

INVESTMENT ADVISER BROCHURE

CALTIVS CAPITAL MANAGEMENT, LP

**Caltius Capital Management, LP
11766 Wilshire Boulevard, Suite 850
Los Angeles, CA 90025
www.caltius.com**

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Caltius Capital Management, LP (“Adviser”). If you have any questions about the contents of this Brochure, please contact us at (310) 996-9585. 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 authority.

Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

Material Changes

This Brochure has been revised since the prior version dated March 31, 2022. This annual amendment reflects updates to the descriptions of certain of the business practices of the Adviser and its affiliates.

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ADVISORY BUSINESS

Caltius is a private investment management firm, including a number of registered investment advisory entities and other organizations affiliated with Caltius Capital Management, LP (collectively, “**Caltius**”), that, as of December 31, 2022, manages approximately \$964,586,732 million in private fund assets.

Caltius Capital Management, LP, a Delaware limited partnership and a registered investment adviser (“**Adviser**” or “**Caltius Management**”), and its affiliated investment advisers provide investment advisory services to Caltius’ investment funds privately offered to qualified investors in the United States and elsewhere. Caltius Management commenced operations in November 2000.

The private investment funds for which Caltius Management provides investment advisory services are:

- Caltius Equity Partners II, LP (“**Caltius Equity II Main Fund**”) and Caltius Equity Partners Executive II, LP (“**Caltius Equity II Executive Fund**,” and with the Caltius Equity II Main Fund, “**Caltius Equity II**”), each formed in 2006 and no longer making new investments except for potential follow-on investments in existing portfolio companies approved by the Fund’s advisory board.
- Caltius Equity Partners III, LP (“**Caltius Equity III Main Fund**”) and Caltius Equity Partners Executive III, LP (“**Caltius Equity III Executive Fund**,” and with the Caltius Equity III Main Fund, “**Caltius Equity III**”), each formed in 2013 and no longer making new investments except for potential follow-on investments in existing portfolio companies.
- Caltius Equity Partners IV, LP (“**Caltius Equity IV Main Fund**”) and Caltius Equity Partners Executive IV, LP (“**Caltius Equity IV Executive Fund**,” and with Caltius Equity IV Main Fund, “**Caltius Equity IV**”), each formed in 2021 and are currently making investments in new portfolio companies.
- Caltius Partners III, LP (“**Caltius Structured Capital III Main Fund**”) and Caltius Partners Executive III, LP (“**Caltius Structured Capital III Executive Fund**,” and with Caltius Structured Capital III Main Fund, “**Caltius Structured Capital III**”), each formed in 2004 and no longer making new investments except for potential follow-on investments in existing portfolio companies.
- Caltius Partners IV, LP (“**Caltius Structured Capital IV Main Fund**”) and Caltius Partners Executive IV, LP (“**Caltius Structured Capital IV Executive Fund**” and with Caltius Structured Capital IV Main Fund, “**Caltius Structured Capital IV**”), each formed in 2008 and no longer making new investments except for potential follow-on investments in existing portfolio companies.

- Caltius Partners V, LP (“**Caltius Structured Capital V Main Fund**”), Caltius Partners V-A, LP (“**Caltius Structured Capital V Parallel Fund**”) and Caltius Partners Executive V, LP (“**Caltius Structured Capital V Executive Fund**”), each formed in 2014, referred to herein as the “**Caltius Structured Capital V Unlevered Funds**,” and together with Caltius Partners V (SBIC), LP (“Caltius Structured Capital V SBIC Fund”) formed in 2016, referred to herein collectively as “Caltius Structured Capital V”. Caltius Structured Capital V is no longer making new investments except for potential follow-on investments in existing portfolio companies.
- Caltius Partners VI, LP (“**Caltius Structured Capital VI Unlevered Fund**”), formed in February of 2022, along with Caltius Partners VI (SBIC), LP (“**Caltius Structured Capital VI SBIC Fund**”), formed in 2021 and licensed in January of 2022, referred to herein collectively as “Caltius Structured Capital VI”. Caltius Structured Capital VI is currently making investments in new portfolio companies.
- Caltius Structured Capital V SBIC Fund and Caltius Structured Capital VI SBIC Fund will be referenced herein as the Caltius Structured Capital Leveraged Funds and Caltius Structured Capital V Unlevered Funds and Caltius Structured Capital VI Unlevered Fund will be referenced herein as the Caltius Structured Capital Unlevered Funds.

Caltius Equity II, Caltius Equity III and Caltius Equity IV (the “**Caltius Equity Funds**”) primarily make private equity investments. Caltius Structured Capital III, Caltius Structured Capital IV, Caltius Structured Capital V and Caltius Structured Capital VI (the “**Caltius Structured Capital Funds**”) primarily make mezzanine debt and other structured capital investments (see “Methods of Analysis, Investment Strategies and Risk of Loss”). The Caltius Equity Funds, the Caltius Structured Capital Funds, together with any parallel and alternative investment vehicles, are each referred to herein individually as a “**Fund**” and collectively, along with any future private investment fund(s) for which Caltius Management provides investment advisory services, as the “**Funds**.” The Funds invest through negotiated transactions in operating entities. Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excluded from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant partnership agreement. Each Fund or its General Partner (as defined below), from time to time, enter into side letters or other similar arrangements with certain investors that have the effect of establishing rights under, or altering or supplementing, the Fund’s partnership agreement.

Additionally, from time to time, the Adviser expects to provide (or agree to provide) certain investors or other persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a Fund. Such co-invest vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the relevant Fund making the investment. However, from time to time, for strategic and other reasons, a co-invest vehicle could purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-investor generally occurs at original valuation and within a reasonable time period after such Fund’s completion of the investment, which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Where appropriate, and in the Adviser’s sole discretion, the Fund reserves the right to charge the

co-investor an additional amount on the purchase to compensate the original Fund for the holding period and to seek reimbursement to the relevant Fund for related costs. However, to the extent such additional amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

Each Fund has a general partner that has the authority to manage the business and affairs of the Fund. The general partners of the Funds are as follows: CEP II, LP (“**CEP II**”) is the general partner of each of the Caltius Equity II partnerships; Caltius GPE III, LP (“**GPE III**”) is the general partner of each of the Caltius Equity III partnerships; Caltius GPE IV, LP (“**GPE IV**”) is the general partner of each of the Caltius Equity IV partnerships; CP III, LP (“**CP III**”) is the general partner of each of the Caltius Structured Capital III partnerships; CP IV, LP (“**CP IV**”) is the general partner of each of the Caltius Structured Capital IV partnerships; GPM V, LP (“**GPM V**”) is the general partner of each of the Caltius Structured Capital V Unlevered Funds; Caltius Partners V (SBIC) GP, LP (“**CP V (SBIC) GP**”) is the general partner of the Caltius Structured Capital V SBIC Fund; GPM VI, LP (“**GPM VI**”) is the general partner of the Caltius Structured Capital VI Unlevered Fund; and GPM VI (SBIC), LP (“**GPM VI (SBIC)**”) is the general partner of the Caltius Structured Capital VI SBIC Fund (CEP II, GPE III, CP III, CP IV, GPM V, CP V (SBIC) GP, GPM VI, and GPM VI (SBIC)), referred to herein individually as a “**General Partner**,” and collectively as the “**General Partners**”).

Each General Partner’s investment advisory services to its respective Fund(s) consists of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Adviser, or the applicable General Partner or their affiliates generally serve on, or act as observer to, such portfolio companies’ respective boards of directors/managers or otherwise act to influence control over management of portfolio companies held by the Fund(s).

The Adviser’s advisory services to each Fund are detailed in the applicable private placement memoranda and partnership agreements for such Fund and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Each General Partner is subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner, which operate as a single advisory business together with the Adviser.

As of December 31, 2022, Caltius Management managed an aggregate of approximately \$964,586,732 in client assets on a discretionary basis. Caltius Capital Management, LLC, a Delaware limited liability company (“**CCM**”), acts as the general partner of Caltius Management. Through CCM, Caltius Management is principally owned and controlled by James B. Upchurch.

Caltius Structured Capital Funds

In June 2016, Caltius Structured Capital V SBIC Fund received its license as a Small Business Investment Company (“**SBIC**”) from the U.S. Small Business Administration (“**SBA**”) pursuant to the Small Business Investment Act of 1958, as amended, and the rules and regulations

promulgated thereunder (collectively, the “**SBIC Act**”). In January 2022, Caltius Structured Capital VI (SBIC) Fund received its license as a Small Business Investment Company (“**SBIC**”) from the U.S. Small Business Administration (“**SBA**”) pursuant to the Small Business Investment Act of 1958, as amended, and the rules and regulations promulgated thereunder (collectively, the “**SBIC Act**”). Accordingly, the Caltius Structured Capital Leveraged Funds will be granted access to non-recourse SBA debentures (“**SBA Leverage**”) in an amount generally equal to up to two times the Caltius Structured Capital Leveraged Funds’ private capital commitments. The Caltius Structured Capital Leveraged Funds intend to apply for SBA Leverage in multiple tranches; however, there is no guarantee that the full amount of leverage sought will be granted or that the full amount of leverage will be available for the entirety of the investment period of the Caltius Structured Capital Leveraged Funds.

The Caltius Structured Capital Leveraged Funds and the Caltius Structured Capital Unlevered Funds generally invest side-by-side in investments made during their respective investment periods, *pro rata* based on the aggregate available capital, including consideration of SBA Leverage, subject to certain legal, regulatory, tax or similar considerations. In this regard, the SBIC Act limits the type and size of businesses in which an SBIC may invest, and, as a result, the Caltius Structured Capital Unlevered Funds have invested, and may in the future invest, in portfolio companies in which the Caltius Structured Capital Leveraged Funds have not, or in the future may not be, permitted to invest in. Further, the Caltius Structured Capital V Unlevered Funds were formed prior to the formation of the Caltius Structured Capital V SBIC Fund and therefore the Caltius Structured Capital V Unlevered Funds completed three portfolio company investments in which the Caltius Structured Capital V SBIC Fund did not participate.

FEES AND COMPENSATION

In general, each General Partner receives a management fee and a carried interest in connection with the provision of advisory services to its clients, with each General Partner paying over the management fee to Caltius Management in consideration for the services it provides while retaining its carried interest. General Partners or other Caltius entities or affiliates also receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to the General Partner. Investors in the Funds also bear certain fund expenses.

Management Fees

The following describes generally the management fees payable by each Fund to its General Partner (see also the partnership agreement for each Fund). Such management fees, as and when received by each General Partner, generally are then paid over to Caltius Management in consideration for the services it provides to the General Partner.

Caltius Equity II and CEP II

Effective with the quarter commencing April 1, 2018, Caltius Equity II Main Fund and the Caltius Equity II Executive Fund each no longer pay CEP II any management fee.

The partnership agreement of Caltius Equity II Main Fund provides that the Fund's management fee will be reduced by 50% of such Fund's share of closing fees, commitment fees, funding fees, break-up fees, litigation proceeds, investment banking fees, placement fees, monitoring fees, consulting fees, directors' fees and other similar fees paid by portfolio companies to partners or employees of the Adviser or its affiliates, up to \$18 million, and by 100% of such amounts thereafter. Since the Fund has already exceeded the \$18 million threshold and there will be no management fees to offset, to the extent the Adviser receives any such fees they will be remitted to the Fund.

Caltius Equity III and GPE III

Effective upon the first day of the calendar quarter commencing April 1, 2020, the Caltius Equity III Main Fund and the Caltius Equity III Executive Fund began paying GPE III, quarterly in advance, a management fee generally equal to 2.0% on an annual basis¹ of , or such other rate agreed to by the General Partner and an investor, such partners' share of (x) the aggregate amount of capital contributions for investments that have not been disposed of, less (y) the aggregate amount of investment contributions used to fund investments which have been permanently written down (net of subsequent write-ups) at least 80% from the original cost thereof to the extent distributions have not been made with respect thereto, in each case as determined on the first day of the period with respect to which a determination is being made. The management fees for each Fund will be payable until all portfolio investments are disposed of or distributed or until GPE III's relationship with the applicable Fund is terminated for other reasons (as described in the applicable partnership agreements of the Funds). Installments of the management fees payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period. As a general matter, management fees will be payable during term extensions unless otherwise agreed with investors.

The management fee for each investor of the Caltius Equity III Main Fund and the Caltius Equity III Executive Fund will be reduced by such investor's share of 50% of such Fund's share of closing fees, commitment fees, funding fees, break-up fees, litigation proceeds, investment banking fees, placement fees, monitoring fees, consulting fees, directors' fees and other similar fees paid by portfolio companies to partners or employees of the Adviser or its affiliates, all as more particularly described in the partnership agreements for such Funds. The remaining amount of such fees will be retained by Caltius.

As permitted under the partnership agreements, GPE III may waive or agree to reduce the management fee. Certain waived portions of the management fee are treated by the partnership agreements as a deemed capital contribution by GPE III, which is effectively invested in the relevant Fund on GPE III's behalf and operates to reduce the amount of capital GPE III would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such circumstances, be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of GPE III in connection

¹ Although the partnership agreements of these Funds provide for a reduced annual management fee rate with respect to new portfolio company investments made on or after January 1, 2020 and any follow-on investments made with respect to such new investments, these Funds did not make any such investments, and the reduced fee rate therefore has not been applied for these Funds.

with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced management fees are not subject to the management fee offsets described above and the amount of such waived or reduced management fees may be significant. Since inception, GPE III has not elected to waive any portion of the management fees due from Caltius Equity III Main Fund.

Due to waived or reduced management fees by the Adviser and/or the timing of receipt of compensation subject to offsets (as described above), it is possible that the management fee offsets will be delayed.

Caltius Equity IV and GPE IV

Caltius Equity IV Main Fund and Caltius Equity IV Executive Fund each will pay GPE IV, quarterly in advance, a management fee generally equal to 2.0%, or such other rate agreed to by the General Partner and an investor, on an annual basis of each partners' investor capital commitments. Investors participating in a closing after September 2, 2021 will bear their share of the applicable Fund management fee from September 2, 2021.

Effective upon the first day of the calendar quarterly period commencing after the earlier of (i) the date the investment period expires and (ii) the date the general partner, an approved executive officer or any of their respective affiliates first receives or begins to accrue management fees with respect to a new pooled equity investment fund, the management fee for Caltius Equity IV Main Fund paid to GPE IV, quarterly in advance, will be generally equal to 2.0% on an annual basis with respect to such partners' share of (x) the aggregate amount of unrecouped bridge financing contributions plus (y) the aggregate amount of capital contributions for investments that have not been disposed of, less (z) the aggregate amount of investment contributions used to fund investments which have been permanently written down (net of subsequent write-ups) at least 80% from the original cost thereof to the extent distributions have not been made with respect thereto, in each case as determined on the first day of the period with respect to which a determination is being made. The management fees for the Fund will be payable until all portfolio investments are disposed of or distributed or until GPE IV's relationship with the Fund is terminated for other reasons (as described in the partnership agreements of the Funds). Installments of the management fees payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period.

Effective upon the first day of the calendar quarterly period commencing after the earlier of (i) the date the investment period expires and (ii) the date the general partner, an approved executive officer or any of their respective affiliates first receives or begins to accrue management fees with respect to a new pooled equity investment fund, the management fee for Caltius Equity IV Executive Fund paid to GPE IV, quarterly in advance, will be generally equal to 2.0% on an annual basis with respect to such partners' share of (x) the aggregate amount of unrecouped bridge financing contributions, and (y) the aggregate amount of capital contributions for investments that have not been disposed of, less (z) the aggregate amount of investment contributions used to fund investments which have been permanently written down (net of subsequent write-ups) at least 80% from the original cost thereof to the extent distributions have not been made with respect thereto, in each case as determined on the first day of the period with respect to which a determination is being made.. The management fees will be payable until all portfolio investments are disposed

of or distributed or until GPE IV's relationship with the Fund is terminated for other reasons (as described in the partnership agreement of the Fund). Installments of the management fees payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period.

The management fee for each investor of Caltius Equity IV Main Fund will be reduced or "offset" by such investor's share of 50% of such Fund's share of closing fees, commitment fees, funding fees, break-up fees, litigation proceeds, investment banking fees, placement fees, monitoring fees, consulting fees, directors' fees and other similar fees paid by portfolio companies to partners or employees of the Adviser or its affiliates, all as more particularly described in the partnership agreements for such Funds. The remaining amount of such fees will be retained by Caltius.

Due to the timing of receipt of compensation subject to offsets (as described above), it is possible that the management fee offsets will be delayed.

Caltius Structured Capital III and CP III

Effective with the quarter commencing October 1, 2016, Caltius Structured Capital III Main Fund and the Caltius Structured Capital III Executive Fund each no longer pay CP III any management fee.

The partnership agreement of Caltius Structured Capital III Main Fund provides that the Fund's management fee will be reduced by all of such Fund's share of any break-up fees, transaction fees, directors' fees and other similar fees paid by portfolio companies to partners or employees of CP III or its affiliates. While the Adviser is not expected to receive any such fees from portfolio companies, since there will be no management fees to offset, to the extent the Adviser receives any such fees they will be remitted to the Fund.

Caltius Structured Capital IV and CP IV

Effective upon the first day of the calendar quarter commencing October 1, 2021, the Caltius Structured Capital IV Main Fund and the Caltius Structured Capital IV Executive Fund each will no longer pay CP IV any management fee.

The Caltius Structured Capital IV Main Fund management fee will be reduced by all of such Fund's share of break-up fees, transaction fees, directors' fees and other similar fees paid by portfolio companies to partners or employees of CP IV or its affiliates, all as more particularly described in the partnership agreement for the Fund. Due to the timing of receipt of compensation subject to offsets and/or waived or reduced management fees by the Adviser (as described below), it is possible that such management fee offsets will be delayed.

As permitted under the partnership agreements, CP IV may waive or agree to reduce the management fee. Certain waived portions of the management fee are treated by the partnership agreements as a deemed capital contribution by CP IV, which is effectively invested in the relevant Fund on CP IV's behalf and operates to reduce the amount of capital CP IV would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such circumstances,

be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of CP IV in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced management fees are not subject to the management fee offsets described above and the amount of such waived or reduced management fees may be significant. Since inception, CP IV has not elected to waive any portion of the management fees due from Caltius Structured Capital IV Main Fund.

Caltius Structured Capital V Unlevered Funds and GPM V

Caltius Structured Capital V Main Fund and Caltius Structured Capital V Parallel Fund each pay GPM V, quarterly in advance, a management fee generally equal to 1.75% on an annual basis of each partners' investor capital commitments, and Caltius Structured Capital V Executive Fund pay GPM V, quarterly in advance, a management fee generally equal to 1.0% on an annual basis of each partners' investor capital commitments. Investors participating in a closing after the initial closing are expected to bear their share of the applicable Fund management fee from Caltius Structured Capital V's effective date. Effective upon the first day of the calendar quarter commencing January 1, 2021, the Caltius Structured Capital V Main Fund and the Caltius Structured Capital V Parallel Fund each began paying GPM V, quarterly in advance, a management fee generally equal to 1.75% on annual basis, and the Caltius Structured Capital V Executive Fund will pay GPM V, quarterly in advance, a management fee generally equal to 1.0% on annual basis, in each case of such partners' share of (x) the aggregate amount of capital contributions for investments that have not been disposed of, less (y) the aggregate amount of investment contributions used to fund investments which have been permanently written down (net of subsequent write-ups) at least 80% from the original cost thereof to the extent distributions have not been made with respect thereto, in each case as determined on the first day of the period with respect to which a determination is being made. The management fees for each Fund will be payable until all portfolio investments are disposed of or distributed or until GPM V's relationship with the applicable Fund is terminated for other reasons (as described in the applicable partnership agreements of the Funds). Installments of the management fees payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period. As a general matter, management fees will be payable during term extensions unless otherwise agreed with investors.

The management fee for each investor of the Caltius Structured Capital V Main Fund, the Caltius Structured Capital V Parallel Fund and the Caltius Structured Capital V Executive Fund will be reduced by such investor's share of such Fund's share of all closing fees, consent fees, commitment fees, funding fees, break-up fees, litigation proceeds, investment banking fees, placement fees, monitoring fees, consulting fees, directors' fees and other similar fees paid by portfolio companies to partners or employees of the Adviser or its affiliates, all as more particularly described in the partnership agreements for such Funds.

As permitted under the partnership agreements, GPM V may waive or agree to reduce the management fee. Certain waived portions of the management fee are treated by the partnership agreements as a deemed capital contribution by GPM V, which is effectively invested in the relevant Fund on GPM V's behalf and operates to reduce the amount of capital GPM V would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such

circumstances, be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of GPM V in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced management fees are not subject to the management fee offsets described above and the amount of such waived or reduced management fees may be significant. Since inception, GPM V has not elected to waive any portion of the management fees due from the Caltius Structured Capital V Main Fund and the Caltius Structured Capital V Parallel Fund.

Due to waived or reduced management fees by the Adviser and/or the timing of receipt of compensation subject to offsets (as described above), it is possible that such management fee offsets will be delayed.

Caltius Structured Capital V SBIC Fund and CP V (SBIC) GP

The Caltius Structured Capital V SBIC Fund will pay CP V (SBIC) GP, quarterly in advance and commencing on the date of SBIC licensing approval from the SBA, a management fee equal to 1.75% on an annual basis of the sum of “Unreduced Regulatory Capital” and “Assumed Leverage.” “Unreduced Regulatory Capital” means the sum of the Fund’s regulatory capital as defined in the SBIC Act, less any Fund organizational expenses in excess of \$500,000, plus any distributions previously payable made under 13 CFR Section 107.585 which reduced regulatory capital by no more than 2% or which the SBA approves for inclusion in the calculation of management compensation. “Assumed Leverage” means up to two tiers of leverage as defined in the SBIC Act drawn or planned to be drawn by the Fund, as reflected in its then current plan of operations approved by SBA. Investors participating in a closing after the initial closing are expected to bear their share of the applicable Fund management fee from the first day of the calendar quarter in which they made their commitment.

Effective June 8, 2021, representing the day after the fifth anniversary of the commencement of the Caltius Structured Capital V SBIC Fund’s investment period (as provided in the Fund’s partnership agreement), the Fund will pay CP V (SBIC) GP, quarterly in advance, a management fee generally equal to 1.75% on annual basis, of the aggregate cost of all loans and investments in respect of the portion of “Active Portfolio Companies” attributable to the partners of the Fund (other than the affiliated partners). The term “Active Portfolio Companies” for this purpose shall mean any ongoing concerns in which the Fund has invested and as to which the Fund has not written off or written down to zero, subject to SBA review. Notwithstanding anything to the contrary in the partnership agreement for the Fund, in no event shall the management fees exceed the maximum amount approved by SBA.

The management fees for the Fund will be payable until all portfolio investments are disposed of or distributed or until CP V (SBIC) GP’s relationship with Caltius Structured Capital V SBIC Fund is terminated for other reasons (as described in the applicable partnership agreement of the Fund). Installments of the management fees payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period. As a general matter, management fees will be payable during term extensions unless otherwise agreed with investors.

The management fee for each investor of the Caltius Structured Capital V SBIC Fund will be reduced or “offset” by 100% of such investor’s share of such Fund’s share of all management service fees directors’ fees or transaction fees and other similar fees paid by portfolio companies to partners or employees of the Adviser or its affiliates, all as further described in the partnership agreement for the Fund and/or as required under the SBIC Act.

Due to the timing of receipt of compensation subject to offsets (as described above), it is possible that such management fee offsets will be delayed.

Caltius Structured Capital VI Unlevered Fund and GPM VI

The Caltius Structured Capital VI Unlevered Fund will pay GPM VI, quarterly in advance, a management fee generally equal to 2.00% on an annual basis of each partners’ investor capital commitments, or such other rate agreed to by the General Partner and an investor, beginning on February 17, 2022.

Effective on the first day of the calendar quarter commencing after the earliest to occur of (i) the date the Investment Period expires or the Fund is dissolved as a result of the Caltius Structured Capital VI Unlevered Fund’s Limited Partners holding at least 75% of the Aggregate Commitments elect to dissolve the Fund for any reason by delivering a written notice to such effect to GPM VI; (ii) the date GPM VI, an Approved Executive Officer or any respective Affiliate first receives or begins to accrue management fees with respect to a new structured capital or mezzanine fund the commencement of operations of which is restricted pursuant to the Fund’s limited partnership agreement; and (iii) unless the General Partner has received Continuing Investment Approval, the date six (6) months after a Key Person Event occurs, the management fee shall be reduced to the product of the applicable Management Fee Rate and an amount equal to (x) the aggregate amount of capital contributions for investments that have not been disposed of, less (y) the aggregate amount of investment contributions used to fund investments which have been permanently written down (net of subsequent write-ups) at least 80% from the original cost thereof to the extent distributions have not been made with respect thereto, in each case as determined on the first day of the period with respect to which a determination is being made. The management fees for the Fund will be payable until all portfolio investments are disposed of or distributed or until GPM VI’s relationship with the Fund is terminated for other reasons (as described in the Fund’s partnership agreement). Installments of the management fees payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period. As a general matter, management fees will be payable during term extensions unless otherwise agreed to with investors.

The management fee for each investor of Caltius Structured Capital VI Unlevered Fund will be reduced or “offset” by such investor’s share of such Fund’s share of all closing fees, consent fees, commitment fees, funding fees, break-up fees, litigation proceeds, investment banking fees, placement fees, monitoring fees, consulting fees, directors’ fees and other similar fees paid by portfolio companies to partners or employees of the Adviser or its affiliates, all as more particularly described in the partnership agreements for such Funds.

Due to the timing of the receipt of compensation subject to offsets (as described above), it is possible that such management fee offsets will be delayed.

Caltius Structured Capital VI SBIC Fund and GPM VI (SBIC)

The Caltius Structured Capital VI SBIC Fund will pay GPM VI (SBIC), quarterly in advance and commencing on the date of SBIC licensing approval from the SBA, a management fee equal to 2.00% on an annual basis, or such other rate agreed to by the General Partner and an investor, of the sum of “Unreduced Regulatory Capital” and “Assumed Leverage.” “Unreduced Regulatory Capital” means the sum of the Fund’s regulatory capital as defined in the SBIC Act, less any Fund organizational expenses in excess of \$500,000, plus any distributions previously payable made under 13 CFR Section 107.585 which reduced regulatory capital by no more than 2% or which the SBA approves for inclusion in the calculation of management compensation. “Assumed Leverage” means up to two tiers of leverage as defined in the SBIC Act drawn or planned to be drawn by the Fund, as reflected in its then current plan of operations approved by SBA. Investors participating in a closing after the initial closing are expected to bear their share of the applicable Fund management fee from the first day of the calendar quarter in which they made their commitment.

Effective the day after the fifth anniversary of Caltius Structured Capital VI SBIC Fund’s SBIC licensing approval (as provided in the Fund’s partnership agreement), the Fund will pay GPM VI (SBIC), quarterly in advance, a management fee equal to 2.00% on annual basis, or such other rate agreed to by the General Partner and an investor, of the aggregate cost of all loans and investments in respect of the portion of “Active Portfolio Companies” attributable to the partners of the Fund (other than the affiliated partners). The term “Active Portfolio Companies” for this purpose shall mean any ongoing concerns in which the Fund has invested and as to which the Fund has not written off or written down to zero, subject to SBA review.

The management fees for the Fund will be payable until (i) withdrawal, dissolution or bankruptcy of GPM VI (SBIC); (ii) the later of (A) ten years from the formation of the Partnership; or (B) two years after all Outstanding Leverage has matured; and (iii) an election is made by the Fund’s Limited Partners with Interests of at least seventy-five Percent (75%) of the Fund, notice of which election must be given to each Partner and the SBA. Such election will be effective on the date stated in the dissolution notice, provided that: (A) the dissolution date is a date at least ten years after the formation of the Partnership; (B) all Outstanding Leverage has been repaid or redeemed; and (C) all amounts due SBA, its agent or trustee have been paid. Installments of the management fees payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period. As a general matter, management fees will be payable during term extensions unless otherwise agreed with investors.

The management fee for each investor of the Caltius Structured Capital VI SBIC Fund will be reduced or “offset” by 100% of such investor’s share of such Fund’s share of all management service fees directors’ fees or transaction fees and other similar fees paid by portfolio companies to partners or employees of the Adviser or its affiliates, all as further described in the partnership agreement for the Fund and/or as required under the SBIC Act.

Due to the timing of receipt of compensation subject to offsets (as described above), it is possible that such management fee offsets will be delayed.

Carried Interest

Each General Partner receives a carried interest from the Fund or Funds for which it acts as general partner. The following generally describes the carried interest payable to each General Partner.

Caltius Equity II and CEP II

CEP II will receive a carried interest with respect to the Caltius Equity II Main Fund equal to 20% of all realized profits (subject to an 8% compound preferred return), as more fully described in the Fund's partnership agreement. The carried interest distributed to CEP II is subject to a potential giveback at the end of life of Caltius Equity II Main Fund if CEP II has received excess cumulative distributions as defined by the partnership agreement.

No carried interest is payable with respect to the Caltius Equity II Executive Fund. It is expected that any future Funds formed with respect to Caltius Equity II will have a similar fee structure as the Caltius Equity II Main Fund.

Caltius Equity III and GPE III

GPE III will receive a carried interest with respect to the Caltius Equity III Main Fund equal to 20% of all realized profits (subject to an 8% compound preferred return), as more fully described in the Fund's partnership agreement. The carried interest distributed to GPE III is subject to a potential giveback at the end of the investment period of the Fund, on the tenth anniversary of the effective date of the Fund and at the end of life of Caltius Equity III Main Fund if GPE III has received excess cumulative distributions as defined by the partnership agreement.

No carried interest is payable with respect to the Caltius Equity III Executive Fund. It is expected that any future Funds formed with respect to Caltius Equity III will have a similar fee structure as the Caltius Equity III Main Fund.

Caltius Equity IV and GPE IV

GPE IV will generally receive a carried interest with respect to the Caltius Equity IV Main Fund equal to 20% of all realized profits (subject to an 8% compound preferred return), as more fully described in the Fund's partnership agreement. The carried interest distributed to GPE IV is subject to a potential giveback upon liquidation of the Fund if GPE III has received excess cumulative distributions as defined by the partnership agreement.

GPE IV will generally receive a carried interest with respect to the Caltius Equity IV Executive Fund equal to 10% of all realized profits (subject to an 8% compound preferred return), as more fully described in the Fund's partnership agreement. The carried interest distributed to GPE IV is subject to a potential giveback upon liquidation of the Fund if GPE IV has received excess cumulative distributions as defined by the partnership agreement.

It is expected that any future Funds formed with respect to Caltius Equity IV will have a similar fee structure as the Caltius Equity IV Main Fund and Caltius Equity IV Executive Fund.

Caltius Structured Capital III and CP III

CP III will receive a carried interest with respect to the Caltius Structured Capital III Main Fund equal to 20% of all realized profits (subject to an 8% compound preferred return) determined with respect to each investment, as more fully described in the partnership agreement for the Fund. The carried interest distributed to CP III is subject to a potential giveback at the end of life of Caltius Structured Capital III Main Fund if CP III has received excess cumulative distributions as defined by the partnership agreement.

No carried interest is payable with respect to the Caltius Structured Capital III Executive Fund. It is expected that any future Funds formed with respect to Caltius Structured Capital III will have a similar fee structure as the Caltius Structured Capital III Main Fund.

Caltius Structured Capital IV and CP IV

CP IV will receive a carried interest with respect to the Caltius Structured Capital IV Main Fund equal to 20% of all realized profits (subject to an 8% compound preferred return) determined with respect to each investment, as more fully described in the applicable partnership agreement. The carried interest distributed to CP IV is subject to a potential giveback at the end of life of Caltius Structured Capital IV Main Fund if CP IV has received excess cumulative distributions as defined by the partnership agreement.

No carried interest is payable with respect to the Caltius Structured Capital IV Executive Fund. It is expected that any future Funds formed with respect to Caltius Structured Capital IV will have a similar fee structure as the Caltius Structured Capital IV Main Fund.

Caltius Structured Capital V Unlevered Funds and GPM V

GPM V will generally receive a carried interest with respect to the Caltius Structured Capital V Main Fund and the Caltius Structured Capital V Parallel Fund equal to 20% of all realized profits (subject to an 8% compound preferred return), as more fully described in the applicable partnership agreements. The carried interest distributed to GPM V is subject to a potential giveback during the life of Caltius Structured Capital V Main Fund and Caltius Structured Capital V Parallel Fund and at the end of life of Caltius Structured Capital V Main Fund and Caltius Structured Capital V Parallel Fund if GPM V has received excess cumulative distributions as defined by the partnership agreement.

No carried interest is payable with respect to the Caltius Structured Capital V Executive Fund. It is expected that any future Funds formed with respect to the Caltius Structured Capital V Unlevered Funds will have a similar fee structure as the Caltius Structured Capital V Main Fund.

Caltius Structured Capital V SBIC Fund and CP V (SBIC) GP

CP V (SBIC) GP will receive a carried interest with respect to the Caltius Structured Capital V SBIC Fund equal to 20% of all realized profits (subject to an 8% compound preferred return), as more fully described in the partnership agreement of the Fund. The carried interest distributed to CP V (SBIC) GP is subject to a potential giveback during the life of Caltius Structured Capital V SBIC Fund and at the end of life of Caltius Structured Capital V SBIC Fund if CP V (SBIC) GP has received excess cumulative distributions as defined by the partnership agreement.

It is expected that any future Funds formed with respect to the Caltius Structured Capital V SBIC Fund will have a similar fee structure as the Caltius Structured Capital V SBIC Fund.

Caltius Structured Capital VI Unlevered Fund and GPM VI

GPM VI will generally receive a carried interest with respect to Caltius Structured Capital VI Fund equal to 20% of all realized profits (subject to an 8% compound preferred return), as more fully described in the partnership agreement. The carried interest distributed to GPM VI is subject to a potential giveback upon liquidation of the Fund if GPM VI has received excess cumulative distributions as defined by the partnership agreement.

It is expected that any future Funds formed with respect to the Caltius Structured Capital VI Unlevered Fund will have a similar fee structure as the Caltius Structured Capital VI Fund.

Caltius Structured Capital VI SBIC Fund and GPM VI (SBIC)

GPM VI (SBIC) will receive a carried interest with respect to the Caltius Structured Capital VI SBIC Fund equal to 20% of all realized profits (subject to an 8% compound preferred return), as more fully described in the partnership agreement of the Fund. The carried interest distributed to GPM VI (SBIC) is subject to a potential giveback upon liquidation of the Fund if GPM VI (SBIC) has received excess cumulative distributions as defined by the partnership agreement.

It is expected that any future Funds formed with respect to the Caltius Structured Capital VI SBIC Fund will have a similar fee structure as the Caltius Structured Capital VI SBIC Fund

Expenses

Caltius Equity II and CEP II

In addition to the management fees and carried interest payable to CEP II, Caltius Equity II bears certain expenses. As more fully set forth in the partnership agreements for the Caltius Equity II Main Fund and the Caltius Equity II Executive Fund, each Fund bears all expenses relating to the Fund's activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and

disposing of investments (including interest on money borrowed, and brokerage, finders', custodial and other fees); legal, accounting, auditing, insurance, travel, litigation and indemnification, judgments and settlements, consulting, financing, appraisal, filing and tax preparation expenses; expenses of the Caltius Equity II Main Fund advisory board; broken deal expenses; expenses of partner meetings; and any taxes or other governmental charges levied against the Fund, but not ordinary overhead and administrative expenses of the Fund incurred by CEP II or its affiliates in connection with maintaining and operating their offices (including salaries, rent and equipment expenses). To the extent that such expenses are of a type that are common to the activities of one or more of the Caltius Equity II Funds (e.g., audit expenses, tax preparation expenses, the costs of maintaining investor information portals, etc.), CEP II will allocate such expenses among the Funds based on the relative commitments to such Fund(s) or in such manner as CEP II otherwise determines to be equitable. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Caltius Equity III and GPE III

In addition to the management fees and carried interest payable to GPE III, Caltius Equity III bears certain expenses. As more fully set forth in the partnership agreements for the Caltius Equity III Main Fund and the Caltius Equity III Executive Fund, each Fund bears all expenses relating to the Fund's activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and disposing of investments (including interest on money borrowed, and brokerage, finders', custodial and other fees); legal, accounting, auditing, insurance, travel, litigation and indemnification, judgments and settlements, consulting, finders', financing, appraisal, filing and tax preparation expenses; expenses of the Caltius Equity III Main Fund advisory board; broken deal expenses; expenses of partner meetings, including attendance at such meetings of current or former executives that GPE III believes can provide advice with respect to Fund activities ("**strategic executives**"); expenses of meetings of strategic executives, up to a maximum of \$50,000 per year; any taxes or other governmental charges levied against the Fund; placement fees paid to third parties; extraordinary expenses; expenses incurred in connection with any alternative investment vehicles formed in connection with fund investments; and Fund organizational expenses (up to a maximum of \$1,500,000) but not ordinary overhead and administrative expenses of the Fund incurred by GPE III or its affiliates in connection with maintaining and operating their offices (including salaries, rent and equipment expenses) or costs or expenses directly associated with the registration of the Adviser or its affiliates as an investment adviser with the SEC or any state securities agency or any Form ADV reporting related thereto. To the extent that such expenses are of a type that are common to the activities of one or more of the Caltius Equity III Funds (e.g., audit expenses, tax preparation expenses, the costs of maintaining investor information portals, etc.), GPE III will allocate such expenses among the Funds based on the relative commitments to such Fund(s) or in such manner as GPE III otherwise determines to be equitable. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Caltius Equity IV and GPE IV

In addition to the management fees and carried interest payable to GPE IV, Caltius Equity IV bears certain expenses. As more fully set forth in the partnership agreements for the Caltius Equity IV Main Fund and the Caltius Equity IV Executive Fund, each Fund bears all expenses relating to the Fund's activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and disposing of investments (including interest on money borrowed, and brokerage, finders', custodial and other fees); legal, accounting, auditing, insurance, travel, litigation and indemnification, judgments and settlements, consulting, finders', financing, appraisal, filing and tax preparation expenses; expenses of the Caltius Equity IV Main Fund advisory board; broken deal expenses; expenses of partner meetings, including attendance at such meetings of current or former executives that GPE IV believes can provide advice with respect to Fund activities ("**strategic executives**"); expenses of meetings of strategic executives, up to a maximum of \$50,000 per year; any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; certain compliance or regulatory matters related to the Fund; any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; any Organizational Expenses (up to maximum amount of \$1,750,000) any Placement Fees; and any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

Caltius Structured Capital III and CP III

In addition to the management fees and carried interest payable to CP III, Caltius Structured Capital III bears certain expenses. As more fully set forth in the partnership agreements for Caltius Structured Capital III Main Fund and Caltius Structured Capital III Executive Fund, each Funds bears all expenses relating to the Fund's activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and disposing of investments (including interest on money borrowed; brokerage, finders', custodial and other fees; and costs and expenses for litigation and indemnification, and judgments and settlements); insurance; legal, accounting, auditing, consulting, financing, filing and tax preparation expenses; expenses of the Caltius Structured Capital III Main Fund advisory board; broken deal expenses; expenses of partner meetings; and any taxes or other governmental charges levied against the Fund, but not ordinary overhead and administrative expenses of the Fund incurred by CP III or its affiliates in connection with maintaining and operating their offices (including salaries, rent and equipment expenses, external technical and marketing consulting services unrelated to a specific proposed or existing investment and travel expenses) to the extent not borne or reimbursed by a portfolio company. To the extent that such expenses are of a type that are common to the activities of one or more of the Caltius Structured Capital III Funds (e.g., audit expenses, tax preparation expenses, the costs of maintaining investor information portals, etc.), CP III will allocate such expenses among the Funds based on the relative commitments to such Fund(s) or in such manner as CP III otherwise determines to be equitable. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Caltius Structured Capital IV and CP IV

In addition to the management fees and carried interest payable to CP IV, Caltius Structured Capital IV bears certain expenses. As more fully set forth in the partnership agreements for Caltius Structured Capital IV Main Fund and Caltius Structured Capital IV Executive Fund, each Fund bears all expenses relating to the Fund's activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and disposing of investments (including interest on money borrowed; brokerage, finders', custodial and other fees; and costs and expenses for litigation and indemnification, and judgments and settlements); insurance; legal, accounting, auditing, consulting, financing, finders', appraisal, filing and tax preparation expenses; expenses of the Caltius Structured Capital IV Main Fund advisory board; broken deal expenses; expenses of partner meetings; and any taxes or other governmental charges levied against the Fund, but not ordinary overhead and administrative expenses of the Fund incurred by CP IV or its affiliates in connection with maintaining and operating their offices (including salaries, rent, equipment expenses, external technical and marketing consulting services unrelated to a specific proposed or existing investment and travel expenses) to the extent not borne or reimbursed by a portfolio company. To the extent that such expenses are of a type that are common to the activities of one or more of the Caltius Structured Capital IV Funds (*e.g.*, audit expenses, tax preparation expenses, the costs of maintaining investor information portals, etc.), CP IV will allocate such expenses among the Funds based on the relative commitments to such Fund(s) or in such manner as CP IV otherwise determines to be equitable. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Caltius Structured Capital V Unlevered Funds and GPM V

In addition to the management fees and carried interest payable to GPM V, the Caltius Structured Capital V Unlevered Funds bear certain expenses. As more fully set forth in the partnership agreements for the Caltius Structured Capital V Main Fund, the Caltius Structured Capital V Parallel Fund and the Caltius Structured Capital V Executive Fund, each Fund bears all expenses relating to the Fund's activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and disposing of investments (including interest on money borrowed, and brokerage, finders', custodial and other fees); legal, accounting, auditing, insurance, travel, litigation and indemnification, judgments and settlements, consulting, finders', financing, appraisal, filing and tax preparation expenses; expenses of the Caltius Structured Capital V Main Fund advisory board; broken deal expenses; expenses of partner meetings, including attendance at such meetings of current or former executives that GPM V believes can provide advice with respect to Fund activities ("**strategic executives**"); expenses of meetings of strategic executives, up to a maximum of \$50,000 per year; any taxes or other governmental charges levied against the Fund; placement fees paid to third parties; extraordinary expenses; expenses incurred in connection with any alternative investment vehicles formed in connection with fund investments; and Fund organizational expenses (up to a maximum of \$1,500,000) but not ordinary overhead and administrative expenses of the Fund incurred by GPM V or its affiliates in connection with maintaining and operating their offices (including salaries, rent and equipment expenses). To the extent that such expenses are of a type that are common to the activities of one or more of the Caltius Structured Capital V Funds (*e.g.*, audit expenses, tax preparation expenses, the costs of

maintaining investor information portals, etc.), GPM V and CP V (SBIC) GP will allocate such expenses among the Funds based on the relative commitments to such Fund(s) or in such manner as GPM V and CP V (SBIC) GP otherwise determines to be equitable. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

Caltius Structured Capital V SBIC Fund and CP V (SBIC) GP

In addition to the management fees and carried interest payable to CP V (SBIC) GP, the Caltius Structured Capital V SBIC Fund bears certain expenses. As more fully set forth in the partnership agreements for the Caltius Structured Capital V SBIC Fund, the Fund bears all expenses relating to the Fund’s activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and disposing of investments (including interest on money borrowed, registration expenses and brokerage, finders’, custodial and other fees, litigation and indemnification costs and expenses, judgments and settlements) but excluding the development, investigation or monitoring of investments; insurance premiums or similar expenses incurred by CP V (SBIC) GP and certain other related parties in connection with the management of the Fund; legal, accounting, administration (including third party administrators), custodian, depositary, auditing, consulting, finders’, financing, appraisal, filing and tax preparation expenses; expenses of the Caltius Structured Capital V SBIC Fund advisory board; broken deal expenses; expenses of partner meetings, including attendance at such meetings of current or former executives that CP V (SBIC) GP believes can provide advice with respect to Fund activities (“**strategic executives**”) excluding travel expenses; expenses of meetings of strategic executives (but excluding travel expenses), up to a maximum of \$50,000 per year in aggregate for the Fund and the Caltius Structured Capital V Unlevered Funds; any taxes or other governmental charges levied against the Fund; placement fees paid to third parties; extraordinary expenses; amounts payable to the SBA under the SBIC Act and amounts payable in connection with any leverage commitment from the SBA and any outstanding leverage thereunder and all expenses incurred by the Fund for issuance of such leverage; and Fund organizational expenses (up to a maximum of \$750,000), but not ordinary overhead and administrative expenses of the Fund incurred by CP V (SBIC) GP or its affiliates in connection with maintaining and operating their offices (including salaries, rent and equipment expenses). To the extent that such expenses are of a type that are common to the activities of one or more of the Caltius Structured Capital V Funds (e.g., audit expenses, tax preparation expenses, the costs of maintaining investor information portals, etc.), CP V (SBIC) GP and GPM V will allocate such expenses among the Funds based on the relative commitments to such Fund(s) (including the Fund’s Assumed Leverage for this purpose) or in such manner as CP V (SBIC) GP and GPM V otherwise determines to be equitable. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

Caltius Structured Capital VI Unlevered Fund and GPM VI

In addition to the management fees and carried interest payable to GPM VI, the Caltius Structured Capital VI Unlevered Fund bear certain expenses. As more fully set forth in the partnership agreement, the Caltius Structured Capital VI Unlevered Fund bears all expenses

relating to the Fund's activities, investments and business to the extent not paid by portfolio companies, including without limitation all expenses attributable to acquiring, holding and disposing of investments (including interest on money borrowed, and brokerage, finders', custodial and other fees); legal, accounting, auditing, insurance, travel, litigation and indemnification, judgments and settlements, consulting, finders', financing, appraisal, filing and tax preparation expenses; expenses of the Caltius Structured Capital VI Unlevered Fund's advisory board; broken deal expenses; expenses of partner meetings, including attendance at such meetings of current or former executives that GPM VI believes can provide advice with respect to Fund activities ("**strategic executives**"); expenses of meetings of strategic executives, up to a maximum of \$50,000 per year; any taxes or other governmental charges levied against the Fund; placement fees paid to third parties; extraordinary expenses; expenses incurred in connection with any alternative investment vehicles formed in connection with fund investments; and Fund organizational expenses (up to a maximum of \$500,000) but not ordinary overhead and administrative expenses of the Fund incurred by GPM VI or its affiliates in connection with maintaining and operating their offices (including salaries, rent and equipment expenses). To the extent that such expenses are of a type that are common to the activities of one or more of the Caltius Structured Capital VI Funds (e.g., audit expenses, tax preparation expenses, the costs of maintaining investor information portals, etc.), GPM VI and GPM VI (SBIC) will allocate such expenses among the Funds based on the relative commitments to such Fund(s) or in such manner as GPM VI and GPM VI (SBIC) otherwise determines to be equitable. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Caltius Structured Capital VI SBIC Fund and GPM VI (SBIC)

In addition to the management fees and carried interest payable to GPM VI (SBIC), the Caltius Structured Capital VI SBIC Fund bears certain expenses. As more fully set forth in the partnership agreements for the Caltius Structured Capital VI SBIC Fund, costs and expenses of the Fund relating to the annual audit of the Fund and the preparation of Federal and state tax returns of the Fund; all interest and expenses payable by the Fund on any indebtedness incurred by the SBIC Fund; all amounts payable to SBA under the SBIC Act (including, without limitation, the cost of obtaining an SBIC license and SBA examination fees) or attributable to the SBIC license, and all amounts payable in connection with any SBA Leverage commitment, SBA Leverage issuance, and outstanding SBA Leverage; taxes, fees and expenses payable by the Fund to Federal, state, local and other governmental agencies; expenses incurred in the actual or proposed acquisition, holding or disposition of assets, including without limitation, accounting fees, brokerage fees, legal fees, taxes, costs related to the registration or qualification for sale of assets, guarantees made by or on behalf of the Fund, investment banking fees, consulting fees, third party diligence and research software and service providers, and fees of similar professionals, appraisal expenses, financing, refinancing, commitment, origination and similar fees and expenses, broker, dealer, finder, underwriting (including both commissions and discounts), sales commissions, finder and similar fees and broken deal costs; legal expenses of the Fund; risk mitigation costs and expenses associated with protecting the Fund, the General Partner, the Investment Adviser/Manager and any of their officers, directors, managers, owners, and employees, including insurance and premiums and cybersecurity; reasonable costs and expenses associated with meetings and proceedings of the Limited Partners, Fund's Advisory Board, other committees of

the Fund and with portfolio company executives, including attendance at such meetings by Strategic Executives and the Fund's share of up to \$50,000 per year for out-of-pocket fees and expenses incurred in connection with Strategic Meetings; indemnification expenses; organizational expenses up to the lesser of \$500,000 and 2.0% of Regulatory Capital; fees or dues in connection with the membership of the Fund in any trade association for small business investment companies and related enterprises and attendance at such trade association events; costs and expenses associated with communications with Partners and preparation of Fund reports and third party administrator expenses; bonding expenses; any syndication and similar reasonable costs to the fullest extent allowed under the SBIC Act; fees incurred by the SBIC Fund for special advisory, consulting and financing services, and custodian fees and expenses; expenses associated with legal or regulatory registrations and compliance of the Fund and its General Partner, including securities filing fees; all extraordinary fees, costs and expenses (such as actual or threatened litigation, mediation, arbitration or other dispute resolution, and any judgment or other award or settlement in connection therewith); and any fees or other governmental charges levied against the Fund; and all costs, fees and expenses incurred by the General Partner or the Partners in connection with winding up and liquidating the Fund's affairs after repayment of SBA Leverage.

Other Information

Generally, each General Partner will exempt certain investors in the relevant Fund(s) it advises from payment of all or a portion of management fees and/or carried interest, including a General Partner itself and any other person designated by such General Partner, such as "friends and family" of the Adviser or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The relevant General Partner reserves the right to make any such exemption from management fees and/or carried interest by a direct exemption, a rebate by a General Partner and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a Caltius professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the management fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant partnership agreements, certain General Partners may have the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear carried interest. In general, the management fee offsets described above apply only with respect to the capital commitments of fee-paying investors.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable partnership agreement for a Fund, over the term of a Fund, and investors generally are not permitted to withdraw or redeem interests in any Fund.

Principals or other current or former employees of Caltius generally receive a portion of the management fees, carried interest or other compensation received by a General Partner or its affiliates.

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received

by other Funds over time), and be reimbursed by the other Funds for their share of such expenses. While the Adviser believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, the Adviser, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Adviser's related policies and practices and the relevant partnership agreement(s) and/or side letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the general partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction are expected to be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

Caltius and/or its affiliates generally have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the fee rate, timing and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Caltius and/or its affiliates on the other hand.

Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or the fees subject to offset as described above) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in side letters relating thereto, and (where applicable) any environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Furthermore, as a general matter, broken deal expenses are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. Additionally, subject to its governing documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly,

than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” CEP II, GPE III, GPE IV, CP III, CP IV, GPM V, CP V (SBIC) GP, GPM VI and GPM VI (SBIC) each generally receives a carried interest allocation on certain realized profits in the relevant related main and/or parallel Fund for which it serves as general partner but not with respect to any related executive Fund. This practice could present a conflict of interest because a General Partner has an incentive to favor accounts for which such General Partner receives a performance-based fee. Additionally, to the extent that Caltius has Funds with varying carried interest terms and/or Caltius personnel are assigned varying percentages of carried interest from the Funds, Caltius and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The Adviser seeks to address the potential for conflicts of interest in these matters with practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and partnership agreement, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel. For example, the Adviser causes the relevant main Fund and executive Fund to invest, to the extent practicable, in the same portfolio companies at the same time and on the same terms on a *pro rata* basis based on the relative commitment sizes of such Funds.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its investors.

TYPES OF CLIENTS

Caltius Management provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to Caltius’ related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Such Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Caltius Management and its affiliates and members of their families, Executive Network (as defined below) members or other service providers retained by the Adviser, as well as executives of portfolio companies.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other

reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Funds generally have minimum investment amounts ranging from \$100,000 to \$5,000,000 for third-party investors (which minimum investment amounts may be waived by the General Partners of such Funds). Fund interests are generally offered and sold either solely to qualified purchasers (or qualified knowledgeable Caltius personnel) or solely to accredited investors who are also qualified clients (or qualified knowledgeable Caltius personnel).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Caltius Equity Funds

General

The Caltius Equity Funds seek to invest primarily in control transactions, growth financings and recapitalizations of Micro Market² companies. The Caltius Equity Funds intend to make primarily equity and equity-related investments within a targeted range of \$10 million to \$30 million principally based in the United States and Canada, with a regional emphasis on companies in California and the Western United States. The members of the investment committees for the Caltius Equity Funds are James Upchurch, President and Chief Executive Officer of Caltius; Garrick Ahn, Managing Director; Michael Morgan, Managing Director; and, with respect to Caltius Equity III, Jeffrey Holdsberg, Managing Director (collectively, the “**Equity Principals**”).

The Caltius Equity Funds have been providing equity capital and operational guidance to Micro Market companies since 1999. The Caltius Equity Funds seek to apply the operational knowledge of the Equity Principals and, where applicable, rely on the broad skill sets of the members of their executive network (the “**Executive Network**”) with relevant experience to build company infrastructure in preparation for future growth. As a portfolio company begins to leverage newly established systems, protocols and personnel investments to demonstrate the potential for growth, Caltius monitors industry and market conditions in an effort to optimize exit timing and valuation.

Investment and Operating Strategy

The key elements of the investment process for the Caltius Equity Funds are:

- (i) **Target Selection** – seek to make discerning target company and industry selections;
 - (ii) **Platform Development** – seek to develop portfolio company infrastructure and strategy;
- and

² As used herein, the term “**Micro Market**” is defined as companies with revenues between \$10M and \$50M. While the focus of the Caltius Equity Funds is on investments in companies in the Micro Market, the Caltius Equity Funds also may invest in companies that are larger or smaller than Micro Market companies.

- (iii) ***Strategic Exit Timeline and Process*** – seek to execute a well-managed and timely exit process.

Target Selection

Sourcing

Among their transaction sources, the Caltius Equity Funds maintain two distinctive sourcing relationships:

Executive Network. The Executive Network historically has been a significant source of transaction flow. The Executive Network includes current and former senior level operating executives, many of whom are current or past executives of Caltius Equity Fund or Caltius Structured Capital Fund portfolio companies.

Caltius Structured Capital Funds. The Caltius Structured Capital Funds employ their own investment professionals and augment transaction flow for the Caltius Equity Funds directly through referrals of opportunities generally not appropriate for its investment focus or indirectly through co-marketing with the Caltius Equity Funds to companies and intermediaries throughout the United States.³

Micro Market Company Characteristics

In the experience of the Caltius Equity Funds, Micro Market companies often possess addressable weaknesses that limit their ability to independently maximize operating potential and to develop and exploit growth opportunities. These characteristics often include:

- Limited depth, skills sets and breadth of management
- Unsophisticated financial and management reporting infrastructure, protocols and systems
- Lack of operational strategy design
- Lack of access to capital to fund capital equipment or to fund organic and acquisition-driven growth initiatives

The Caltius Equity Funds seek to leverage the Equity Principals' experience to identify targets that have addressable weaknesses and/or growth opportunities. Compelling target companies generally also possess:

- Strong but under-developed growth potential that can be unlocked with the proper human resources and/or capital investment
- Defensible niche market positions
- Cost and balance sheet improvement opportunities

³ From time-to-time investment opportunities are expected to be presented where both a Caltius Equity Fund and a Caltius Structured Capital Fund will pursue an investment in the same company, typically with the Caltius Equity Fund seeking to provide equity capital and the Caltius Structured Capital Fund seeking to provide debt financing (which may include an equity participation). In any such case, before consummating the investment, the Caltius Equity Fund and the Caltius Structured Capital Fund will obtain the approval of their respective advisory boards.

- Ability to leverage Executive Network resources to provide strategic or operational support

Industry Characteristics

The Caltius Equity Funds typically target industries that have:

- *Organic demand* growth driven by a macro catalyst including demographic, regulatory or structural trends
- *High levels of fragmentation*, which can allow for add-on acquisition candidates, opportunities for niche leadership through product or service differentiation, and diverse potential strategic exit options
- *Recurring revenue streams* generated by high re-use of services or consumable products that can result in more stable and less cyclical cash flows

While the Caltius Equity Funds are not focused on any particular industry, they have developed a specific expertise in and have historically had a particular emphasis on the following industries: Business Services, Consumer Services, Industrial Services and IT and Managed Services.

Geographic Characteristics

Although the Caltius Equity Funds have in the past and will continue to seek investments primarily throughout the United States and Canada, the Caltius Equity Funds believe that the Micro Market opportunity is particularly attractive in California and the Western United States. A significant number of the Caltius Equity Funds' platform investments have been headquartered in the Western United States, including California.

Platform Development

The Caltius Equity Funds believe that significant value is created by building, within each portfolio company, the infrastructure required to exploit opportunities and deliver strong growth through identified strategies. The Caltius Equity Funds seek to work with portfolio companies to build this infrastructure as the foundation for future growth, often with assistance from the Executive Network.

Executive Network Role

The Equity Principals have developed a broad network of operating executives. The Executive Network includes current and former senior level operating executives, many who are current or past executives of Caltius Equity Fund or Caltius Structured Capital Fund portfolio companies.

One (or more) Executive Network members typically have been involved in various stages of a Caltius Equity Fund transaction, including as the transaction source, as an advisor regarding operational and industry aspects of due diligence, and/or in the post-investment platform development activities. Executive Network members may also participate in portfolio companies

through board positions, coaching/consulting of company executives, personal co-investments and options, and through permanent or interim operating roles.

Infrastructure Enhancement and Preparation for Growth

Upon closing an investment, the Caltius Equity Fund seeks to focus on addressing weakness that it typically finds common to Micro Market companies, especially in the areas of operations, personnel capabilities and systems/physical infrastructure. Areas of focus may include:

Operational Process Improvements

- Establish operational reporting protocols; develop and monitor operational KPIs
- Refine process flow in key functional areas, especially in R&D, sales management, and service/manufacturing operations
- Align compensation to reward achievement of KPIs or motivate behavior to comply with new process design
- Create and require delivery of key financial tracking metrics often on a daily or weekly basis

Personnel Capabilities Upgrades

- Use of organizational development consultants to solicit blinded/candid 360° feedback on all levels of employees
- Evaluation of management depth and employee capabilities, followed by training, replacements and/or additions to team

Capital Investment

- Implement new or upgraded IT and Enterprise Resource Planning (ERP) systems
- Invest in physical infrastructure such as new branch locations or additional service/production capacity

Growth Strategy Construction

In parallel with infrastructure enhancement initiatives, the Caltius Equity Fund may work with portfolio companies to evaluate and ultimately design executable growth strategies tailored to leverage the infrastructure being developed. Key elements may include efforts to:

Market Penetration

- Improve management of processes and execution and add sales/marketing resources to gain market share
- Increase focus on customer retention activities and upsell opportunities to drive sales to current customers
- Design and execute sales and marketing initiatives to expand base of customers by converting non-users to users

New Market Development

- Assess, design, and execute on plans to expand sales of existing services/products in:

- New market segments
- New distribution channels
- New geographic territories

New Service / Product Development

- Invest in development of new services/products for existing and/or new markets
- Create service and/or product line extensions: higher-lower price and/or quality offerings, integration of upstream or downstream offerings
- Acquire new service/product capability through mergers and acquisitions

Strategic Exit Timeline and Process

As platform development activities progress, the Caltius Equity Fund seeks to monitor its portfolio companies' industry and competitor dynamics to determine whether or not to implement an accelerated exit process (an "**Accelerated Exit**") or to continue to progress toward a traditional exit timeline (a "**Traditional Exit**").

In general, the Caltius Equity Funds target holding a given investment for a three-to seven-year period. The exact timing of an exit is evaluated in an effort to maximize returns, while balancing potential risks. In addition, the Caltius Equity Fund typically conducts a quarterly review of each portfolio company and considers a variety of factors including, but not limited to, each portfolio company's: (i) historical and budgeted operating results, (ii) progress in completing platform development and growth strategy design/execution and other strategic initiatives, such as cost cutting actions, (iii) current capital structure, and (iv) industry environment, including changes to competitive dynamics, merger & acquisition activity, and valuations.

Accelerated Exit

If strategic buyers in an industry are aggressively active and one or more of the following (or other select criteria) applies, the Caltius Equity Fund may seek to execute an Accelerated Exit, even if the portfolio company has not yet fully realized on its growth potential: (i) Can an acquisition of the portfolio company address a product, service or geographic deficiency for potential buyers? (ii) Is the portfolio company perceived as a current threat either on a standalone-basis or as a subsidiary of a competitor? and (iii) Have or will buyers recognize the improved quality and growth potential of the business and be willing to reflect this future value in a premium purchase price?

In an Accelerated Exit, the Caltius Equity Fund generally engages an investment bank to create the threat of a broad auction and maintain process tension. A limited number of prospective buyers, frequently strategic in nature, may be contacted with pricing discussions providing guidance toward higher-than-market comparable multiples to reflect the unrealized growth potential and quality of the business or other unique company characteristics. Upon a successful sale pursuant to an Accelerated Exit, the Caltius Equity Funds' investment goals could be achieved with the benefit of an exit accelerated by 1-3 years and the elimination of longer-term execution risk.

Traditional Exit

In a Traditional Exit, the Caltius Equity Fund would continue to work with management to execute the strategic growth plan of the business after the platform has been developed (typically another 1-3 years). At the appropriate time, the Caltius Equity Fund generally engages an investment bank to run a broad auction, including both financial and strategic buyers. If such a sale is successful, the Caltius Equity Fund would realize competitive market multiples on a more developed company that could enable it to achieve its investment goals.

Caltius Structured Capital Funds

General

The Caltius Structured Capital Funds intend to make mezzanine and other structured capital investments of up to \$50 million in lower middle market companies located in the United States and Canada (although the Funds also are permitted to make senior debt and/or equity investments or to invest in companies located outside the United States and Canada). These investments are expected to be in a broad range of industries with non-capital-intensive businesses, such as business services, healthcare services, IT services, consumer products and services and light manufacturing. Caltius focuses on the underserved “non-sponsored” market, which Caltius believes has less competition than the “sponsored” market, allowing for more attractive pricing characteristics and enhanced equity upside. In addition, Caltius believes it has significant experience investing with private equity sponsors and will selectively invest in sponsored transactions. Caltius generally expects to be the lead mezzanine/structured capital investor in its investments.

The Caltius Structured Capital Funds will seek to build a portfolio that will generate attractive current returns and provide meaningful upside through equity participation. The Funds will continue to focus on capital preservation through rigorous credit analysis and due diligence, transaction structuring and active ongoing involvement with portfolio companies.

Investment and Operating Strategy

Investment Strategy

Focus on the lower middle market. The Caltius Structured Capital Funds expect to continue the strategy utilized by prior Caltius funds of investing in the lower middle market, defined as small to medium sized companies with enterprise values of \$25 million to \$250 million. Caltius believes that the capital markets historically have not focused on this segment of the market. Although more capital has been devoted to this segment in recent years, Caltius believes this segment continues to provide investment opportunities with a more favorable risk profile than the middle and upper segments of the market.

Provide customized and flexible financing solutions. The Caltius Structured Capital Funds will seek to structure customized financing solutions to support a diverse range of transaction types, including: acquisition financing, growth capital, dividend recapitalizations, management buyouts and sponsored buyouts.

Investments in both non-sponsored and sponsored transactions. The Caltius Structured Capital Funds will seek to make some of its investments in non-sponsored companies (*i.e.*,

companies that do not have a private equity fund as a significant investor). In these non-sponsored transactions, Caltius believes it has benefited from less competition and structuring and pricing advantages because, in its experience, many senior lenders and mezzanine lenders have a preference towards backing equity sponsored transactions and avoiding non-sponsored transactions. In addition to investments in non-sponsored transactions, the Fund expects to invest in companies with equity sponsors. In an effort to reduce the risks associated with change-of-control situations, the Fund's preference is to provide acquisition and growth capital to existing portfolio companies of equity sponsors, but the Fund may also invest in change-of-control situations. The sponsored transactions in which the Fund invests may involve more complex situations where Caltius' skills and experience may add value.

Focus on service oriented, non-capital-intensive businesses. The Caltius Structured Capital Funds typically utilize a cash flow-oriented investment approach that is expected to result in a portfolio of predominantly non-capital-intensive businesses. When reviewing transactions, the Funds seek to differentiate between capital intensive and non-capital-intensive businesses by defining financial risk based on free cash flow as opposed to EBITDA. Caltius believes that companies with lower capital expenditure requirements often can better withstand adverse economic environments than businesses with larger capital expenditure requirements. Consequently, by investing in a diversified portfolio of service oriented, non-capital-intensive businesses, Caltius believes its portfolio may enjoy greater financial flexibility with less portfolio volatility. Furthermore, because senior lenders may prefer to finance asset heavy companies instead of service-oriented businesses, there may be a lack of attractive capital available for service oriented, non-capital intensive businesses. Caltius believes that this absence of capital and financing alternatives could increase the number of investment opportunities and allow the Fund to achieve better pricing and lower levels of risk.

Pursue companies with attractive potential exit options. The Caltius Structured Capital Funds expect to favor investments that allow for multiple exit opportunities, giving each Fund flexibility in its exit strategy depending upon the portfolio company's performance. These exit opportunities may include a sale of the company in its entirety, a partial sale of a division or other assets (thereby allowing for a debt pay down while retaining the potential for equity upside), a recapitalization, or a refinancing. By focusing on companies with superior exit options, Caltius believes it may experience (i) enhanced downside protection; (ii) more frequent liquidity events; and (iii) increased upside with higher overall returns.

Credit-oriented approach. Caltius seeks to maintain rigorous underwriting standards with a focus on capital preservation. Caltius seeks to invest in companies with many of the following characteristics:

- Favorable industry dynamics and stable competitive environment
- Consistent historical operating performance
- Customer and end-market diversity
- Moderate capital expenditure and working capital requirements
- Low leverage measured by debt to cash flow ratios

- Meaningful market share and distinct competitive advantages
- Proven and properly incentivized management

Investment Process

The Caltius Structured Capital Funds will seek to utilize a systematic investment process that capitalizes on a combination of deal flow from an established and diverse referral network, investment structuring, due diligence and credit analysis, and portfolio company involvement.

Investment Origination. By virtue of Caltius being an active participant in the same market since 1997 and the investing experience of Caltius' professionals, Caltius believes it enjoys, and will continue to utilize, a large network of relationships with deal sources (intermediaries, investment banks, senior lenders, equity sponsors, attorneys, accountants, industry executives and other deal sources). The key elements of Caltius' current deal sourcing strategy include:

- 1) Geographic coverage:** In addition to maintaining its strong referral network in California, Caltius professionals visit major U.S. cities throughout the year, leveraging conferences, trade shows, and company visits in these major cities.
- 2) Finding or creating non-sponsored/non-change-of-control transactions:** These types of transactions have included shareholder dividends, equity cash-out transactions, refinancings, management buyouts, acquisition financings and internal growth/working capital financings.
- 3) Utilizing tracking and data mining capabilities:** Caltius seeks to utilize its contact management and deal-flow databases to identify key referral sources and develop focused efforts to deepen relationships with these key deal sources. Caltius also has been able to identify target transaction types, industries and geographies.
- 4) Developing direct calling programs:** Caltius from time to time has engaged outside direct calling firms to identify potential non-sponsored transactions.
- 5) Leveraging Executive Network:** Caltius has developed a network of executives, including senior-level operating executives of current and past portfolio companies that also are investors in the Caltius' executive Funds. Caltius seeks to leverage these relationships to create deal flow, assist in evaluating potential investment opportunities and serve as references to prospective portfolio company management teams.

Investment Selection and Approval Process. The Caltius Structured Capital Funds seek to utilize a methodical approach to their investment selection and approval process, which is focused primarily on the preservation of the Fund's capital. The most common reasons for rejecting investment opportunities are: insufficient or volatile historical cash flow generation, an absence of a sustainable competitive advantage, an inappropriate capital structure, cyclical end-market demand and poor exit prospects. The general steps involved include:

Investment Analysis: After completing an initial review of an investment opportunity, Fund personnel internally distribute information outlining the transaction. The information typically summarizes the business, industry, competitive dynamics, financial performance, transaction structure and strengths/weaknesses gathered from

the initial review of the materials received. The information is then reviewed at a deal meeting in which members of the Fund team contribute their relevant market knowledge and experience, at which point the group concludes whether or not to pursue the transaction further.

Due Diligence: Typically, upon executing a letter of intent, the Fund begins a due diligence process that is customized to each transaction. Key due diligence findings are discussed with members of the Fund’s investment committee.

Investment Approval: The principal results of due diligence efforts are compiled in an investment memorandum that is used as the basis for investment review and approval. Each investment in the Fund will require unanimous approval of the Fund’s investment committee.

Documentation: While the Funds use outside legal counsel to document each transaction, Fund personnel remain actively involved in the documentation process through negotiation of business-related issues and review of document iterations.

Creative Structuring. The Caltius Structured Capital Funds typically will customize structures to meet the unique attributes of each transaction. Investments are expected predominantly to take the form of a debt security, often with equity participation rights. In certain transactions, the Fund occasionally will provide “bridge senior” loans (short term senior debt with a maturity of less than two years or senior debt that converts to mezzanine pricing within two years). The Fund may later reinvest the capital invested in these bridge senior loans so long as the bridge senior debt has been repaid within any applicable time limits set forth in the partnership agreement for the Fund. Caltius Structured Capital Funds will also participate in “unitranche” structures in conjunction with a bank or other senior lender, with the Caltius Structured Capital Fund providing junior debt and the senior lender providing senior debt. As part of a mezzanine transaction, the Fund also may make equity co-investments structured as common and/or preferred stock. These equity co-investments are typically a relatively small percentage of the Fund’s overall investment, but in certain instances the Fund will make a more substantial equity investment.

Involvement with Portfolio Companies. The Caltius Structured Capital Funds seek to maintain active post-closing involvement with portfolio companies. Monitoring activities generally include: (i) monthly analysis of financial performance and covenant compliance; (ii) contact with key management team members; (iii) board of director meeting participation (through board observation rights); and (iv) periodic site visits.

Value Realization. Certain of the Caltius Structured Capital Funds’ investments are redeemed or sold prior to maturity. These early realizations typically arise as a result of a transaction such as an asset sale, a sale of the company or a recapitalization/refinancing. When a Fund exits a debt investment prior to maturity as a result of a transaction other than a company sale, it is permitted to retain some or all of any equity securities associated with that investment, allowing for continued equity upside potential.

Risks of Investment

The Caltius Funds and their investors bear the risk of loss that the Adviser's investment strategy entails. The risks involved with the Adviser's investment strategies and investments in the Funds include, but are not limited to:

Caltius Equity Funds

Business Risks. Each Caltius Equity Fund's investment portfolio is expected to consist primarily of securities issued by 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.

Future and Past Performance. The performance of Caltius Equity Funds' prior investments is not necessarily indicative, or a guarantee, of a Fund's future results. While the General Partner of each Caltius Equity Fund intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investments in Junior Securities. The securities in which a Caltius Equity Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Concentration of Investments. The Caltius Equity Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of one or a few holdings or of one or a few particular industries may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund reserves the right to invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. It is possible that a Caltius Equity Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the commitments of the investors are invested (or drawn down to be invested), investors will be required to bear annual management fees during the investment period of a Fund based on the entire amount of investors' commitments in such Fund.

Illiquidity; Lack of Current Distributions. An investment in a Caltius Equity Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of

operating a Fund (including the annual management fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including, without limitation, unfunded commitments.

Leveraged Investments; Fund Leverage. The Caltius Equity Funds will make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been at or near historic lows) and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of invested capital in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

A Fund is permitted, from time to time, to also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. A Fund is permitted to incur leverage on a joint and several basis with one or more other Funds and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the partnership agreement, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more

concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

Subscription Lines. Certain Caltius Equity Funds will enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the partnership agreement, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, (including one or more co-investing Funds) as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay management fees and to reimburse Caltius for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Caltius Equity Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners of the Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the relevant partnership agreement, including the value used to determine the amount of carried interest available to the Adviser with respect to such investment.

Reliance on General Partner and Portfolio Company Management. Control over the operation of a Caltius Equity Fund will be vested with the General Partner of such Fund, and a Fund's future profitability will depend largely upon the business and investment acumen of the Equity Principals. The loss or reduction of service of one or more of the Equity Principals or other investment professionals could have an adverse effect on the Fund's ability to realize its investment objectives. Investors generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend entirely on the actions of the General Partner of the Fund. Although the General Partner of the Fund will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Caltius Equity Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Conflicting Investor Interests. Limited partners in a Caltius Equity Fund will, from time to time, have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts are expected to arise in connection with decisions made by the 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 General Partner generally will consider the investment and tax objectives of the Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Caltius Equity Fund's activities, including the ability of the Fund to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to consummate investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

Additionally, Congress has recently considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the Equity Principals, employees or other individuals associated with the Caltius Equity Funds, Caltius Management or the General Partner of a Caltius Equity Fund who were or may in the future be granted direct or indirect interests in the General Partner entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from the Fund and the General Partner, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Fund.

Dynamic Investment Strategy. While the General Partners of the Caltius Equity Funds generally intend to seek attractive returns for the Funds primarily through the investment strategy and methods described herein, the General Partners reserve the right to pursue additional investment strategies and is permitted to modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate and consistent with the relevant partnership agreements. The General Partner reserves the right to pursue investments outside of the industries and sectors in which the Equity Principals have previously made investments or have internal operating experience.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). If a Caltius Equity Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available:: (i) may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of commitments.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Caltius Equity Fund will, from time to time, decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or other reasons. There can be no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund 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 (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund’s ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. A Caltius Equity Fund is permitted to invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions, including Canada. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to the Fund’s income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be

subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements; Related Regulations. The General Partner of a Caltius Equity Fund is permitted to (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks.

Certain hedging arrangements may create for the General Partner of a Fund and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

General Partner's Carried Interest. The fact that a General Partner's carried interest is based on a percentage of net profit, creates an incentive for a General Partner to cause a Fund to make riskier or more speculative investments than otherwise would be the case.

Public Company Holdings. A Caltius Equity Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund 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, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Equity Principals, and increased costs associated with each of the aforementioned risks.

Non-controlling Investments. A Caltius Equity Fund is permitted to hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Director Liability. A Caltius Equity Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or other similar governing body) of the

companies in which it invests. Serving on the board of directors (or other similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

Uncertain Economic, Social and Political Environment. Consumer, corporate, and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Caltius Equity Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. This may slow the rate of future investments by such Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the portfolio companies in which the Fund makes investments.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Market Conditions. Any material changes in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the Caltius Equity Funds' portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objectives and also the level of profitability achieved on realizations of investments.

Financial Institution Risk; Distress Events. An investment in the Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund’s (or any portfolio investment’s) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a “**Distress Event**”). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, the Adviser, the General Partner, the Fund or one or more of the Fund’s portfolio investments may be unable to access deposits, borrowing facilities or other services, either permanently or for an extended, potentially indeterminate, period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by government-sponsored organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the stated amounts are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose comparable risk of loss. While in recent years governmental intervention has resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that such intervention will occur in connection with any future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, delays or negative impacts on banking or brokerage conditions or markets.

Any Distress Event could have a potentially adverse effect on the ability of the General Partner to manage the Fund and its investments, and on the ability of the General Partner, the Fund and any portfolio investment to maintain operations, which, in each case, could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event the Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the General Partner believes reflect the fair value of such investments; and the inability of the Adviser or the portfolio investments to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution’s services, it is also possible that a Fund or a portfolio investment will incur additional expenses or delays, or incur additional expenses, in putting in place alternative arrangements, or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, availability, access to capital or otherwise). To the extent the General Partner is able to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses, delays or other negative impacts. The Fund and its portfolio investments are subject to similar risks if a Financial Institution utilized by investors in the Fund or by suppliers, vendors, contractors, service providers or other counterparties of the Fund or a portfolio investment becomes subject to a Distress Event, which could have a material adverse effect on the Fund and/or one or more of its portfolio investments.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that the General Partner and/or the Fund maintain all or a set amount or percentage of their respective accounts or assets with that Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the General Partner seeks to do business with Financial Institutions that it believes are established, well-capitalized and capable of fulfilling their respective obligations to the Fund, the General Partner is under no obligation to use a minimum number of Financial Institutions with respect to the Fund or to maintain account balances at or below the relevant insured amounts, and the rapid collapse in the first quarter of 2023 of several seemingly well-capitalized and established institutions demonstrates that there are limits to the effectiveness of this approach in avoiding counterparty exposure. Under certain circumstances, such as receiving capital contributions pursuant to a capital call or proceeds from a disposition, the Fund will not be able to maintain account balances at or below any relevant insured amounts.

Public Health Emergencies; COVID-19. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to a Caltius Equity Fund.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“**COVID-19**”), which the World Health Organization formally declared in March 2020 to constitute a global “pandemic.” This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across several of the world’s largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19’s impact will depend

on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to a Caltius Equity Fund. The extent of the impact on a Caltius Equity Fund and its portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of a Caltius Equity Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy a Caltius Equity Fund intends to pursue, all of which could adversely affect a Caltius Equity Fund's ability to fulfill its investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of a Caltius Equity Fund, its portfolio companies, its general partner and Caltius may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Russian Invasion of Ukraine. On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions). The following day, the United States, United Kingdom and European Union announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the United States, United Kingdom, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. Further sanctions may be forthcoming, and the U.S. and allied countries have recently announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally [(including

in the countries in which the Private Funds invest), and therefore could adversely affect the performance of the Private Funds' investments. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Private Funds and the performance of their investments or operations, and the ability of the Private Funds to achieve their investment objectives.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. Changes in the global credit markets can make it more difficult for investment funds such as the Caltius Equity Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, dramatically reduces investor demand for high yield debt and senior bank debt, which in turn causes some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Caltius Equity Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, such marketplace events 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 marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

Lack of Unilateral Control. Even if a Caltius Equity Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Caltius Equity Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of such Caltius Equity Fund or its limited partners. Such third parties may be in a position to take action contrary to a Caltius Equity Fund's business, tax or other interests, and a Caltius Equity Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

Limited Access to Information. Limited partners' rights to information regarding a Caltius Equity Fund, the relevant General Partner or Caltius generally will be specified, and in many cases strictly limited, by a Fund's governing documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Caltius Equity Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Caltius' control. Decisions by Caltius or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Caltius Equity Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Caltius and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Caltius Equity Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a

Caltius Equity Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Caltius Equity Fund succeeds in asserting confidentiality for requested documents and other materials, and Caltius reserves the right to withhold certain information from investors subject to such laws for reasons relating to Caltius' public reputation, business strategy or other reasons.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of the Adviser and its affiliates, as well as in connection with officerships or directorships of Caltius personnel, the Adviser and its affiliates may come into possession of confidential or material non-public information. Therefore, the Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Caltius Equity Fund. Consequently, a Caltius Equity Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Caltius' internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Adviser or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of the Adviser's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by the Adviser or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Unfunded Pension Liabilities of Portfolio Companies. A recent court decision found that, in certain circumstances, a Fund could be treated as a "trade or business" for purposes of determining pension liability under the Employee Retirement Income Security Act of 1974. Therefore, where a Caltius Equity Fund owns 80% or more (or possibly, under certain

circumstances, less than 80%) of a portfolio company, such Fund (and any other 80%-owned portfolio companies of such Fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. A Caltius Equity Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Caltius Equity Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Caltius Equity Fund's investments because, among other things, the securities of portfolio companies held by such Caltius Equity Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all of the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Caltius Equity Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of such circumstances could subject a portfolio company, or the relevant Caltius Equity Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce

portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or investor data, the Adviser, its affiliates or the Caltius Equity Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under the Adviser's policies.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations (“**Privacy Laws**”) in the United States, Europe and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Caltius, the General Partner, the Caltius Equity Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Caltius, the General Partners, the Caltius Equity Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

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

Caltius Structured Capital Funds

Business Risks. The Caltius Structured Capital Funds' investment portfolio is expected to consist primarily of securities issued by 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.

Future and Past Performance. The performance of the Caltius Structured Capital Funds' prior investments is not necessarily indicative of the Caltius Structured Capital Funds' future results. While the General Partners of the Caltius Structured Capital Funds intend to make investments that have estimated returns commensurate with the risks undertaken, there can be no

assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Leveraged Nature of Structured Capital Investments; Fund Leverage. The portfolio companies in which the Caltius Structured Capital Funds will invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs or to pay principal and interest on a Fund's investments when due. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been at or near historic lows). A Fund's investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, the companies and securities in which a Fund will invest generally will not be rated by a credit rating agency.

A Fund is permitted, from time to time, to also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund is permitted to incur leverage on a joint and several basis with one or more other Funds and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

Subscription Lines. Certain Caltius Structured Capital Funds will enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing

facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the partnership agreement, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, (including one or more co-investing Funds) as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay management fees and to reimburse Caltius for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Concentration of Investments. The Caltius Structured Capital Funds may participate in a limited number of investments and will seek to make several investments in one industry or one

industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of one or a few holdings or of one or a few particular industries may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing mezzanine and other structured capital transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the commitments of the investors are invested (or drawn down to be invested), investors will be required to bear annual management fees during the commitment period of a Fund based on the entire amount of investors' commitments in such Fund.

Illiquidity; Long-Term Investments. An investment in a Caltius Structured Capital Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Although most Fund investments are expected to generate current income, such investments may take several years from the date of the initial investment to reach a state of maturity when realization of the investments can be achieved. Furthermore, the expenses of operating a Fund (including the annual management fee payable to a General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments. It is anticipated that there will be no public market for all or a portion of the securities held by a Fund at the time of their acquisition. The Fund will generally not be able to sell its securities publicly unless their sale is registered under the applicable securities laws, or unless an exemption from such registration is available. In addition, in some cases a Fund may be prohibited from selling securities for a period of time.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Caltius Structured Capital Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners of the Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the relevant partnership agreement, including the value used to determine the amount of carried interest available to the Adviser with respect to such investment.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of each Caltius Structured Capital Fund will be vested with the General Partner of such Fund, and the Funds' future profitability will depend largely upon the business and investment acumen of the members of its investment committee, Michael Kane, Greg Howorth and James Upchurch, and with respect to Caltius Structured Capital V, Alisa Frederick, and with respect to Caltius Structured Capital VI, Frederick Shuart and Gavin Bates (the "**Structured Capital Principals**"). The loss or reduction of service of one or more of the Structured Capital Principals or other investment professionals could have an adverse effect on the Caltius Structured Capital

Funds' ability to realize its investment objectives. Investors generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of a Caltius Structured Capital Fund will depend entirely on the actions of the General Partner of the Fund. Although the General Partner will monitor the performance of each Caltius Structured Capital Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Caltius Structured Capital Funds generally intend to invest in companies with strong management, there can be no assurance that the existing management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies.

Conflicting Investor Interests. Investors will, from time to time, have conflicting investment, tax, and other interests with respect to their investments in a Caltius Structured Capital Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts are expected to arise in connection with decisions made by a General Partner regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of a Fund and its partners as a whole, not the investment, tax, or other objectives of any investor individually.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Caltius Structured Capital Fund will, from time to time, decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company, whether for opportunistic reasons, to fund the needs of the business or for other reasons. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund 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. Additionally, such failure to make investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. The Caltius Structured Capital Funds are permitted to invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions, including Canada. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the investors with respect to a Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the investors. Additional risks include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform

accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

General Partner's Carried Interest. The fact that a General Partner's carried interest is based on a percentage of net profits, creates an incentive for the General Partner to cause a Fund to make riskier or more-speculative investments than otherwise would be the case.

Non-controlling Investments. The Caltius Structured Capital Funds anticipate that they will principally hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect a Fund's position in such portfolio companies. However, the General Partner will seek appropriate creditor and shareholder rights to help protect the Fund's interest.

Director Liability. In certain circumstances, a Caltius Structured Capital Fund may receive the right to appoint a representative to the board of directors (or other similar governing body) of the companies in which it invests. Serving on the board of directors (or other similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Caltius Structured Capital Fund's activities, including the ability of the Fund to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to consummate investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

Additionally, Congress has recently considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the Structured Capital Principals, employees or other individuals associated with the Caltius Structured Capital Funds, Caltius Management or the General Partner of a Caltius Structured Capital Fund who were or may in the future be granted direct or indirect interests in the General Partner entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from the Fund and the General Partner, which could make

it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Fund.

Dynamic Investment Strategy. While the General Partners of the Caltius Structured Capital Funds generally intend to seek attractive returns for the Funds primarily through the investment strategy and methods described herein, the General Partners reserve the right to pursue additional investment strategies and is permitted to modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate and consistent with the relevant partnership agreements. The General Partners reserve the right to pursue investments outside of the industries and sectors in which the Structured Capital Principals have previously made investments or have internal operating experience.

Alternative Investment Fund Managers Directive. The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the EEA. If a Caltius Structured Capital Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available:: (i) may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of commitments.

Hedging Arrangements; Related Regulations. The General Partner of a Caltius Structured Capital Fund is permitted to (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or OTC contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks.

Certain hedging arrangements may create for the General Partner of a Fund and/or one of its affiliates a registration or exemption obligation with the CFTC or other regulator or comply

with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Public Company Holdings. A Caltius Structured Capital Fund's investment portfolio will contain securities issued by publicly held companies. Such investments may subject the Fund 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, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Structured Capital Principals should they sit on a portfolio company board, and increased costs associated with each of the aforementioned risks.

Uncertain Economic, Social and Political Environment. Consumer, corporate, and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Caltius Structured Capital Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. This may slow the rate of future investments by such Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the portfolio companies in which the Fund makes investments.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the Caltius Structured Capital Funds' portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio

companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objectives and also the level of profitability achieved on realizations of investments.

Financial Institution Risk; Distress Events. An investment in the Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund's (or any portfolio investment's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a “**Distress Event**”). Distress Events can be caused by factors including, but not limited to, eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, the Adviser, the General Partner, the Fund or one or more of the Fund's portfolio investments may be unable to access deposits, borrowing facilities or other services, either permanently or for an extended, potentially indeterminate, period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by government-sponsored organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the stated amounts are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose comparable risk of loss. While in recent years governmental intervention has resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that such intervention will occur in connection with any future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, delays or negative impacts on banking or brokerage conditions or markets.

Any Distress Event could have a potentially adverse effect on the ability of the General Partner to manage the Fund and its investments, and on the ability of the General Partner, the Fund and any portfolio investment to maintain operations, which, in each case, could result in significant losses and in unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event the Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the General Partner believes reflect the fair value of such investments; and the inability of the Adviser or the portfolio investments to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that a Fund or a portfolio investment will incur additional expenses or delays, or incur additional expenses, in putting in place alternative arrangements, or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, availability, access to capital or otherwise). To the extent the General Partner is able to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses, delays or other negative impacts. The Fund and its portfolio investments are subject to similar risks if a Financial

Institution utilized by investors in the Fund or by suppliers, vendors, contractors, service providers or other counterparties of the Fund or a portfolio investment becomes subject to a Distress Event, which could have a material adverse effect on the Fund and/or one or more of its portfolio investments.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that the General Partner and/or the Fund maintain all or a set amount or percentage of their respective accounts or assets with that Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the General Partner seeks to do business with Financial Institutions that it believes are established, well-capitalized and capable of fulfilling their respective obligations to the Fund, the General Partner is under no obligation to use a minimum number of Financial Institutions with respect to the Fund or to maintain account balances at or below the relevant insured amounts, and the rapid collapse in the first quarter of 2023 of several seemingly well-capitalized and established institutions demonstrates that there are limits to the effectiveness of this approach in avoiding counterparty exposure. Under certain circumstances, such as receiving capital contributions pursuant to a capital call or proceeds from a disposition, the Fund will not be able to maintain account balances at or below any relevant insured amounts.

Public Health Emergencies; COVID-19. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to a Caltius Structured Capital Fund.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“**COVID-19**”), which the World Health Organization formally declared in March 2020 to constitute a global “pandemic.” This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across several of the world’s largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19’s impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to a Caltius Structured Capital Fund. The extent of the impact on a Caltius Structured Capital Fund and its portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of a Caltius Structured Capital Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy a Caltius Structured Capital Fund intends to pursue, all of which could adversely affect a Caltius Structured Capital Fund’s ability to fulfill its investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences, including the potential for defaults by borrowers under debt instruments held by such Fund. With respect to any revolving or delayed draw loans made by a Caltius Structured Capital Fund to a portfolio company, a portfolio company may be incentivized for liquidity or other reasons to draw on most, if not all, of the unfunded portion of such loan and such Fund may not have the ability under the applicable credit agreement to refuse to fund such draw without such Fund being in default and suffering financial penalties. In addition, the operations of a Caltius Structured Capital Fund, its portfolio companies, its general partner and Caltius may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity’s personnel. These measures may also hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

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

Limited Access to Information. Limited partners' rights to information regarding a Caltius Structured Capital Fund, the relevant General Partner or Caltius generally will be specified, and in many cases strictly limited, by a Fund's operative documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Caltius Structured Capital Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Caltius' control. Decisions by Caltius or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Caltius Structured Capital Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Caltius and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Caltius Structured Capital Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Caltius Structured Capital Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Caltius Structured Capital Fund succeeds in asserting confidentiality for requested documents and other materials, and Caltius reserves the right to withhold certain information from investors subject to such laws for reasons relating to Caltius' public reputation, business strategy or other reasons.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of the Adviser and its affiliates, the Adviser and its affiliates as well as in connection with officerships or directorships of Caltius personnel, may come into possession of confidential

or material non-public information. Therefore, the Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Caltius Structured Capital Fund. Consequently, a Caltius Structured Capital Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Caltius' internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Adviser or the funds from entering into transactions with certain individuals or jurisdictions. OFAC and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of the Adviser's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by the Adviser or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Caltius Structured Capital Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Caltius Structured Capital Fund's investments because, among other things, the securities of portfolio companies held by such Caltius Structured Capital Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all of the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. (CP V (SBIC) GP and GPM VI (SBIC) also will determine the value of the Caltius Structured Capital Leveraged Funds' investments in accordance with applicable guidelines under the SBIC Act.) There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with

respect to an investment will represent the value realized by the relevant Caltius Structured Capital Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of such circumstances could subject a portfolio company, or the relevant Caltius Structured Capital Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or investor data, the Adviser, its affiliates or the Caltius Structured Capital Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under the Adviser's policies and practices.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations ("**Privacy Laws**") in the United States, Europe and other jurisdictions could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Caltius, the General Partner, the Caltius Structured Capital Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Caltius, the General Partners, the Caltius Structured Capital Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including

private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Caltius, the General Partner, the Caltius Structured Capital Funds and/or their portfolio companies.

Additional SBIC Fund Risk Factors

Small Business Investment Company Risks. The Caltius Structured Capital Leveraged Funds (the “SBIC Funds”) intend to operate as SBICs under the SBIC Act and conduct the activities described under the SBIC Act. As an SBIC, the SBIC Funds will have the powers and responsibilities and be subject to the limitations provided in the SBIC Act. The SBA will have regulatory authority over the SBIC Funds as licensed SBICs under the provisions of the SBIC Act. If the Senior Principals of the SBIC Funds violate, or otherwise fail to comply with, any of the SBIC Act’s provisions or any regulations promulgated thereunder, they may be subject to civil and criminal penalties. In the event of an SBA-imposed liquidation of an SBIC Fund pursuant to the SBIC Act, the SBA’s interest shall be senior in priority for all purposes to all other interests in the SBIC Funds.

As an SBIC, the SBIC Funds will be subject to regulations that provide the SBA with a series of remedies for regulatory violations. The remedies are graduated in severity depending on the seriousness of the SBIC Funds’ negative financial condition or its misconduct, and may include the removal of the General Partner, the appointment of a receiver, and the operation and liquidation of the SBIC Funds by the SBA.

There is no guarantee that the full amount of SBA Leverage requested will be approved or that it will be approved in a timely manner to facilitate any particular investment. In addition, SBIC Funds’ investments are subject to certain restrictions. Existing SBA policies and funding may change in ways that could impair an SBIC investment vehicle’s ability to issue SBA debentures and thereby achieve the SBIC Fund’s investment objectives.

Risk of Leverage. While the Adviser generally expects the use of SBA leverage to magnify the SBIC Funds’ opportunities for additional gains due to the SBA’s capped return, the use of SBA leverage could accelerate and magnify declines in the SBIC Funds’ performance and reduce the returns of the SBIC Funds’ partners due to the potential senior priority of such leverage. Leverage generally magnifies both opportunities for gain and risk of loss. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the SBIC Funds will generally also result in fees, interest expense and other costs to the SBIC Funds that may not be covered by distributions made to the SBIC Funds or appreciation of its investments. The Caltius Structured Capital Leveraged Funds internal rate of return will be negatively affected by the SBIC Funds’ use of SBA leverage if the SBIC Funds do

not generate investment returns that exceed the costs associated with obtaining the SBA leverage. Capital contributed to the SBIC Funds by a limited partner may, in certain circumstances, be subordinated to any leverage outstanding and any other amounts owed to the SBA. An SBIC is subject to Congressional appropriations and funding of the SBA for purposes of obtaining leverage. If the SBIC program does not receive adequate funding, then the leverage available to existing and newly licensed SBICs could be reduced or eliminated. Although the SBIC Funds intend to draw down SBA funding if eligible, the SBIC Funds plan to pay a management fee to CP V (SBIC) GP and GPM VI (SBIC), whether or not the SBIC Fund draws down SBA leverage, which management fee amount will be borne exclusively by the SBIC Funds and indirectly by the limited partners.

Need for Follow-on Investments. SBA Leverage may not be available or may be limited once used up or after a certain time period. However, portfolio companies may at such time need follow-on investments when SBA leverage is unavailable. In such instances, such failure to make investments may result in a lost opportunity for the SBIC Funds to increase its participation in a successful portfolio company or the SBIC Funds' ownership may be diluted, generally or with respect to the Caltius Structured Capital Unlevered Funds.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities. The Adviser will seek to devote such time, personnel and internal resources as are necessary to conduct the business of the Funds in an appropriate manner, as consistent with the relevant partnership agreements, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund will, from time to time, conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

During the investment period for a Fund, the Adviser will pursue all appropriate investment opportunities through such Fund, subject to certain limited exceptions, as more fully described in the applicable partnership agreements and private placement memoranda for such Fund and the Adviser's Allocation Policies. However, the Adviser will typically manage several other investment funds and investments similar to those in which such Fund will be investing, and expects to direct certain relevant investment opportunities or resources to those investment funds and investments. Caltius personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. In addition, the Adviser expects to spend a portion of its business time and attention pursuing investment opportunities that do not fall within the investment objectives of a Fund for other investment funds and other than on behalf of a Fund. The Adviser's investment staff will continue to manage and monitor such investment funds and investments until their realization, although the Adviser expects that the time required to do so will be less than will be spent on Fund matters. The significant investment of the Adviser's principals in the Funds, as well as the interest of the Adviser's principals in the carried interest, are intended

to align, to some extent, the interest of the Adviser's principals with the interest of the other investors in the Funds, although the Adviser's principals have economic interests in such other investment funds and investments, as well, and receive management fees and carried interests relating to these interests. Such other investment funds and investments that the Adviser's principals control or manage could, from time to time, compete with a Fund or companies acquired by a Fund. Following the commitment period, the Adviser's principals likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments. Unless restricted by a Fund's governing documents, Caltius personnel are permitted to serve on boards or act in other roles unaffiliated with Caltius, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles.

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

The Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the partnership agreement, as well as factors including but not limited to: investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits, the need for a Fund to maintain capital availability for potential follow on investments in existing portfolio companies and other relevant factors, including risk. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally is permitted to invest together with other Funds advised by an affiliate of the Adviser in the manner set forth in the relevant partnership agreement and the Adviser's Investment Allocations Policy. The Adviser will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with the Adviser's obligations and reserves the right to take into consideration factors such as those set forth above.

Following such determination of allocation among Funds, the Adviser will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and whether to offer any such excess to one or more potential co-investors, including third parties, as determined by the Funds' partnership agreements, side letters and the Adviser's Allocation Policy. The Adviser's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: the expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor

with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; the relevant Adviser's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the relevant Adviser's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; whether the relevant Adviser believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the relevant Adviser or other funds advised by an the relevant Adviser or its affiliates; the likelihood that an investor may invest in a future fund sponsored by the relevant Adviser or its affiliates and/or the timing or amount of an investor's investment in the relevant Fund;.

Co-investment opportunities typically will be offered to some, but not all Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds, the Adviser and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund or other investment vehicle participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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

In certain cases, the Adviser will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant partnership agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant partnership agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Because each General Partner's carried interest is based on a percentage of net realized profits, it creates an incentive for the General Partner to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, for CEP II, GPE III, CP III, CP IV, GPM V, CP V (SBIC) GP, GPM VI and GPM VI (SBIC), each General Partner is entitled to

receive a carried interest allocation on certain realized profits in its main and parallel Fund but not with respect to any related executive Fund. This practice could present a conflict of interest because the General Partner has an incentive to favor accounts for which it receives a performance-based fee. The Adviser seeks to address this potential conflict of interest by causing the main Fund and the executive Fund to invest, to the extent practicable, in the same portfolio companies at the same time and on the same terms on a *pro rata* basis based on relative commitment sizes of the applicable Funds.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Adviser in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Adviser expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Adviser expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or the Adviser may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the

same terms. The Adviser and its affiliates reserve the right from time-to-time express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds could adversely affect other Funds.

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

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by the Adviser or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Adviser. The Funds generally have different expense reimbursement terms, including with respect to management fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

In cases where a Fund holds controlling interests in portfolio companies, the Adviser and/or its affiliates typically have the right to appoint board members or employees of, or service providers to, such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. Where the Adviser believes it to be advantageous for the relevant portfolio companies, it expects to appoint (or seek the appointment of) certain individuals to serve in roles (including board roles) at multiple portfolio companies, including portfolio companies owned by different Funds. Such roles generally will involve separate responsibilities to, and compensation arrangements with, each respective portfolio company. From time to time, portfolio company board members approve compensation and/or other amounts payable to the Adviser and/or its affiliates. Such amounts will be in addition to any management fees or carried interest paid by a Fund to the Adviser.

Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal

reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, Caltius, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Caltius' operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Caltius and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Caltius Information**"). In many cases, Caltius Information will include tools, procedures and resources developed by Caltius to organize or systematize Caltius Information for ongoing or future use. Although Caltius expects its Funds and their portfolio companies generally to benefit from Caltius' possession of Caltius Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which Caltius Information was originally received. Caltius Information will be the sole intellectual property of Caltius and solely for the use of Caltius. Caltius reserves the right to use, share, license, sell or monetize Caltius Information, without offset to management fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset management fees.

From time to time the Adviser may exercise its discretion to recommend to Funds or portfolio companies that they contract for services with certain service providers, and from time to time such service providers are expected to include: (i) the Adviser or a related person of the Adviser (which may include a portfolio company of such Fund); (ii) an entity with which the Adviser or its affiliates or current or former members of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit; or (iii) certain limited partners or their affiliates. For example, the Adviser expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related businesses. This subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser has a potential incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that the Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate

relationships that have the potential to provide longer-term benefits to the relevant Funds or the Adviser), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Adviser generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although the Adviser generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case the Adviser intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

The Adviser and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by the Adviser and/or its affiliates; conversely, former personnel or executives of the Adviser and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions or other service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates, and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Caltius entities) to Caltius personnel and their estate planning vehicles. The Adviser expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser or one or more other Funds. The Adviser expects to be subject to a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the

products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates reserve the right to buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and employees are generally permitted to buy securities in transactions deemed unsuitable for a Fund. Any such transactions are subject to any restrictions in the relevant partnership agreements and the policies and procedures set forth in Caltius' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments could vary from those of any Fund. Employees and related persons of the Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

Except to the extent prohibited by a Fund's governing documents, Caltius and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles or accounts the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the relevant governing documents and anti-"assignment" provisions of the Advisers Act, Caltius and its personnel are also permitted to offer, restructure and monetize interests in Caltius.

In addition, as described above, Executive Network members and other third-party consultants (including consultants introduced or arranged by the Adviser and/or its affiliates that provide services to one or more portfolio companies) typically receive certain fees and other compensation from portfolio companies, and such compensation does not offset or reduce the management fee as described herein. To the extent that Executive Network members are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Executive Network member's services at a time when fewer portfolio companies or Funds make use of such Executive Network member. Such compensation will from time to time be in the form of portfolio company securities. Recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation. Executive Network members, from time to time, make use of the Adviser's resources or otherwise will be associated with the Adviser. Although the use of Executive Network members and the allocation of compensation paid to them by the Adviser, its affiliates and/or the portfolio companies subjects the Adviser and/or its affiliates to potential conflicts of interest, the Adviser believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will

result if the cost of the Executive Network members is lower than market rates for the services provided and/or if the quality of the services of the Executive Network members make a greater contribution to the success of the portfolio company. Although the Adviser seeks to retain Executive Network members with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings, or limited or no improvement in performance, from such retention. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because management fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when the Adviser may not otherwise have done so.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Caltius reserves the right to accrue, defer or forego payments of transaction fees, monitoring fees or other compensation. In such cases, in accordance with the relevant governing documents, investors will not receive the benefit of management fee offsets with respect to such amounts until they are actually received.

The Adviser has entered, and in the future expects to enter, into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights, and liquidity or transfer rights. Side letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by a Fund's operative documents, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

The Adviser has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as the Adviser has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. Discounted prices or better terms offered by a portfolio company to the Adviser, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an advisory board consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

Caltius Management and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Caltius Management is affiliated with other Caltius investment advisers, including General Partners and equivalent entities formed from time to time and subject to the Advisers Act pursuant to Caltius' registration in accordance with SEC guidance. These advisers are GPM VI (SBIC), LP, a Delaware limited partnership; GPM VI, LP, a Delaware limited partnership; Caltius Partners V (SBIC) GP, LP, a Delaware limited partnership; GPM V, LP, a Delaware limited partnership; CP IV, LP, a Delaware limited partnership; CP III, LP, a Delaware limited partnership; Caltius GPE IV, LP, a Delaware limited partnership; Caltius GPE III, LP, a Delaware limited partnership; and CEP II, LP, a Delaware limited partnership. These affiliated investment advisers operate as a single advisory business together with the Adviser and serve as managers or general partners of private investment funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Caltius Management has adopted the Caltius Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Caltius principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Caltius personnel to report their personal securities transactions and requires approval from the Caltius Chief Compliance Officer for Caltius personnel to acquire securities in an initial public offering or limited offering or to acquire or dispose of certain other designated securities. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Eric Wauthy, the Caltius Chief Compliance Officer, at (310) 806-4562. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Caltius Management and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Caltius Management and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Caltius Management.

Accordingly, should Caltius Management or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, Caltius Management would be prohibited from communicating such information to clients, and Caltius Management will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Caltius personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Caltius Management and its affiliates generally are expected to directly or indirectly own an interest in one or more of the Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as the Funds.

Co-invest opportunities generally are also expected to be presented to certain affiliates of the Adviser, as well as third-party investors and other persons, and such co-investments may be effected through co-investment vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Caltius Management and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

From time to time, a General Partner reserves the right to advance funds on behalf of a Fund and contribute such borrowed amounts to such Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund as a Fund expense, consistent with the applicable partnership agreement (or other governing document) and the expense policy described under "Fees and Compensation."

In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the management fee is calculated as a percentage of invested capital, a limited partner may pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

BROKERAGE PRACTICES

Each General Partner focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer are not required. However, a General Partner reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although each General Partner does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If a General Partner sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the General Partner. In such event, the General Partner will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, a General Partner reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

General Partners have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although a General Partner generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with a General Partner seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although such General Partner generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of a General Partner's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by a General Partner, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between a General Partner and its affiliates.

General Partners will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, a General Partner in its discretion reserves the right to cause a Fund to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This generally arises where a General Partner has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, a General Partner would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

General Partners will periodically determine which brokers have provided research that has been helpful in the management of the Funds. To the extent consistent with a General Partner's goal to obtain best execution for its clients, a General Partner reserves the right to seek to place a portion of the trades that it directs with the brokers who are identified through this process.

To the extent that a General Partner allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on a Fund's interest in receiving most favorable execution.

General Partners do not anticipate engaging in significant public securities transactions; however, to the extent that a General Partner engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for the Funds are completed independently, a General Partner also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, a General Partner expects, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of a General Partner is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided Caltius believes they are fair and equitable to its clients under the circumstances over time.

In the Adviser's private company securities transactions on behalf of the Funds, the Adviser reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, the Adviser reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Caltius Management monitors companies in which the Funds invest, and the Caltius Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund typically will provide to its limited partners (i) annual GAAP audited financial statements, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each limited partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company annually. (See the partnership agreement for the applicable Fund for more information).

CLIENT REFERRALS AND OTHER COMPENSATION

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

Caltius Management from time to time expects to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by Caltius Management indirectly through an offset against the management fee under the operative documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

CUSTODY

Each General Partner is deemed to have custody of the securities and certain cash assets of the Funds under Advisers Act Rule 206(4)-2 (the “Custody Rule”) because it serves as general partner of the Funds. To address the requirements of the Custody Rule, the Funds are subject to an annual audit by an independent auditor registered with the Public Company Accounting Oversight Board, and the audited financial statements prepared for each Fund are distributed to each Fund’s respective Investors. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to the Funds’ Investors within 120 days of each Fund’s fiscal year end.

Each General Partner maintains custody of its related Fund’s assets held in the Fund’s name with the following qualified custodians: Merrill Lynch Pierce Fenner & Smith Incorporated and US Bank. .

INVESTMENT DISCRETION

Each General Partner has discretionary authority to manage investments on behalf of the Fund(s) it advises. As a general policy, General Partners do not allow clients to place limitations on this authority. Pursuant to the terms of the applicable partnership agreement, however, a General Partner have entered, and expect to enter, into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Each General Partner assumes this authority pursuant to the terms of the applicable partnership agreements and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

Each General Partner and Caltius Management have adopted the Caltius Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for each Fund’s portfolio investments. The Proxy Policy seeks to ensure that each General Partner votes proxies (or similar instruments) in the best interest of its Fund(s), including where there may be material conflicts of interest in voting proxies. The General Partners generally believe their respective interests are aligned with those of the Funds’ investors through the principals’ beneficial ownership interests in the Fund(s) and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that each General Partner may address the conflict using several alternatives, including by seeking the approval or concurrence of its Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board is authorized to approve a General Partner’s vote in a particular solicitation. General Partners do not consider service on portfolio company boards by Caltius personnel or a General Partner’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the

Proxy Policy sets forth certain specific proxy voting guidelines followed by a General Partner when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Caltius' complete Proxy Policy or information regarding how a General Partner voted proxies for particular portfolio companies, please contact Eric Wauthy the Caltius Chief Compliance Officer, at (310) 806-4562, and it will be provided at no charge.

FINANCIAL INFORMATION

None of the General Partners requires prepayment of management fees six months or more in advance or have any other events requiring disclosure under this item of the Brochure.

SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF CALTIUS MANAGEMENT

James B. Upchurch

Educational Background and Business Experience

James B. Upchurch, 63, is President and Chief Executive Officer of Caltius. Prior to founding Caltius, he was the President of U.S. Bancorp Libra and its predecessor, Libra Investments, an investment banking firm focused on the sale, trading and placement of debt securities. Previously, he was a Portfolio Manager for high yield bonds at Columbia Savings and Loan Association and, prior thereto, was employed by American Continental Corporation. Mr. Upchurch began his career as a Certified Public Accountant at KPMG. He received his B.S. from Northern Arizona University.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Upchurch.

Other Business Activities

Mr. Upchurch is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Upchurch does not receive any additional compensation that is required to be disclosed.

Supervision

As President and Chief Executive Officer of Caltius, Mr. Upchurch is part of a team that is responsible for implementing and overseeing the investment strategy of both the Caltius Equity Funds and the Caltius Structured Capital Funds. Mr. Upchurch is not subject to the direct supervision of any other individual, although Eric Wauthy, Chief Compliance Officer for Caltius, oversees his compliance with the Adviser's policies and procedures.

Garrick Ahn

Educational Background and Business Experience

Garrick Ahn, 53, Managing Director, joined Caltius in 1999 and works with the Caltius Equity Funds. Previously, he was an Associate at Bastion Capital, responsible for sourcing, executing and managing investments. Prior to Bastion Capital, he spent two years as a strategy consultant with McKinsey & Company focused on assisting Fortune 500 companies with strategy development and implementation of operational improvement initiatives. Mr. Ahn began his career with Morgan Stanley & Co. in the Equity Capital Markets Group. He received his B.S. and M.S. in Electrical and Computer Engineering from Johns Hopkins University and an M.B.A. from Harvard Business School.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Ahn.

Other Business Activities

Mr. Ahn is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Ahn does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Mr. Ahn is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Equity Funds. Mr. Ahn is not subject to the direct supervision of any other individual, although Eric Wauthy, Chief Compliance Officer for Caltius, oversees his compliance with the Adviser's policies and procedures.

Michael J. Morgan

Educational Background and Business Experience

Michael J. Morgan, 53, Managing Director, joined Caltius in 1999 and works with the Caltius Equity Funds. Previously, he was with Salomon Smith Barney as an Associate in their Financial Sponsor Coverage Group, responsible for executing equity, debt and mergers and acquisitions transactions for the portfolio companies of large private equity firms. Prior to Salomon Smith Barney, he spent two years at Kline Hawkes & Co., responsible for executing late-stage growth equity investments in companies located primarily in California, and for the two years prior to Kline Hawkes & Co., worked at Continental Illinois Venture Corporation (now CIVC Partners), a middle market private equity firm based in Chicago, IL. Mr. Morgan received his B.A. in Economics from the University of Pennsylvania and an M.B.A. from the UCLA Anderson School of Management where he was a Venture Capital Fellow.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Morgan.

Other Business Activities

Mr. Morgan is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Morgan does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Mr. Morgan is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Equity Funds. Mr. Morgan is not subject to the direct supervision of any other individual, although Eric Wauthy, Chief Compliance Officer for Caltius, oversees his compliance with the Adviser's policies and procedures.

Jeffrey Holdsberg

Educational Background and Business Experience

Jeffrey Holdsberg, 58, Managing Director and Operating Partner, joined Caltius in 2008 and works with the Caltius Equity Funds. Prior to joining Caltius, Jeff was the Chief Executive Officer and President of Northwest Coatings, a former Caltius Equity I portfolio company. Previously, he was an advisor to Charlesbank Capital Partners, LLC, a private equity fund, and President of Alper Ink Group, LLC, a manufacturer of printing inks for the packaging industries. He began his career as a Certified Public Accountant at Arthur Andersen. He received his B.S. in Accounting from Eastern Illinois University.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Holdsberg.

Other Business Activities

Mr. Holdsberg is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Holdsberg does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Mr. Holdsberg is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Equity Funds. Mr. Holdsberg is not subject to the direct supervision of any other individual, although Eric Wauthy, Chief Compliance Officer for Caltius, oversees his compliance with the Adviser's policies and procedures.

Michael A. Kane

Educational Background and Business Experience

Michael A. Kane, 60, is a Managing Director of Caltius and works with the Caltius Structured Capital Funds. Mr. Kane joined Caltius in 1997. Previously, he was a Managing Director of Richard C. Blum and Associates, responsible for managing Building and Construction Capital Partners, L.P., a private equity fund focused on the building and construction industries. Prior to Richard C. Blum and Associates, he spent seven years with the Industrial Finance Division of General Electric Capital Corporation, focused on making loans to companies in various sectors. Mr. Kane began his career with Metropolitan Life Insurance in the private placements group. He received his undergraduate degree, M.B.A. and a Masters in Accounting from Rice University.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Kane.

Other Business Activities

Mr. Kane is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Kane does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Mr. Kane is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Structured Capital Funds. Mr. Kane is not subject to the direct supervision of any other individual, although Eric Wauthy, Chief Compliance Officer for Caltius, oversees his compliance with the Adviser's policies and procedures.

Gregory J. Howorth

Educational Background and Business Experience

Gregory J. Howorth, 56, is a Managing Director of Caltius and works with the Caltius Structured Capital Funds. Previously, he was with FINOVA Capital as a senior credit officer responsible for pre-screening transactions in FINOVA's Corporate Finance Group. Prior to FINOVA Capital, he worked at Heller Financial for eight years and was responsible for underwriting cash flow based senior and subordinated debt transactions for California-based equity sponsors. Mr. Howorth received his B.S. from the University of Southern California.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Howorth.

Other Business Activities

Mr. Howorth is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Howorth does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Mr. Howorth is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Structured Capital Funds. Mr. Howorth is not subject to the direct supervision of any other individual, although Eric Wauthy, Chief Compliance Officer for Caltius, oversees his compliance with the Adviser's policies and procedures.

Alisa G. Frederick

Educational Background and Business Experience

Alisa G. Frederick, 57, a Managing Director, joined Caltius in 2000. Between 1989 and 2000, Alisa worked at Fleet Capital Corporation as a Senior Vice President and Portfolio Manager. Between 1986 and 1989, she worked at Chemical Bank as Assistant Vice President and Senior Underwriter. In 1986, Alisa received her B.A., cum laude, from Wellesley College.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Ms. Frederick.

Other Business Activities

Ms. Frederick is not engaged in any investment-related business outside of her roles with Caltius and its affiliated investment advisers.

Additional Compensation

Ms. Frederick does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Ms. Frederick is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Structured Capital Funds. Ms. Frederick is not subject to the direct supervision of any other individual, although James Upchurch, President and Chief Executive Officer of Caltius, oversees her compliance with the Adviser's policies and procedures.

Gavin Bates

Educational Background and Business Experience

Gavin Bates, 47, a Managing Director, joined Caltius Structured Capital in 2008. Previously, Gavin was a Director at CapitalSource, responsible for sourcing and underwriting cash flow-based senior and subordinated debt transactions for equity sponsors. Prior to CapitalSource, he worked for London, England-based private equity funds Compass Partners and Permira, where he originated, executed and managed private equity investments. Gavin started his career with HSBC Investment Bank. He received his M.B.A. from the Haas School of Business at the University of California, Berkeley and his B.A. with Honors from the University of Nottingham.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Bates.

Other Business Activities

Mr. Bates is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Bates does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Mr. Bates is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Structured Capital Funds. Mr. Bates is not subject to the direct supervision of any other individual, although James Upchurch, President and Chief Executive Officer of Caltius, oversees his compliance with the Adviser's policies and procedures.

Frederick Shuart

Educational Background and Business Experience

Frederick Harrington Shuart, 47, a Managing Director, joined Caltius Structured Capital in 2004 after earning his M.B.A. Prior to attending business school, he was an Associate at Caltius Equity Partners from 1999 to 2002. Previously, Rick was a Financial Analyst in the Construction and Forest Products Group at Dillon, Read & Company/UBS, where he worked on several publicly and privately negotiated M&A and public financing transactions. He also worked at Donaldson, Lufkin & Jenrette. Rick received his M.B.A. from the UCLA Anderson School of Management and his B.A. from Columbia University.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Shuart.

Other Business Activities

Mr. Shuart is not engaged in any investment-related business outside of his roles with Caltius and its affiliated investment advisers.

Additional Compensation

Mr. Shuart does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Caltius, Mr. Shuart is part of a team that is responsible for implementing and overseeing the investment strategy of the Caltius Structured Capital Funds. Mr. Shuart is not subject to the direct supervision of any other individual, although James Upchurch, President and Chief Executive Officer of Caltius, oversees his compliance with the Adviser's policies and procedures.