential conflict of interest, American Industrial Partners’ CCO will present any such actual or potential conflict of interest to the Firm’s senior management (and potentially appropriate legal counsel) for consultation on the matter and conduct a conflict analysis accordingly.

Clients may obtain information about how proxies were voted or a copy of the Firm’s proxy voting policies by contacting Stan Edme at Stan@americanindustrial.com.

In addition, if class action documents are received by the Firm on behalf of the Funds, the Firm will ensure that the Funds either participate in, or opt out of, any class action settlements received. The Firm will determine if it is in the best interest of the Funds to recover monies from a class action. In the event the Firm opts out of a class action settlement, the Firm will maintain documentation of any cost/benefit analysis to support its decision.

- B. Not applicable.

ITEM 18 - FINANCIAL INFORMATION

- A. American Industrial Partners does not require or solicit prepayment of more than \$[1,200] in fees per Client, six months or more in advance and therefore has not included a balance sheet.
- B. American Industrial Partners does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to its Clients.
- C. American Industrial Partners has never been the subject of a bankruptcy petition.

ITEM 19 - REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.