

Pegasus Capital Advisors, L.P.

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Pegasus Capital Advisors, L.P. (collectively with its affiliated entities and Relying Advisers, “Pegasus”). If you have any questions about the contents of this brochure, please contact Brian Friedman at 212 710 3494 or bfriedman@pcalp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Pegasus Capital Advisors, L.P. is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

Item 2. Material Changes

This brochure section is intended to provide new and prospective clients and investors with disclosure of Pegasus’ business practices and conflicts of interest. In particular, this brochure section will only identify the material changes to our business since its last update on April 29, 2022. While there have been no material changes, the Brochure reflects certain routine updates made throughout the Brochure for clarity and consistency, and supplements existing disclosures relating to Pegasus’ practices and related potential conflicts, including with respect to “Methods of Analysis, Investment Strategies and Risk of Loss.”

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Item 4. Advisory Business

Pegasus Capital Advisors, L.P. (“Pegasus”) is an independent private equity manager founded by Craig Cogut in 1996 and organized under the laws of the State of Delaware as a limited partnership. Pegasus Capital Advisors GP, LLC is the general partner of Pegasus. Pegasus is led by Mr. Cogut, who brings a wealth of investment, operational and financial expertise and experience to Pegasus Capital Advisors, L.P. and its affiliates. Mr. Cogut is the principal owner of Pegasus Capital Advisors GP, LLC.

Pegasus serves as an investment manager and provides advisory services to several related collective investment vehicles, including private investment partnerships, foreign investment companies and operating companies, together with any respective parallel funds, alternative investment vehicles, special purpose and/or subsidiary investment vehicles (each a “Fund” or collectively the “Funds”).

Pegasus generally advises Funds that are/were organized to invest primarily in middle-market companies within the investment themes of sustainability and wellness, as described more fully in the Governing Fund Documents (defined below) for each applicable Fund. Pursuant to the foregoing strategy, Pegasus seeks to generate attractive returns by applying its team of operating, technical, regulatory and financial experts in the sustainable and wellness space to middle-market companies that otherwise might not have access to such resources. Such Funds target investments primarily in the United States, Canada, Central America and the Caribbean, in markets where they have significant expertise, including but not limited to energy, water, food, the built environment, waste and recycling, microbiome, sleep and mind-body, nutrition, wellness destination and brain health.

Pegasus has also formed a Fund that is focused on pursuing investments in mid-size climate infrastructure and nature-based solutions in developing countries. The Fund will pursue investments in mid-size climate infrastructure solutions, including sustainable energy solutions, waste and water solutions, as well as nature-based solutions in the main developing geographic areas of Latin America and the Caribbean, Africa, Asia, and the Mediterranean. In addition, Pegasus has formed a Fund that will be focused on pursuing investments that have a positive impact on the resiliency of certain coral reefs in developing countries.

As of December 31, 2022, Pegasus managed approximately \$522.6 million in assets on behalf of the Funds, approximately \$493.3 million on a discretionary basis and approximately \$29.3 million on a non-discretionary basis.

Pegasus seeks to employ a flexible investment strategy that emphasizes appropriate positioning in the target company’s capital structure to minimize risk and maximize potential return. Pegasus will typically evaluate both the potential investment’s business, as well as the industry in which it competes, working closely with its team of operational advisory partners, “senior strategic advisors,” or other industry experts and consultants (collectively, “Operating Partners”). Operating Partners are typically independent contractors who are industry experts in the various operating sectors in which Pegasus invests on behalf its clients. They may suggest opportunities in certain sectors to Pegasus and may be called upon to generate, evaluate, execute and manage activities of the operating companies. Operating Partners do not make any investment decisions.

Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the U.S. Investment Company Act of 1940, as amended. Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

In providing investment management and advisory services to the Funds, Pegasus formulates each Fund’s investment objectives, directs and manages the investment and reinvestment of assets, and provides reports to investors. Each Fund structure may vary, but typically the Funds, or portions of them, are structured as limited partnerships, each with a general partner (“General Partners”) that is an affiliate of Pegasus. Investment advice is provided directly to the Funds and not individually to the investors of the Funds (the “Investors” or “Limited Partners”). Pegasus manages the assets of the Funds in accordance with the terms of each Fund’s confidential offering and/or private placement memorandum, individual limited partnership or operating agreement and other governing documents applicable to each Fund (the “Governing Fund Documents”).

In supporting the portfolio companies of the Funds, Pegasus simultaneously promotes from time to time portfolio companies held in different Funds or within the same Fund to the extent they are complementary. Pegasus also includes, from time to time, in its marketing efforts companies in which the Funds have no interest, some of which may be affiliates of persons associated Pegasus (see Item 10 for additional information). Pegasus generally will involve such companies in its promotional efforts to the extent they, as part of a package of solutions, make the Funds’ portfolio companies more attractive.

Pegasus also provides consulting services to Impala Energy Holdings Ltd., a Cayman Islands exempted company (“Impala”) which focuses on investments in Sub-Sahara Africa clean and renewable power projects. As part of the consulting services, Pegasus participates, as an observer, in board meetings of the company and provides input and advice with respect to such matters as the company reasonably requests from time to time. Impala is not a portfolio company of any Fund.

Additionally, as described further below under Item 8: Methods of Analysis, Investment Strategies and Risk of Loss — “*Conflicts of Interest*,” from time to time and as permitted by the relevant Governing Fund Documents, Pegasus expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including affiliates of Pegasus, vendors, finders, other sponsors, market participants, and other service providers, Pegasus’ personnel and/or certain other persons associated with Pegasus (including Operating Partners) and/or other third parties. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund’s initial purchase. Where appropriate, and in Pegasus’ sole

discretion, Pegasus is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

Item 5. Fees and Compensation

Pegasus receives compensation from fees based on a percentage of assets under management, carried interest allocations and certain other fees (such other fees, “Portfolio Company Fees”) related to transactions, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees) and directors’ fees (which may include options and warrants) and/or monitoring fees from portfolio companies. In most circumstances, such compensation is not reviewed or approved by an independent third party. Clients are billed by Pegasus for fees incurred.

Management Fees

Pegasus receives an investment management fee (the “Management Fee”) quarterly in advance from its Funds pursuant to the terms of the applicable Governing Fund Documents. The Management Fee is calculated during the commitment period of the Funds on total capital commitments of the Limited Partners and after the commitment period of the Funds on actively invested capital as of the last business day of the prior calendar quarter. The Funds are generally charged a Management Fee (which is borne by Limited Partners) of 1.25% to 2.00% depending upon the stage of the vehicle. Certain Investors receive preferential rates related to the size and timing of their commitments to the Funds, such as “friends and family” of Pegasus or its personnel, or other investors meeting certain qualification requirements based on commitment size or participation in a Fund’s first closing. If the investment management agreement is terminated before the end of a quarter then a pro-rata portion of the Management Fees will be returned to clients.

Management Fees are calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. Subject to the applicable Governing Fund Documents (including related management agreements), from the effective date of the relevant Fund until a date specified in the Governing Fund Documents (generally representing the earlier of the end of the Fund’s commitment period, the date on which a successor fund closes and/or commences paying a Management Fee) (the “Stepdown Date”), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate commitments. After the Stepdown Date, unless a different formulation is contemplated in particular Governing Fund Documents, the Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund in respect of investments that have not been realized, written down or written off in the manner contemplated in the Governing Fund Documents.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund’s net asset value, including following the investment period, and will not be reduced in connection with any write downs, except in the case of investments permanently written down or written off, as determined in good faith by the relevant General Partner, in each case, to the extent required under the applicable Governing Fund Documents. Except where particular Governing

Fund Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

Where applicable, the management fee base for computing the post-Stepdown Date Management Fees of a particular Fund will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under particular Governing Fund Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

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

Subject to the applicable Governing Fund Documents, Pegasus contracts with Operating Partners and typically pays such Operating Partners a fixed fee. Such fees are allocated by Pegasus among Pegasus, the Funds and/or the portfolio companies, as applicable, based on the work performed by such Operating Partner. To the extent such fees are allocated to a Fund or portfolio company, Pegasus is reimbursed for the fees it paid directly to the Operating Partner in respect of such work. In the course of the performance of their services, Operating Partners could contract directly with a portfolio company to provide consulting services, the fees for which generally offset the fees Pegasus is obligated to pay such Operating Partner. Amounts paid by a Fund or portfolio company to a Operating Partner will not offset the Management Fee otherwise payable by such Fund. Fees paid to Operating Partners from portfolio companies for providing services may reduce the profitability or operating margins of the investment.

Certain of the Operating Partners may be licensed broker dealers and have and may, from time to time, be retained by Fund portfolio companies to obtain financing and have received or may seek a fee in the future in connection therewith, which presents a potential conflict of interest between the General Partners and the Funds.

Carried Interest Allocations

Carried interest is a share of the net profits realized on the disposition of investments that is paid to each Fund's General Partner. The General Partner's carried interest allocation is in addition to any investment that the General Partner has in the relevant Fund.

Subject to the Governing Fund Documents, in order to receive its 20% carried interest allocation, Pegasus generally must first return all capital contributed by the Investors, plus an 8.00% cumulative internal rate of return, calculated and distributed on an investment-by-investment basis in accordance with the specific provisions outlined in each Fund's Governing Fund Documents.

Profit Interest to Operating Partners

Operating Partners can, from time to time, be issued a profit interest in one or more portfolio companies depending on their respective level of involvement in the portfolio companies. Such profit interest would be issued to a Operating Partner in addition to the General Partner's carried interest, which reduces the returns to Investors. Such profit interests reduce the amount of profit

payable to the applicable Fund upon exiting its investment in the applicable portfolio company in which such profits interests were generated.

Other Expenses

Pegasus pays all of its own ordinary administrative and overhead expenses in managing the Funds, including salaries, benefits and rent. Subject to each Fund's Governing Fund Documents, the Funds and their portfolio companies typically pay certain other expenses attributable to their activities, including but not limited to, legal, auditing, consulting, finders', financing, appraisal, third party valuation, filing, printing, title, accounting, administration, custodian, depositary (including a depositary appointed pursuant to the AIFMD or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction), Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) or the Swiss Financial Services Act 2018 and the implementation thereof), broker, agent bank or other banks, transfer, registration or other similar fees and expenses; fees, travel-related costs (including costs incurred in connection with transportation, visas and telephonic and information technology), meals, costs and expenses related to the diligence, purchase and sale of investments (including out-of-pocket fees and expenses incurred by investment professionals or Operating Partners in connection with their attendance of conferences, workshops or other similar events); reverse breakup, termination and other similar fee arrangements; the costs and expenses of any lenders, investment banks and other financing sources, including interest on and fees and expenses arising out of all borrowings made by a Fund; expenses associated with a Fund's financial statements, tax returns, tax estimates, Schedule K-1s and any other administrative, regulatory or Partnership-related reporting or filing obligations; expenses associated with reporting, filing or other compliance requirements (other than the initial registrations, filings and compliance) contemplated by the AIFMD or any other similar law, rule or regulation as implemented in any relevant jurisdiction; expenses incurred in connection with transactions not consummated, including any such expenses attributable to co-investment entities and other co-investors (unless otherwise reimbursed); expenses of the Advisory Board (as defined below) and annual meetings of the Limited Partners and any other meeting with any such Limited Partner(s); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, indemnification, judgments and settlements, if any); fees, costs and expenses incurred in connection with any alternative investment vehicles; fees and expenses for custodians, outside counsel, accountants, Operating Partners; any insurance (including any premiums, directors and officers insurance, cybersecurity, errors and omissions liability, crime coverage and general partnership liability) or litigation expenses; any taxes, fees or other governmental charges levied against the Funds; fees, costs and expenses incurred as a result of the default, withdrawal or excuse of a Limited Partner, any unreimbursed costs and expenses incurred in connection with any transfer of Limited Partner interests in a Fund other than ordinary overhead and administrative expenses payable by the General Partner and/or Pegasus; fees, travel-related costs (including costs incurred in connection with transportation, visas and telephonic and information technology), meals and expenses incurred in connection with Pegasus' participation in strategy reviews, retreats or transactions undertaken by a portfolio company; costs of ongoing compliance with the requirements of AIFMD and similar laws; developing, structuring, maintaining, operating and winding up entities (including the relevant General Partner) in relevant jurisdictions that are put in place to establish required residence and/or operate the investment activities of the Fund and any expenses incurred in connection with investment contributions; any activities with respect to protecting the confidential or non-public

nature of any information or data; and any of the foregoing expenses to the extent attributable to transactions not consummated (“Broken Deal Expenses”), including Broken Deal Expenses attributable to co-investors or any applicable Co-Investment Entity (defined below) to the extent not paid by such co-investors or Co-Investment Entity. Organization and syndication costs will be paid by the Funds or reimbursed to Pegasus up to a specified amount, as noted in the Governing Fund Documents.

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. From time to time, Pegasus incurs expenses on behalf of two or more Funds and their respective portfolio companies (including without limitation legal expenses for a transaction in which all such Funds and/or portfolio companies participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time). To the extent such expenses are incurred for the account or benefit of more than one Client, each Client will typically bear an allocable portion of any such expenses in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client’s Governing Fund Documents) or in such other manner as Pegasus considers fair and equitable under the circumstances. The allocations of 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 Pegasus. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

A conflict of interest could arise in Pegasus’ determination of whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of partnership operational expenses for which such Fund is responsible, or whether such expenses should be borne by Pegasus and/or its applicable affiliates. A Fund will be reliant on the determinations of the relevant General Partner in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between a Fund and other affiliated entities of Pegasus. There can be no assurance that errors will not arise in such allocations or that other methods of allocation would not produce a result that is more or less favorable to a Fund. Pegasus could (i) cause the Funds to be invoiced for, advance or otherwise bear on a temporary basis all or a portion of an expense ultimately intended to be borne in whole or in part by a Fund together or in connection with such other vehicles(s), including as a result of invoices directed to one such vehicle or the Fund for convenience of the applicable entity, and/or (ii) make corrective allocations in the event that, based on periodic reviews of expenses, it determines that such corrections are necessary or appropriate. Notwithstanding the foregoing, Pegasus is permitted in the future to develop policies and procedures to address the allocation of expenses that differ from its current practice.

In addition, from time to time, a Fund will incur expenses on behalf of a portfolio company, generally in circumstances in which Pegasus determines that the portfolio company faces difficulty in paying such expenses on a current basis. The Funds will carry such expenses as an account receivable, on behalf of the applicable portfolio company with the expectation that such portfolio company will be able to reimburse the applicable Fund in the future, which may not occur (if at all) until exit of the applicable portfolio company. If it is determined in the future that a portfolio

company cannot reimburse the applicable Fund, then such Fund will expense the receivable on its income statement at that time.

Pegasus generally has discretion over whether to charge Portfolio Company Fees and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Pegasus on the other hand.

Pegasus reserves the right to agree with operating partners, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation.

Additionally, as further described herein, it is Pegasus' practice to retain certain Operating Partners (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Operating Partners generally provide services in relation to the identification, due diligence, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. Operating Partners are expected from time to time to include former employees of Pegasus or certain portfolio companies, and in some circumstances former Operating Partners are expected to become Pegasus employees or employees of portfolio companies. Consequently, the determination of whether individuals are Operating Partners is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Pegasus otherwise would be required to bear.

Operating Partners receive compensation, including, but not limited to Portfolio Company Fees, profits or equity interests in one or more Funds or their General Partners, or other compensation. Their fees are determined according to one or more methods, including their estimated time commitment as well as an estimated market value of such Operating Partner. No such compensation will offset the Management Fee.

Where an Operating Partner provides services to more than one portfolio company or to the management company and one or more portfolio companies, the fees paid to such Operating Partner are allocated among the portfolio companies and the management company (as applicable) based on allocations of the Operating Partner's time. Time allocations are determined by each Operating Partner based on their activity, and these allocations are regularly reviewed by Pegasus.

Detailed information regarding the fees charged to the Funds is provided in the Governing Fund Documents. Investors should review all fees charged by Pegasus to fully understand the total amount of fees to be paid by the Funds and, indirectly, their Limited Partners. The terms of the Governing Fund Documents are generally established at the time of the formation of the applicable Fund.

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

As described above, Pegasus or its affiliates receive “carried interest” calculated based on the profits generated on the sale/disposition of each Fund’s assets. Additionally, to the extent that Pegasus personnel are assigned varying percentages of carried interest from the Funds, 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. Pegasus seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Funds’ investment guidelines and governing agreements, as well as other factors that do not include the amount of performance-based compensation received by Pegasus or any personnel. Historically, the majority of the senior investment professionals involved in the management of the Funds received a share of the carried interest, which is calculated on an investment-by-investment basis with a clawback feature on an aggregate basis. A segregated reserve account is also established to escrow a percentage of any carry distributions made to the General Partner in accordance with the Governing Fund Documents for each of the Funds.

The existence of this carried interest may create an incentive for Pegasus to make riskier or more speculative investments on behalf of the Funds than they might otherwise make in the absence of such performance-based compensation, although Pegasus generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Fund Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund’s life or at certain interim intervals.

In addition, the terms applicable to carried interest distributions could incentivize Pegasus to make decisions regarding the timing and structure of realizations of portfolio companies that may not be in the best interests of the Funds. For example, carried interest distributions become payable earlier if profitable investments are liquidated before unprofitable investments because the Funds’ distribution waterfall is such that distributions of carried interest are not permitted until after the cumulative amount of distributions has covered any prior losses associated with unprofitable investments.

Co-Investment

As discussed further below under Item 8: Methods of Analysis, Investment Strategies and Risk of Loss — “*Conflicts of Interest*”, Pegasus is permitted, in its sole discretion, provide or commit to provide co investment opportunities to one or more investors and/or other persons, including affiliates of Pegasus and other consultants (such as Operating Partners), vendors, service providers, finders, other sponsors and market participants, in each case on terms to be determined by the relevant General Partner in its sole discretion. Conflicts of interest have the potential to arise in the

allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the relevant General Partner in its sole discretion, may not be in the best interests of the Funds or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, the relevant General Partner is permitted to consider some or all of a wide range of factors, including, but not limited to, factors such as: expressed interest in co-investment opportunities; 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; 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 General Partner'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 General Partner'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; the size of an investor's capital commitment to the Funds; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; as well as other factors which benefit the relevant General Partner such as the likelihood that an investor may invest in a future fund sponsored by the relevant General Partner or its affiliates and whether Pegasus 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 Funds or the relevant General Partner. There can be no assurance that co-investment opportunities will be offered. The application of the foregoing factors have the potential to result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments receive none. In addition, Pegasus is permitted to seek third party co-investors who have industry sector experience or other attributes that Pegasus believes, in its sole discretion, will enhance the investment. These co-investment opportunities will be offered as interests in a limited partnership or other similar entity formed for the particular investment (a "Co-Investment Entity"). Pegasus is permitted, in its discretion, and subject to the terms of any applicable Side Letters, to: (i) charge carried interest, Management Fees or other similar fees to co-investors and Pegasus may make an investment, or otherwise participate, in any vehicle formed to structure a co-investment to facilitate, among other things, receipt of such carried interest, Management Fees or other similar fees; and (ii) collect Portfolio Company Fees in connection with actual or contemplated portfolio investments that are the subject of such co-investment arrangements. Subject to any relevant Side Letter provisions, Pegasus will allocate the available investment among the Funds, the Co-Investment Entity and any third parties as it may in its sole discretion determine.

The Funds are also permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments involve risks not present in investments where a third-party is not involved.

For strategic and other reasons, a co-investor or co-invest vehicle can purchase a portion of an investment from the Funds after the Funds have consummated their investment in the portfolio companies (also known as a post-closing sell-down or transfer), which generally will have been funded through Funds investor capital contributions and/or use of a Funds credit facility. Any such

purchase from the Funds by a co-investor or co-invest vehicle generally occurs shortly after the Funds' completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the General Partner's sole discretion, the relevant General Partner reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the Funds for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the Funds.

Furthermore, the relevant General Partner or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will, be offered to some and not to other Funds investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the Funds, and because co-invest opportunities generally appeal to Funds investors and third parties, the relevant General Partner expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated and to whom. When and to the extent that employees and related persons of the relevant General Partner and its affiliates make capital investments in or alongside the Funds, the relevant General Partner and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that the Funds return from a transaction would be equal to and not less than those of the relevant General Partner or its affiliates in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

If any Co-Investment Entity 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, although, from time to time, the Funds alongside which a Co-Investment Entity is investing may bear such costs directly or indirectly. In certain circumstances, certain co-investors, including a strategic partner/co-investor, may not bear any such expenses and such expenses will be borne entirely by the Funds, either directly or indirectly. 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, ultimately is not consummated, all Broken Deal Expenses relating to such unconsummated transaction will be borne entirely by the Funds, and not by any prospective co-investors, that were to have participated in such transaction. In many cases no Co-Investment Entity will have been formed at such time. To the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, and such vehicle has affirmatively committed to invest in such transactions, such vehicle may bear its share of such Broken Deal Expenses where permitted by Governing Fund Documents. Pegasus expects that, in most instances of unconsummated transactions, no co-investors will have invested in any such vehicle, thus the Funds will bear all such expenses relating to such transactions.. As a general matter, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment.

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds and/or one or more Co-Investment Entities (including without limitation legal expenses for a transaction in which all such vehicles participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or Co-Investment Entities over time), and be reimbursed by the other Funds and/or Co-Investment Entities, as applicable, by their share of such expense, without interest. While highly unlikely, it is possible that one of the other Funds and/or Co-Investment Entities could default on its obligation to reimburse the paying Fund. In certain circumstances, Pegasus is expected to advance amounts related to the foregoing and receive reimbursement from the Funds and/or Co-Investment Vehicles to which such expenses relate.

Alternative Investment Vehicles

In connection with any investment, Pegasus, subject to the limitations set forth in the applicable Governing Fund Documents, will have the right to direct the capital contributions of some or all of the Limited Partners to be effected through one or more alternative investment vehicles if, in the determination of Pegasus, the use of such vehicles would allow the Funds to overcome legal and regulatory constraints, be more tax efficient and/or facilitate participation in certain types of investments. 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. Any such vehicles will contain terms and conditions substantially identical in all material respects to those of the Funds and will be managed by Pegasus or an affiliate thereof. The profits and losses of such vehicles will be aggregated with those of the Funds, each on a pre-tax basis, for purposes of calculating the Funds' and such vehicles' distribution waterfall to determine distributable proceeds to the Limited Partners and the General Partner.

Common Investments

From time to time, certain Funds and/or Pegasus Capital LLC, an entity owned by Mr. Cogut, or its subsidiaries have invested and may in the future invest, directly or indirectly, in the same portfolio company, at different times and at different levels of the company's capital structure. Subject to restrictions set forth in the Governing Fund Documents, Pegasus allocates investments among the Funds on a basis that Pegasus determines in good faith to be appropriate, taking into account such factors as the Funds' respective investment policies and strategies, their investment limitations, their geographic focus and the relative amounts of capital available for investments. In the event that a potential investment could equally be allocated to one or more investment vehicles or mandates, the decision as to which investment vehicle such investment will be made by Pegasus in good faith.

Item 7. Types of Clients

Pegasus provides discretionary advisory services to the Funds, as described in this brochure. Each Fund operates as a pooled investment vehicle. Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund and not individually to the Limited Partners. Investors in the Funds may include, but are not limited to, pension funds, endowments, corporations, fund of funds, and high net worth individuals. Pegasus identifies the target amount for each Fund in the relevant offering document, but it may accept a lesser amount in its discretion.

In addition, Pegasus and/or its affiliates reserve the right to enter into side letter agreements (“Side Letters”) with certain Investors, to waive certain terms, or allow such Investors to invest on different terms than those specifically described in the offering documents, none of which generally will be subject to the “most favored nation” provisions of a Governing Fund Documents. Under certain circumstances, these agreements could create preferences or priorities for such Investors with respect to other Limited Partners (see Item 10: Methods of Analysis, Investment Strategies and Risk of Loss — “*Conflicts of Interest*”).

Investors are required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and (iii) they have the ability to bear the economic risk of an investment in the Funds. Details concerning applicable Investor suitability criteria are set forth in the respective Funds’ Governing Fund Documents, which are furnished to each Investor.

Pegasus also provides consulting services to Impala Energy Holdings Ltd., an operating company, as described in this brochure.

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

Pegasus seeks to employ a value oriented investment strategy in the middle market whereby conservative pricing, innovative structuring and optionality are intended to protect principal while allowing the Funds to generate equity returns. With a focus on resources, Pegasus maintains six key tenets in its investment approach: creating fundamental value, emphasis on knowledge, targeted industries, downside risk mitigation, low leverage and proprietary deal sourcing. The firm believes its knowledge and proven experience in handling complex, structured transactions positions the Funds to take advantage of distressed opportunities that may arise.

Pegasus takes an active role in the oversight of portfolio companies following the completion of an investment, primarily through direct board representation or occasionally via board observation rights. Pegasus typically holds more than one board seat for each of its private equity investments. Regardless of its equity ownership position, the firm generally structures investments to allow it to exert significant influence over the direction and management of the relevant businesses, obtaining negative and affirmative control features that often allow the applicable General Partner to replace management, approve budgets, approve asset sales and dictate the realization of investments.

Holding periods for private equity investments will vary depending on the nature of the investment, the terms of the security and market conditions. Pegasus conducts a detailed hold/sell analysis, when appropriate, for a portfolio company incorporating a variety of factors to determine whether to hold or sell a particular portfolio company.

To mitigate operational risk, the Funds monitor and interact with management teams closely and employ the skills of Operating Partners to best address potential market risks or organizational

weaknesses. However, economic, industrial and capital market risks and uncertainties exist today and remain outside of Pegasus' control. In some instances, these conditions may create investment opportunities given Pegasus' stated strategy.

An investment in the Funds involves significant risks due to the uncertainty inherent when investing in middle market and growth companies. There can be no guaranty that any Fund will achieve its investment objectives. Before purchasing interests, prospective Investors are presented with a summary of certain of the risks of investing in the Funds, including those set forth below. Additional risk factors and descriptions of certain conflicts of interest are set forth in the Governing Fund Documents. The descriptions contained below are a brief overview of different market risks related to Pegasus' investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds.

Investment Risks

Nature of Investments. The Funds may invest in equity and debt securities that have significant risks as a result of business, financial, market or legal uncertainties surrounding the issuing companies. There can be no assurance that Pegasus will correctly evaluate the nature and magnitude of the various factors that could affect the value of the Funds' investments. A variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of the Funds' investments. In addition, the Funds may not seek or obtain controlling positions in its portfolio companies, which may decrease the Funds' profit potential with regard to that portfolio company. The debt securities in which the Funds may invest could be unsecured and subordinated to senior indebtedness, all or a significant portion of which may be secured. In addition, these securities may have limited liquidity. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditor's rights laws; (ii) so-called lender liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) equitable subordination.

Failure to Successfully Execute on Business Strategy. There can be no assurance that the Funds will be able to invest their capital with attractive terms or generate returns for its investors. The Funds' investment portfolios consist primarily of investments in privately-held companies, and operating results in a specified period are difficult to predict. As a result, Pegasus may be unable to make, manage and realize a return on such investments successfully.

Difficulty of Locating Suitable Investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Funds to invest all of their respective committed capital in opportunities that satisfy the Funds' investment objectives or that such investment opportunities will lead to completed investments by the Funds. The process of identifying, completing and realizing an attractive investment opportunity is highly competitive and involves a high degree of uncertainty, especially with regard to timing. The Funds will compete for the acquisition of investments with many other investors, some of which will have greater resources than the Funds. Such competitors may include other private investment funds as well as individuals, strategic purchasers, financial institutions and other institutional investors. In addition, the

availability of investment opportunities is subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

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 the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

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 COVID-19, have and are resulting in market 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 the Funds.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take 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. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, dislocation (or in some cases a complete halt), as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels, 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 any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their 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 the Funds 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 the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their 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 the Funds, their portfolio companies, the General Partners and Pegasus may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, 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.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Funds may invest, including various segments of the healthcare, insurance, food, security, financial services, energy, natural resources, sustainability and wellness, and telecommunications industries, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) incentive programs (e.g., tax breaks, subsidies, reimbursements, etc.). Changes to such incentive programs could have a material and adverse effect on the operations and/or financial performance of the companies in which the Funds may invest. In addition, while the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare, insurance, food, security, financial services, energy, natural resources, sustainability and wellness, and telecommunications industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds may invest.

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

United Kingdom ("UK") Exit from the European Union (the "EU"). On 31 January 2020, the UK formally withdrew from the European Union ("Brexit"). After this, the UK entered into a transition

period during which the majority of the existing EU rules continued to apply in the UK. Following the end of the transition period on 31 December 2020, EU rules ceased to apply in the UK.

Although the terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement signed on 30 December 2020, this did not include an agreement on financial services. In the absence of a formal agreement on this issue, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

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

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

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Pegasus, the General Partners, the 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 Pegasus, the General Partners, the 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.

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

Third Party Involvement. A Fund is permitted to co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling or controlling interests in certain investments. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Fund and such co-venturer or partner may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner of the Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the Fund's investment objective; (v) the co-venturer or partner may take actions that subject the asset to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Fund may be liable for actions of its co-venturers or partners. The co-venturer or partner may be a joint venture partner or interest holder in another joint venture or other vehicle in which Pegasus or its affiliates has an interest or otherwise controls. In addition, the Fund is permitted to co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the companies in which the Fund invests may be significant, and even greater than that of the Fund and as such, the Fund may be required to rely upon the abilities and management expertise of such co-venturer or partner. It may also be more difficult for the Fund to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments (and any such investment may be subject to a buy-sell right). A Fund is permitted to grant co-venturers or partners approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require the Fund to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. Such joint venture partners may also be entitled to compensation, including performance-based compensation (e.g., promote), from a Fund for their involvement in the investment. As a result of these risks, a Fund may be unable to fully realize its expected return on any such investment.

Financial Market Fluctuations. The Funds may invest in securities of publicly traded companies and fluctuations in the market prices of such securities may negatively affect the value of such investments. In addition, general instability in the public debt market and other securities markets may impede the ability of portfolio companies to refinance their debt through selling new securities, thereby limiting the Funds' exit options with regard to a particular portfolio company.

Nature of Investments in Climate Resilience Related Projects. Certain investments of a Fund will be in climate resilience related projects. The market for climate resilience is rapidly evolving, and its future success is uncertain. If climate resilience technology proves unsuitable for widespread commercial deployment or if the demand or political support for climate resilience products fails to develop sufficiently (including as a result of changes in market conditions, such as stabilisation of

climate change), a Fund's investments in climate resilience projects may be adversely affected. Additionally, the operation and financial performance of any climate resilience investment will be significantly dependent on governmental policies and regulatory frameworks that support climate resilience endeavours. Investments in climate resilience and related businesses and/or assets currently enjoy support from U.S. and non-U.S. governments and regulatory agencies designed to finance or support the financing development thereof. Some jurisdictions may have variable views on policies regarding climate resilience (and, for example, may be more willing or likely to abandon initiatives regarding climate resilience in favor of more traditional projects). The combined effect of these programs is to subsidize in part the development, ownership and operation of climate resilience projects. There can be no assurance that government support for climate resilience will continue or that favorable legislation will pass. The elimination of, or reduction in, government policies that support climate resilience could have a material adverse effect on a climate resilience portfolio investment's financial condition or results of operation. Any reduction in or elimination of these programs will have an adverse effect on development of climate resilience resources. To the extent any tax credits, other favorable tax treatment or other forms of support for climate resilience projects are changed, a Fund's climate resilience investments may be negatively impacted.

Weather and Climatological Risks. Certain climate resilience projects may be particularly sensitive to extreme weather and climate conditions. For example, companies focused on wind and solar energy also are subject to variations in weather patterns. Wind projects are susceptible to the loss of resource due to another wind project being built upwind of the project. Companies focused on biomass rely on the production of crops, which can be adversely affected by droughts and other weather conditions. The actual amount of wind, solar irradiation or geothermal resource at a particular project site may vary substantially from the anticipated amount of such resource at the time an investment is made. This could be caused by errors in the reporting data, incomplete or inaccurate reports, weather cycles, changes in weather patterns, global climate change or unusual weather patterns and, in the case of geothermal energy, tectonic plate movement, drought or other changes in the water table or magma heat source. A variation from the anticipated amount of the resource may have a material adverse effect on an affected portfolio company's financial condition or results of operation.

Nature of Investments in Renewable Energy Projects. Some of a Fund's investments will be in renewable energy projects. The market for renewable energy is rapidly evolving, and its future success is uncertain. If the demand or political support for renewable energy products fails to develop sufficiently (including as a result of changes in market conditions, such as a decrease in the price of fossil fuels), a Fund's investments in renewable energy projects may be adversely affected. Additionally, the operation and financial performance of any renewable energy investment may be significantly dependent on governmental policies and regulatory frameworks that support renewable energy sources. In certain jurisdictions, investments in renewable energy and related businesses and/or assets currently enjoy support from governments and regulatory agencies designed to finance or support the financing thereof, such as feed-in tariffs, favorable tax treatment, renewable energy targets and requirements, renewable energy credits and state-level utility programs, such as system benefits charge and customer choice programs. Certain jurisdictions may have more variable views on policies regarding renewable energy (and, for example, may be more willing or likely to abandon initiatives regarding renewable energy in favor of more carbon-

intensive forms of traditional energy generation). The combined effect of these programs is to subsidize in part the development, ownership and operation of renewable energy projects, particularly in an environment where the low cost of fossil fuel may otherwise make the cost of producing energy from renewable sources uneconomic. There can be no assurance that government support for renewable energy will continue or that favorable legislation and regulations will be adopted. The elimination of, or reduction in, government policies that support renewable energy could have a material adverse effect on a renewable energy portfolio company's financial condition or results of operation and on the development of renewable energy resources generally. To the extent any government policies that support renewable energy are changed, a Fund's renewable energy investments may be negatively impacted.

Portfolio Concentration. The ability of the Funds to diversify their respective investments will depend upon the ultimate size of the Funds relative to the size of the available investment opportunities. Although the Governing Fund Documents generally limit a Fund's ability to invest more than 20% of aggregate commitments in any one portfolio company, the General Partners will have sole discretion within such limitation to select investments for the Funds, and each Fund's Advisor Board (as defined below) may consent to waive such provision. The Funds have and expect to make multiple investments in diverse industries, but unforeseen circumstances may cause them to limit the number of their respective investments. In addition, investments in seemingly diverse industries could be correlated in ways not anticipated by Pegasus. In such case, poor performance by one or more of its investments could severely adversely affect a Fund's total returns and profitability. Furthermore, as set forth in the applicable Governing Fund Documents, certain of the Funds are expected to be concentrated in one or more sectors, which concentration may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns.

Illiquidity of Investments. An investment in the Funds requires a long-term commitment with no certainty of return. It is unlikely that there will be significant near-term cash flow available to the Investors. Many of the Funds' investments will be or are highly illiquid, and there can be no assurance that the Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period may result in a significant liquidity discount upon disposition or may result in distributions in-kind to the Investors. Additionally, the Funds may acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in accordance with Rule 144 promulgated under the Securities Act. There can be no assurance that private purchasers can be found for the Funds' investments. Finally, in some cases, the Funds may be prohibited by contract from selling securities for a period of time.

Risks of Certain Investments. In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. They may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or misleading. These arrangements may result in contingent liabilities that may ultimately have to be funded by the Investors to the extent that the Investors have received prior distributions from the Funds.

Forward-Looking Statements. Targeted returns and forward-looking statements reflect the General Partners' views with respect to future events. Actual returns and results could differ materially from those in the targeted returns and forward-looking statements. Investors are cautioned not to place undue reliance on such returns and statements.

Non-Control Investments. The Funds may hold certain non-controlling interests in companies and the General Partners expect that certain of their rights including the right to force a liquidity event will be limited as compared to rights granted to controlling stockholders. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value. Therefore, the Funds' ability to protect their respective positions in such companies may be inhibited. Even if a 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 the Funds make minority investments or invest alongside third parties, such as institutional co-investors or private equity funds of other sponsors, through joint ventures or other entities, such investments may involve additional risks. For example, a third-party co-venturer may have financial difficulties, resulting in a negative impact on such investment. Also, 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 which are inconsistent with those of the Funds or their Limited Partners, or such third parties may be in a position to take (or block) action in a manner contrary to the investment, business, tax or other objectives of the Funds, and the Funds may not be in a position to limit such contrary actions or otherwise protect the value of their investments. In addition, the Funds may in certain circumstances be liable for the actions of its third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation.

Risks Associated with Foreign Investments. The Funds may invest in non-U.S. companies. Investing outside the United States may involve substantially greater risks than investing in the United States. In particular, the value of the Funds' investments in non-U.S. companies may be significantly affected by changes in currency exchange rates. Although the General Partners may attempt to hedge against foreign currency exchange rate risks related to a portfolio investment by utilizing spot and forward exchange contracts, foreign currency options or other instruments, there can be no assurance that the General Partners will be able to do so successfully or cost effectively, and the General Partners may decide not to hedge against such risks or to do so incompletely. Additional risks of investing outside the United States may include (i) economic dislocations in the host country; (ii) less publicly available information; (iii) less developed standards and regulatory institutions; and (iv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Additionally, in some countries, there is the possibility of expropriation of value (including through confiscatory taxation, limitations on the repatriation or sale of securities, property or other assets), political or social instability and diplomatic developments, each of which could have an adverse effect on the Funds' investments in such countries. While the General Partners will take these potential factors into consideration in making investment decisions for the Funds, these risks are inherently difficult to quantify and no assurance can be given that the General Partners will be able to evaluate these risk successfully.

Hedging Arrangements; Related Regulations. A General Partner is authorized (but not obligated) to endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund could 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 a 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 a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements could create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("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.

Leveraged Investments. A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. Leverage generally magnifies both such 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. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain 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 a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its 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 such Fund. Furthermore, should the credit markets be limited or costly at the time a 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. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Fund Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the

Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

Subject to the applicable Governing Fund Documents, a Fund is also permitted to 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, including with respect to the amount of time such leverage may remain outstanding. A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Pegasus or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by 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 Governing Fund Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the relevant 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. A Fund is generally permitted to 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 and negotiation of the terms of the borrowing 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 Governing Fund Documents, 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.

A credit agreement or borrowing facility will contain other terms that restrict the activities of a Fund and the Limited Partners or impose additional obligations on them. For example, certain lenders or facilities are expected to 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, and/or financial or other covenants that could affect the implementation of the Fund's investment strategy. 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. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a 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. A Fund may also utilize Fund-level borrowing when a 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.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by Limited Partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to Limited Partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Fund Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

Financial Institution Risk; Distress Events. An investment in a 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 a Fund’s (or any portfolio company’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, Pegasus, the General Partners, the Funds or one or more of a Fund’s portfolio companies 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 a General Partner to manage a Fund and its investments, and on the ability of a General Partner, a Fund and any portfolio company 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 a 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 a 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 Pegasus or portfolio companies 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 company 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 a 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 Funds and their portfolio companies are subject to similar risks if a Financial Institution utilized by investors in the Funds or by suppliers, vendors, contractors, service providers or other counterparties of the Funds or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on a Fund and/or one or more of its portfolio companies.

Many Financial Institutions require, as a condition to using certain of their services (often including lending services), that a General Partner and/or a 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 Pegasus seeks to do business with Financial Institutions that it believes are established, well-capitalized and capable of fulfilling their respective obligations to the Funds, Pegasus is under no obligation to use a minimum number of Financial Institutions with respect to a 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, a Fund will not be able to maintain account balances at or below any relevant insured amounts.

Environmental, Social and Governance (“ESG”) Matters. Pegasus maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that Pegasus will be able successfully to implement its ESG policy while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Pegasus, or any judgment exercised by Pegasus, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as the interpretations of their scope and materiality. Pegasus’ interpretations and decisions are expected to differ from others’ views and could also evolve over time. In addition, in evaluating an investment, Pegasus expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Pegasus to incorrectly assess a company’s ESG practices and/or related risks and opportunities. Pegasus does not intend independently to verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on Pegasus’ view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG policies.

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

A Fund’s focus on social and environmental impact investments subjects such Fund to a variety of risks, not all of which can be foreseen or quantified. When evaluating potential investment opportunities, in addition to financial return, an investment’s potential to achieve a positive social or environmental impact will be considered. As a result, the opportunity set for potential investments will necessarily be smaller than it would otherwise be if a Fund were seeking to make investments solely on the basis of financial returns, and Pegasus may forgo opportunities that are

attractive from a financial perspective if they do not also meet such Fund’s social and environmental impact criteria. In addition, although Pegasus believes that pursuing positive social and environmental impact does not have to negatively affect an investment’s financial returns, and it can even enhance a portfolio company’s profitability, it is possible that a portfolio company’s dual focus on financial success and positive social and environmental impact may from time to time require it to make decisions that favor one goal at the expense of the other.

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

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

Secondaries and other GP-Led Transactions. There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Pegasus following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing Limited Partners and maintaining exposure to an asset where Pegasus believes there is the potential for additional value generation. Where undertaken, existing Limited Partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds

sponsored by the Pegasus and its affiliates). However, certain of such transactions are expected to require a Limited Partner to invest additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio company, and/or a delay in the full liquidation of its investment. In other circumstances, even Limited Partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or Limited Partner and those of Pegasus or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Pegasus or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of Limited Partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Pegasus, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as Limited Partners in the relevant Fund, and in such circumstances Pegasus reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain Limited Partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to Limited Partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Pegasus will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual Limited Partner or group of Limited Partners. However, Pegasus reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Fund Documents.

Management Risks

Risks and Conflicts Associated with the Sub-Advisor: Pegasus has engaged a third-party investment adviser, and its principal in his capacity as a member-manager of such adviser (“Sub-Advisor Principal”), to provide non-discretionary sub-advisory services to a Fund (together with the Sub-Advisor Principal, the “Sub-Advisor”), including identifying and evaluating possible investment opportunities, follow-on investment opportunities and investment exit opportunities for the Fund (the “Sub-Advisory Services”).

The Sub-Advisor will also recommend individuals, which are expected to include personnel of the Sub-Advisor, to serve on investment committees of the relevant Fund. The Sub-Advisor Principal is expected to serve at all times as a member of relevant Fund’s investment committee; however, individuals appointed by Pegasus together will constitute a majority of each of such investment committee and have ultimate authority over investment decisions in respect of the Fund.

The Sub-Advisor will be paid a fee for its services that will be paid and borne by Pegasus out of its Management Fee. However, the relevant Fund is also expected to bear certain expenses incurred by the Sub-Advisor in connection with the provision of the Sub-Advisory Services, including reimbursement for out-of-pocket expenses and other reasonable expenses incurred by the Sub-Advisor when providing the Sub-Advisory Services, and which will not offset or reduce any management or other fees payable by the Fund, but which shall be a part of the Fund expenses and organizational expenses of the Fund. Additionally, the Sub-Advisor Principal will be entitled to a portion of the carried interest generated by the relevant Fund, and will be a member of the relevant General Partner in order to effectuate the foregoing. Other Sub-Advisor personnel may also receive a portion of the carried interest as agreed between Pegasus and the Sub-Advisor Principal.

The success of a Fund will depend, in part, on the ability of Pegasus, the Sub-Advisor and their professionals to identify suitable investments for the relevant Fund. There can be no assurance that the individuals currently employed by Pegasus or the Sub-Advisor will continue to be employed by Pegasus or the Sub-Advisor, and that the Sub-Advisor will continue to be engaged by Pegasus. The loss or reduction of service of Pegasus or the Sub-Advisor or one or more of its members (including, in the case of the Sub-Advisor, the Sub-Advisor Principal) could have an adverse effect on a Fund's ability to generate sufficient or attractive investment opportunities, or otherwise realize its investment objectives. Pegasus and the Sub-Advisor may be unable to find a sufficient number of attractive opportunities to meet the relevant Fund's investment objectives. If a sufficient number of attractive investments cannot be identified, it is possible that a Fund will never be fully invested. 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 Limited Partners are invested (or drawn down to be invested), the Limited Partners will be required to bear Management Fees through the Fund during the investment period based on the entire amount of the Limited Partners' commitments to the Fund and other expenses as set forth in the Governing Fund Documents. Additionally, the Limited Partners will have no opportunity to control the day-to-day operations of Pegasus and the Sub-Advisor. In order to safeguard their limited liability from the liabilities and obligations of the relevant Fund, the Limited Partners must rely entirely on Pegasus, the relevant General Partner, and the Sub-Advisor to conduct and manage, respectively, the affairs of the Fund.

During the term of the Sub-Advisory Services, the Sub-Advisor will spend a portion its time and attention engaging in a broad range of advisory and non-advisory activities, including investment activities for its own account and for the account of investment funds, vehicles and/or accounts, including those sponsored and managed by the Sub-Advisor, and otherwise not affiliated with Pegasus ("Other Sub-Advisor Accounts"), and other than on behalf of the Fund with respect to which the Sub-Advisor has been engaged to provide Sub-Advisory Services. The Sub-Advisor will provide transaction-related, legal, management and other services to such Other Sub-Advisor Accounts and the portfolio companies of such Other Sub-Advisor Accounts. Additionally, the Sub-Advisor, including the Sub-Advisor Principal, will spend a portion of its business time and attention serving as investment committee or board members for the Sub-Advisor ("Other Sub-Advisor Activities").

The Sub-Advisor will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the relevant Fund in an appropriate manner, as required by and in accordance with the provisions of the applicable Governing Fund Documents, although any current and future

Other Sub-Advisor Activities and activities with respect to Other Sub-Advisor Accounts and Sub-Advisor will place varying levels of demand on the Sub-Advisor's time, personnel and resources over time. Therefore, conflicts will arise among the relevant Fund, such Other Sub-Advisor Activities and Other Sub-Advisor Accounts and Pegasus with respect to the allocation of the Sub-Advisor's time and resources. Pegasus believes that the investment by the Sub-Advisor Principal in the relevant Fund, as well as the Sub-Advisor Principal's interests in the carried interest, operate to align, to some extent, the interests of the Sub-Advisor with the interests of the relevant Fund's Limited Partners, although the Sub-Advisor has economic interests in such Other Sub-Advisor Activities or Other Sub-Advisor Accounts and investments as well and receive management fees, carried interest and other compensation relating to these interests. Such Other Sub-Advisor Accounts and investments that the Sub-Advisor controls or manages have the potential to compete with the Fund or investments acquired by the Fund. During the term of the Sub-Advisory Services, the Sub-Advisor will continue to provide Sub-Advisory Services to the relevant Fund's investments, but also likely will focus investment activities on other opportunities and areas unrelated to such Fund's investments, subject to the relevant provisions of the Governing Fund Documents.

Reliance on Key Personnel. The success of the Funds will be highly dependent on the financial and managerial expertise of Mr. Cogut and the other Pegasus investment professionals (the "Pegasus Professionals"). Investors will have no control with respect to the day-to-day operations of the Funds and must rely on the Pegasus Professionals' ability to identify and consummate investments suitable for the Funds, properly guide and manage the portfolio companies in which the Funds have invested and determine the appropriate time and terms upon which to exit the investments. There can be no assurance that the Pegasus Professionals will continue to be associated with Pegasus as the Pegasus Professionals are under no contractual obligation to remain with Pegasus. The loss of the services of one or more of the Pegasus Professionals could have an adverse impact on the ability of the Funds' to realize their investment objectives.

Material, Non-Public Information; Other Regulatory Restrictions. By reason of their responsibilities in connection with other activities of Pegasus, certain employees of the General Partners and their affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Pegasus 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 United States 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 remedies relating to one Fund's acquisition of a portfolio company may 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 Pegasus' 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 Pegasus 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.

Provision of Managerial Assistance. The Funds may obtain rights to participate in and to influence the conduct of the management of their respective portfolio companies. The Funds may designate directors to serve on the boards of directors of their respective portfolio companies, and the designation of directors and exercise of other management rights could expose the assets of the Funds to claims by a company, its security holders or its creditors. The exercise of control over a company imposes additional risks of liability for environment damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability. If these liabilities were to occur, the Funds could suffer significant losses in their investments. While the General Partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Reliance on Portfolio Company Management. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the General Partners will be responsible for monitoring the performance of each investment and generally intends to invest in companies operated by strong management, there can be no assurance that the existing management teams, or any successors, will be able to successfully operate portfolio companies in accordance with the Funds' plans.

Risks in Effecting Operating Improvements. In some cases, the success of a Fund's investment strategy will depend, in part, on its ability to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such restructuring programs and improvements.

Availability of Technical Assistance. Certain of the Funds, particularly those with an impact focus, may have access to a separate pool of capital in the form of grants and/or technical assistance ("Technical Assistance"). These Technical Assistance funds are intended to provide additional resources to fund feasibility studies, early-stage pipeline development and capacity building. The Technical Assistance is generally separately managed by a third-party, and while Pegasus intends to collaborate on the deployment of Technical Assistance funds, there can be no guaranty that Technical Assistance funds will be available for disbursement to any particular investment or that the Funds will ultimately invest in potential opportunities for which Technical Assistance funds were deployed.

Litigation. The transactional nature of the business of Pegasus and the Funds exposes the Funds, the General Partners, and Pegasus generally to risks of third party litigation. Pegasus and related

persons have been and are subject to such litigation. Under the Governing Fund Documents, the Funds generally will be responsible for indemnifying the General Partners and Pegasus and related persons for costs they may incur with respect to such litigation to the extent not covered by insurance.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Pegasus or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Pegasus, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Pegasus', the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to Limited Partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a 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, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant 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 Pegasus or one of its service providers holding its financial or investor data, Pegasus, its affiliates or the Funds may also be at risk of loss.

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

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational

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

Conflicts of Interest

Pegasus and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. Pegasus will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Fund Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Pegasus conducting its activities, the interests of a Fund may conflict with the interests of Pegasus, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Pegasus will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the Advisory Boards (as defined below) of the participating Funds.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by Pegasus principals through such Fund, subject to certain limited exceptions. Without limitation, Pegasus principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and consistent with its obligations under the Governing Fund Documents may direct certain relevant investment opportunities to those investments. The Pegasus Professionals will continue to manage and monitor such investments until their realization. Such other investments that Pegasus principals may control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, Pegasus principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

Pegasus generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Governing Fund Documents, investment restrictions and objectives, strategies, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life-cycle, structure and other relevant factors. In the event that the available amount of an investment opportunity in which the Fund will invest exceeds an amount appropriate for the Fund, the General Partner may also offer a portion of any such excess to one or more other potential investors. Pegasus' allocation of investment opportunities among the Funds may not always, and often will not, be proportional. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. Therefore, such allocations may be more advantageous to a Fund relative to one or all of the other Funds, or vice versa. While Pegasus will allocate investment opportunities in a way that it believes in good faith is fair and equitable to the Funds over time, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will

be as favorable as they would be if the potential conflicts of interest to which Pegasus expects to be subject did not exist. In other circumstances, during the period that a portfolio company is owned by a Fund, it could acquire size, revenue or other characteristics that would make it a suitable investment for one or more other Funds.

Additionally, conflicts of interest can arise if a Fund makes an investment in an investment entity in conjunction with an investment made by another Fund. For instance, the Funds may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund. This may result in differences in price, investment terms, leverage and associated costs between the Funds. There can be no assurance that the Funds will exit the investment at the same time or on the same terms, and there can be no assurance that each Fund's return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Funds.

In connection with managing multiple investment funds other than the Funds, the key executives expect to spend a portion of their business time and attention pursuing investment opportunities for other investment funds and other than on behalf of the Funds. The relevant General Partner's investment staff will continue to manage and monitor such investment funds and investments. The Pegasus believes that the significant investment of a General Partner and its affiliates in a Fund operate to align, to some extent, the interest of the General Partner and its affiliates with the interest of the investors, although the General Partner and its affiliates have or may 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 a General Partner and its affiliates may control or manage may compete with a Fund or companies acquired by a Fund. At such time as Pegasus is permitted to raise a successor investment fund Fund, the relevant General Partner will continue to manage a Fund's investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to a Fund's investments. Certain investments may be allocated between a Fund and any successor or predecessor fund in a manner as set forth in the Governing Fund Documents.

Pegasus, its affiliates, and equity holders, officers, principals and employees of Pegasus and its affiliates reserve the right to buy or sell securities or other instruments that Pegasus has deemed unsuitable for a Fund. Any such transactions are subject to any restrictions in the Governing Fund Documents and any related policies and procedures of Pegasus. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of a Fund. Employees and related persons of Pegasus have, and are expected to continue to have, capital investments in or alongside the 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.

Pegasus also reserves the right to offer co-investment opportunities to one or more potential co-investors, including affiliates of Pegasus, vendors, finders, other sponsors, market participants, and other service providers, Pegasus' personnel and/or certain other persons associated with Pegasus (including Operating Partners) and/or other third parties, as determined by the Funds' Governing Fund Documents, Side Letters and Pegasus' procedures regarding allocation. Conflicts of interest

may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by Pegasus in its sole discretion, may not be in the best interests of a Fund or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, Pegasus is permitted to consider some or all of a wide range of factors, which could include but are not limited to factors such as: expressed interest in co-investment opportunities; 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; 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; Pegasus' 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 Pegasus' 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; the size of an investor's capital commitment to a Fund; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; as well as other factors which benefit the Pegasus and/or its affiliates, such as the likelihood that an investor may invest in a future fund sponsored by Pegasus or its affiliates and whether Pegasus 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 Funds or Pegasus and/or its affiliates. There can be no assurance that co-investment opportunities will be offered.

The Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved. Please see "*Third Party Involvement*" above for additional information.

Furthermore, Pegasus or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other 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. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Pegasus expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Governing Fund Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be

sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of Pegasus and its affiliates make capital investments in or alongside certain Funds, Pegasus and its affiliates are subject to potentially 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 participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

In certain cases, Pegasus will have opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Fund Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Pegasus will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Governing Fund Documents, 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.

As a result of the Funds' controlling interests in portfolio companies, Pegasus typically has the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Pegasus. Any amount above any applicable offset as provided in the Governing Fund Documents will be in addition to any Management Fees or carried interest paid by a Fund to Pegasus. In addition, in certain circumstances, Pegasus expects that co-investors or other parties will negotiate the right to share a portion of such fees from a particular investment, and the offset provision as provided in the Governing Fund Documents will be applied after excluding any amounts paid to such persons.

In addition, the investment professionals of Pegasus and/or its affiliates and other persons involved with the Funds could serve as members of the boards of directors of various companies and are expected participate in other activities outside of Pegasus, including with respect to personal investments. Conflicts will likely arise as a result of such activities. The possibility exists that the companies with which one or more of such persons are involved could engage in transactions that would be suitable for the Funds, but in which the Funds might be unable to invest. Moreover, with respect to such persons who serve as directors of a portfolio company, such individuals, in their capacity as directors, will be required to make decisions that they consider to be in the best interests of the portfolio company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of the portfolio company, actions that may be in the best interest of the portfolio

company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer of a General Partner or its affiliates and such person's duties as a director of the portfolio company.

From time to time the Pegasus, its affiliates and personnel and persons selected by them could receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Pegasus and its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Pegasus has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Pegasus 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. In most cases, a Fund will not consent, participate in the negotiations or be directly involved in such arrangements. Discounted prices or better terms offered by a portfolio company to Pegasus, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Pegasus reserves the right to also, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds; conversely, former personnel or executives of Pegasus and/or its affiliates could serve in significant management roles at portfolio companies or service providers recommended by Pegasus and/or its affiliates. Similarly, Pegasus and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. 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, Pegasus and/or the Funds. Pegasus could be subject to a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by a Fund 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 Pegasus advises, will provide Pegasus information about markets and industries in which Pegasus operates (or is contemplating operations) or will provide other services that are beneficial to Pegasus. Pegasus could have a conflict of interest in making such recommendations, in that Pegasus has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

Additionally, a portfolio company will reimburse Pegasus or service providers retained at Pegasus' discretion for expenses (including without limitation travel expenses) incurred by Pegasus or such service providers in connection with its performance of services for such portfolio company. This subjects Pegasus 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. Pegasus 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 Pegasus or such service providers generally is subject to agreements with

sellers, buyers and management teams, as applicable; the review and supervision of the board of directors and management of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Additionally, Pegasus, its personnel, affiliates or others designated by Pegasus may from time to time to receive compensation in the form of portfolio company securities. After any applicable offset provisions in the relevant Governing Fund Documents are applied (typically based on the then-present value of such securities), Pegasus and/or such other recipients will be permitted to retain such securities as supplemental fees, 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 and/or the Pegasus or retain such securities for a period consistent with their own financial and investment objectives, which may differ from that of the relevant Fund.

Pegasus generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Pegasus or a related person of Pegasus (which may include a portfolio company of such Fund or another Fund managed by Pegasus) and at rates determined or substantively influenced by Pegasus, (ii) an entity with which Pegasus or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (ii) certain Limited Partners or their affiliates. For example, Pegasus may 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 business. This discretion subjects Pegasus to conflicts of interest, because although Pegasus 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, Pegasus may have an incentive to recommend the related or other person (including a Limited Partner) because of its financial or other business interest. There is a possibility that Pegasus, 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 Pegasus), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Pegasus will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Pegasus generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, on-boarding speed or other other factors in retaining or recommending service providers. In certain circumstances where the relevant General Partner commits or has committed to seek "market" or "arms-length" rates or terms, such General Partner will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, a General Partner undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Whether or not Pegasus has a relationship or receives a 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. Pegasus 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 Pegasus 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. Portfolio companies of the Funds may offer Pegasus and its related persons products and services at a discounted price or on better terms that would not be offered to a third party in an arm's length transaction. Such discounts will not be subject to a Management Fee offset. Discounted prices or better terms offered to Pegasus, any other portfolio company or third parties may affect the returns of a portfolio company.

The cost of any services provided by such third parties will generally be borne directly or indirectly by the Funds or their portfolio companies, as applicable. Any fees paid to a service provider that is an affiliate of Pegasus will be at market rates for similar services, based on Pegasus' commercially reasonable discretion taking into account the relevant facts and circumstances and consistent with the responsibilities of Pegasus and any approval requirements under the Governing Fund Documents, as applicable.

The Funds expect from time to time to co-invest with other entities sponsored by Pegasus, such as a geography-specific or asset class-specific fund that may be sponsored or co-sponsored by an entity in which Pegasus has an interest. All such investments, if any, will be on a pari passu basis. The relevant General Partner will be subject to various conflicts of interest, including the fact that services are expected to be provided to the Fund by affiliates of the General Partner. While the General Partner intends that any affiliate services be provided at a competitive and market compensation, such compensation will not be determined through arm's-length negotiation, and the General Partner will not guarantee the performance by its affiliates of any services provided to a Fund.

Although uncommon, Pegasus reserves the right from time to time to cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, another Fund, co-investors or co-investment vehicles. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a Fund acquires or sells a portfolio company to another Fund or a portfolio company owned by such Fund or vehicle. Certain of such transactions raise potential conflicts of interest, including where the investment of the Fund supports the value of portfolio companies owned by another Fund or vehicle managed by Pegasus. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Governing Fund Documents or otherwise in the sole discretion of Pegasus, Pegasus reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of Pegasus) or by obtaining the consent of the relevant Fund (including, where authorized, the consent of such Fund's Advisory Board) to such transactions. In certain circumstances, Pegasus reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to a Fund under then-current market conditions. Pegasus intends that any such transactions be conducted in a manner that it believes to be fair and equitable to a Fund under the circumstances, including a consideration of the potential present and future benefits with respect to the Fund.

Although Pegasus generally structures Funds to avoid circumstances in which one Fund bears liability for all or part of the obligations of another Fund or any Pegasus affiliate, in certain circumstances lenders and other market participants 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 cases, Pegasus 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. In other circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or a Pegasus affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's Limited Partners could suffer adverse effects resulting from any default by any Fund or a Pegasus affiliate, whether or not related to the Fund in which such Limited Partners have invested. In certain circumstances Funds may be prohibited from exercising (or Pegasus 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.

In certain circumstances, current or former Pegasus personnel may serve in interim or part-time roles at a portfolio company, or may provide services to a portfolio company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment at Pegasus. Under such arrangements, Pegasus and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold. Employees may or may not return to Pegasus at the end of such secondee arrangement.

Personnel and related persons of Pegasus have, and are expected to continue to have, a capital investment in a portfolio company alongside certain Funds, directly or indirectly, or could have such investments in the future, and therefore may have conflicting interests in connection with this investment.

Each General Partner may encounter potential conflicts of interest in connection with the relevant Fund's activities, and a General Partner's employees and Operating Partners may also provide services to Pegasus, other Funds and/or other investments managed by Pegasus, including personal investments by principals of the General Partner, and may have responsibilities and commitments in connection therewith or otherwise unrelated to the relevant Fund.

The Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with one another or portfolio companies of other Funds ("Affiliated Counterparties") that, although Pegasus determines to be consistent with the requirements of the respective Funds' Governing Fund Documents, may not have otherwise been entered into but for the affiliation with Pegasus and which may involve fees and/or payments for goods and services to

such Affiliated Counterparties or Pegasus that do not offset the Management Fee. With respect to transactions or agreements with portfolio companies, at times if unrelated officers of a portfolio company have not yet been appointed, Pegasus may be negotiating and executing agreements between Pegasus and/or the Fund on the one hand, and the Affiliated Counterparty, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. Among the measures Pegasus may use to mitigate such conflicts is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

With respect to transactions or agreements with portfolio companies, at times if unrelated officers of a portfolio company have not yet been appointed, Pegasus may be negotiating and executing agreements between Pegasus and/or a Fund on the one hand, and the Affiliated Counterparty, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. Among the measures Pegasus may use to mitigate such conflicts is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

Any such arrangements will give rise to significant conflicts of interest. For example, (i) while a General Partner may have an incentive to direct a Fund's portfolio companies to enter into such arrangements, there can be no guarantee that such arrangements will have a positive impact on such portfolio company, or that they will produce results better than those that could have been achieved by similar arrangements with unaffiliated parties; (ii) the General Partner may be less incentivized to direct a Fund's portfolio companies to pursue remedies and enforce rights against an Affiliated Counterparty as compared to an unaffiliated counterparty; (iii) the General Partner may be incentivized to direct a Fund's portfolio companies to utilize an Affiliated Counterparty in order to support such entity, benefit or reduce amounts owed by the other users of or purchasers from such entity, and/or benefit the other Funds that own such Affiliated Counterparty (which may not include a Fund), including by generating fees or other compensation paid to such Affiliated Counterparty (which will not offset the Management Fee or carried interest paid by a Fund); and (iv) the General Partner may be incentivized to direct a Fund's portfolio companies to agree to more favorable compensation terms with an Affiliated Counterparty than with an unaffiliated counterparty. Any such Affiliated Counterparty may also be acquired by one or more third parties, which could reduce or eliminate any benefits the Fund and its portfolio companies previously received by virtue of its prior affiliation.

As described above under Item 7: Types of Clients, Pegasus and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, (i) the right to appoint a member to a Fund's Advisory Board; (ii) reporting obligations of the General Partner; (iii) waiver of certain confidentiality obligations; (iv) consent of the General Partner to certain transfers by such investors or other exercises by the General Partner of its discretionary authority under the Governing Fund Documents for the benefit of such investors; (v) withdrawal rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies; (vi) other rights or terms necessary in light of particular legal, tax, regulatory or public policy characteristics of an investor; (vii) additional obligations, and restrictions on a Fund with respect to the structuring of any investment (including with respect to alternative investment vehicles); (viii) economic arrangements, including reduced management fees or liability for the fees, costs and expenses of the Fund; (ix) altered redemption rights or rights to cancel remaining undrawn commitments; (x)

alterations to the standard of care applicable to the General Partner; and (xi) rights to participate in any co-investment opportunity.

Pegasus is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners (e.g., based on commitment amount to a Fund or the timing thereof, the ability of a Limited Partner to provide sourcing or other services to Pegasus, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Pegasus, its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make commitments to multiple Funds. Except where required by Governing Fund 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, Pegasus, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Pegasus to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's Advisory Board results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant Limited Partner at the expense of the relevant Fund or of Limited Partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

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

Pegasus and its affiliates (other than the Funds or the relevant General Partner) can from time to time enter into agreements or arrangements with investors who are Fund investors (or whose affiliates are a Fund Investor), which agreements or arrangements are entered into with such investors (or an affiliate of any such Investor) other than in their respective capacities as Fund

Investors. Such agreements or arrangements do not constitute Side Letters since they do not solely establish rights under or alter or supplement the terms of the Governing Fund Documents and therefore will not be disclosed or offered to other Fund Investors, although such agreements may be referenced in the Side Letters of Fund's Investor.

The investors of the Funds are expected to have conflicting investment, tax and other interests with respect to their investment in the applicable Funds. These conflicting interests are expected to relate to or arise from, among other things, the nature of investments made by the Fund, or their structuring, acquisition or disposition, and the fact that the investors will likely include taxable and tax-exempt entities and may be resident for tax purposes, or subject to tax, in many different countries. Conflicts could also arise from bespoke Limited Partner rights under the Governing Fund Documents and Side Letters, which rights are not expected to be granted to all Limited Partners. As a consequence, conflicts of interest may arise in connection with decisions made by a General Partner, including with respect to the nature or structuring of a Fund's investments that may be more beneficial for one investor than for another investor, especially with respect to tax matters, and the structure of a Fund and/or its investments may not be tax efficient for any particular prospective investor. In selecting, structuring, acquiring and disposing of investments, a General Partner generally will consider the investment and tax objectives of a Fund and its investors as a whole, not the investment, tax or other objective of any investor individually.

As discussed above under Item 4: Advisory Business, Pegasus expects to retain, on behalf of the Funds and/or the portfolio companies, as applicable, Operating Partners to primarily provide services to generate, evaluate, execute and manage opportunities in certain sectors and other similar services (the "Services") to the Funds and/or their respective portfolio companies and/or to support the General Partners and Pegasus and/or their respective investment professionals in connection with their investment activities on behalf of the Funds. These Services could also include serving in management or policy-making positions for portfolio companies. Operating Partners are expected from time to time to include former employees of the General Partner or certain portfolio companies, and in some circumstances former Operating Partners are expected to become employees of the General Partner or employees of portfolio companies. Consequently, the determination of whether individuals are Operating Partners is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that the General Partner otherwise would be required to bear. Pursuant to the Governing Fund Documents, fees and expenses associated with the Services (collectively "Consulting Fees and Expenses"), are permitted to be paid and/or reimbursed by applicable portfolio companies and/or the Funds, and Consulting Fees and Expenses do not offset the Management Fee. Consulting Fees and Expenses are expected to include cash fees, retainers, transaction fees, incentive or stock awards, profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company and/or other incentive-based compensation to the Operating or Strategic Advisor, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating or Strategic Advisor, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Additionally, portfolio companies may provide opportunities for Operating Partners to invest in such portfolio company and reimburse costs and expenses incurred by such Operating Partners. Operating Partners may receive

remuneration from the relevant General Partner and/or the Fund or affiliates and/or be entitled to other forms of compensation, including salaries, benefits, personnel costs and equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to an Operating or Strategic Advisor will not offset the Management Fee and the use of Operating Partners is expected to fluctuate and/or expand over time. Operating Partners from time to time are expected to have a limited partnership or profit interest in a Fund or a General Partner. Although Pegasus intends to retain Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, a Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, Pegasus intends to retain only such Operating Partners which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, 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. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or written work product generated by the Operating Partner.

There will be occasions when Pegasus and/or its affiliates may encounter potential conflicts of interest in connection with the Fund's activities, and that Pegasus' employees, Operating Partners may also provide services to Pegasus or the Funds, including personal investments by principals of Pegasus, and may have responsibilities and commitments in connection therewith or otherwise unrelated to the Fund.

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

Any of these situations subjects Pegasus to potential conflicts of interest. Pegasus attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Pegasus' 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, Pegasus will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Pegasus consults and receives consent to conflicts from the Advisors Boards (as defined below) of the relevant Fund(s) and such other investment vehicles.

Relationship With Green Climate Fund

The Green Climate Fund, an entity formed under the United Nations Framework Convention on Climate Change with a mandate to fund climate-focused investments in developing markets ("GCF"), is expected to contribute significant capital to one or more of Pegasus' impact-focused Funds, typically in a junior (i.e., concessional) position in the capital structure of such Fund.

Accordingly, GCF is expected to be considered as an anchor investor to such Fund(s) and afforded preferential and/or bespoke benefits and other rights not offered to or available for election by any other Limited Partner, which could include, without limitation, the right to (i) appoint a member to the Advisory Board, (ii) be excused from investments (which, given the anticipated size of the GCF's participation in the relevant Funds, could significantly increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments, and would also eliminate the concessional protection afforded by GCF's interest with respect to such investment), (iii) receive bespoke reporting in respect of its indirect interests; and (iv) receive more favourable economic arrangements (including with respect to the fees, costs and expenses of the Fund). The GCF also has enhanced governance rights that, in certain circumstances, entitles it to, among other things, suspend the relevant Fund's commitment period, require Pegasus to sell its interest in the Fund and/or certain step-in rights, any or all of which could have a material adverse effect on the relevant Fund's operations. Pegasus intends to pursue a strategic relationship with the GCF, which could result in the GCF investing (potentially as an anchor investor) in the Funds and/or participating in co-investment opportunities alongside the Funds. Such strategic relationship could, in certain circumstances, result in fewer co-investment opportunities (or reduced allocations) being made available to other Limited Partners. Actual or potential conflicts of interest could arise from time to time as a result of the outside activities of the GCF, and there can be no assurance that such conflicts will be resolved in favor of the investors in the Funds. As a result, potential investors must be aware that the GCF may have significant influence in the business and operation of the relevant Fund, while at the same time in exercising its rights will have no obligations to take into account the interests of Pegasus, any Limited Partner, the relevant Fund as a whole, or other third party and may instead act solely in its own interest. There is no guarantee that any conflicts of interest created by the GCF's interests will not have a material adverse effect on a Fund, and no Limited Partner will have any recourse against GCF under the Governing Fund Documents with respect to any votes by GCF under the applicable Governing Fund Documents. Pegasus, when considering the interests of the Limited Partners of a Fund generally, could place greater importance on or give extra consideration to the interests of the GCF specifically. Such interests could be driven by factors such as the different economic terms offered to GCF pursuant to the Governing Fund Documents and/or the GCF's significant focus on social and environmental impact returns (and not just financial returns). This could materially impact the returns to investors in a Fund.

Item 9. Disciplinary Information

There are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

Item 10. Other Financial Industry Activities and Affiliations

Pegasus is affiliated with other companies that provide investment management services (collectively the "Relying Advisers"); however these companies are not independently registered as investment advisers with the United States Securities and Exchange Commission ("SEC"); they are treated as relying advisors under Pegasus' registration. Pegasus or Relying Advisers will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investments and trading activities. While Relying Advisers are not registered as investment advisers, all investment advisory activities are subject to the Advisers Act, and the rules there under. In addition, employees and persons acting on behalf of the Relying

Advisers (including Operating Advisers but not Strategic Advisers) are subject to the supervision and control of Pegasus. Thus, the Relying Advisers, and all the persons acting on their behalf would be “persons associated with” the registered investment adviser so that the SEC can enforce the requirements of the Advisers Act against the Relying Advisers.

Potential conflicts of interest that may arise would likely relate to the allocation of investment opportunities between investment vehicles and/or the allocation of management’s time to investment, administrative or other activities. The Governing Fund Documents for each of the Funds will provide a framework for avoiding and/or resolving these types of conflicts and provide the guidelines for establishing an advisory board, which consists of a certain number of Limited Partners for each of the Funds (the “Advisory Board”) and is chaired by a Pegasus managing partner in a non-voting capacity. The functions of the Advisory Boards are outlined in each of the Fund’s Governing Fund Documents. There are procedures in place at the General Partner level so that conflicts are resolved in an equitable manner.

As discussed above under Item 8: Methods of Analysis, Investment Strategies and Risk of Loss — “*Conflicts of Interest*,” Pegasus has offered, and in the future may offer, a limited number of co-investments to Limited Partners. The primary rationale for offering these co-investment opportunities has been to complete transactions that have a need for capital greater than the Funds could provide. However, certain potential co-investors are also able to provide strategic value through expert knowledge of a particular sector or ancillary services they can provide. These co-investment opportunities have been offered as interests in a Co-Investment Entity. The General Partners will allocate the available investment among the Funds, the Co-Investment Entity and any third parties in their sole discretion. See Item 8: Methods of Analysis, Investment Strategies and Risk of Loss — “*Conflicts of Interest*.”

Operating Partners provide consulting services to a Fund and its portfolio companies, including, without limitation, industry or company specific research and advice, serving as directors and/or officers of Fund portfolio companies, and strategic and operational advice. These individuals are compensated by the Fund or the relevant Fund portfolio company. Such compensation generally takes the form of cash fees and equity grants relating to investments in Fund portfolio companies.

Pegasus’ principal owner, Mr. Cogut, has established Pegasus Capital LLC to hold and administer his personal investment activities. The investment activities of Pegasus Capital LLC, and the involvement of Mr. Cogut in these activities, could give rise to potential conflicts (or synergies) between the personal financial interests of Mr. Cogut and the interests of Funds. From time to time, the entity invests in certain portfolio companies in which the Funds have invested subject to the requirements in the applicable Governing Fund Documents. Additionally, Pegasus Capital LLC and its wholly-owned subsidiaries invest in companies which do not fall under the Funds’ investment parameters. For example, (a) Pegasus Capital LLC is one of the founding stakeholders of Impala Energy Holdings Ltd., a Cayman Islands exempted company, and our firm’s wholly-owned subsidiary provides consulting services to such operating company, and (b) ZeroBase Energy, LLC is owned and managed by a subsidiary of Pegasus Capital LLC. From time to time, Pegasus personnel and Operating Partners provide assistance with respect to Pegasus Capital LLC’s investments. Pegasus has adopted certain procedures designed to mitigate some of these potential conflicts, and the Governing Fund Documents typically require the consent of the relevant Fund’s

Advisory Board in relation to a conflict arising from a transaction involving Pegasus Capital LLC and the relevant Fund. The Funds do not compensate Pegasus personnel or Operating Partners for their services to Pegasus Capital LLC.

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

Pegasus has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act that is predicated on the principal that Pegasus owes a fiduciary duty to its clients. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners, employees or Operating Partners of Pegasus, each employee's spouse, minor children and other family members living in his or her household, as well as each other individuals designated in writing by the Chief Compliance Officer as being subject to all or a portion of the compliance procedures or policies adopted by Pegasus.

Generally, Pegasus prohibits personal trading on certain securities or instruments; requires pre-clearance before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of employees' personal securities transactions and all holdings; and requires prompt internal reporting of Code violations. Pegasus endeavors to maintain current and accurate records of all personal securities accounts of its employees in an effort to monitor all such activity. Pegasus' Code of Ethics is available for review and will be provided to any client upon request.

Pegasus 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, Pegasus 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 Pegasus.

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

Pegasus generally does not buy securities from or sell securities to its Funds. However, Pegasus may engage in these transactions in certain limited circumstances. These types of transactions are known as "principal transactions." This could potentially create a conflict of interest between Pegasus and its Funds. Pegasus and its employees are strictly forbidden from implementing any principal transaction without obtaining the Chief Compliance Officer's written pre-approval. In addition, the consent of the Advisory Board of each relevant Fund is required before proceeding with a principal transaction.

Pegasus, its employees or a related entity will have an investment in each Fund. Therefore, Pegasus may be considered to participate indirectly in transactions effected for the Funds. In addition,

Pegasus and its employees may, on rare occasions and in accordance with the requirements of the associated Governing Fund Documents, purchase an investment intended to be transferred to a Fund upon its formation, acting in the capacity similar to bridge financing. In addition, co-investment opportunities may be offered to Pegasus employees and Operating Partners. Pegasus employees and Operating Partners could also in certain circumstances have capital investments in investment vehicles (including private funds) sponsored by potential competitors, and therefore may have additional conflicting interests in connection with these investments.

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

In borrowing on behalf of a Fund, Pegasus 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.

The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the respective Governing Fund Documents.

Item 12. Brokerage Practices

Pegasus primarily focuses on making investments in private securities. The vast majority of our positions are not acquired or disposed of through the public markets making use of brokers. Pegasus seeks to extend its best execution policy to the implementation of private investments, acquisitions and disposition of portfolio companies. Pegasus attempts to ensure that the Funds pay no more than the perceived fair value for portfolio companies or other investments as well as reasonable fees for services necessary to complete the transactions.

Pegasus recognizes that the analysis of execution and implementation quality involves a number of factors, both qualitative and quantitative. In implementing transactions for the Funds, Pegasus may take into account the full range of applicable factors when hiring third party service providers or other intermediaries for the purpose of completing those transactions. Factors include general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the Funds.

To the limited extent Pegasus instructs trades for Funds in public securities, it intends to select brokers based upon the broker's ability to provide best execution for the Funds. Pegasus is generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Funds or any of their Investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

Pegasus does not utilize any soft dollar relationships with any broker.

Pegasus does not permit Investors to stipulate the direction of brokerage practices.

Item 13. Review of Accounts

Pegasus focuses on making and advising on private equity investments. All investments are carefully reviewed and approved by the applicable Funds' investment committee. The progress of all portfolio companies is carefully monitored on a regular basis (at least monthly) and is subject to the ongoing supervision and review by Pegasus investment professionals.

Pegasus provides quarterly and annual reports, along with more detailed annual meeting presentations, to all Investors in accordance with the terms of the Governing Fund Documents. The quarterly package includes a summary review of financial information relating to Funds' activities; a summary review of investment activity of the Funds and a summary review of activities and developments with respect to each portfolio company, subject in all cases to applicable confidentiality and securities law restrictions. Pegasus also provides audited financial statements on

an annual basis for each of the Funds to its Investors. Finally, Pegasus provides supplementary data or schedules to Investors that request such information in the context of financial, tax or governance issues that relate to their interests in the Funds.

Item 14. Client Referrals and Other Compensation

Pegasus is permitted to charge portfolio companies and/or Investors origination fees, breakup fees, placement fees, consulting fees, monitoring fees and other similar fees. Pursuant to each of the Governing Fund Documents a percentage or all of certain fees that are received or paid by Pegasus may reduce the Management Fee otherwise payable by Investors to reduce potential conflicts of interest.

Pegasus reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Limited Partner in a Fund. Any fees payable to any such placement agents generally will be borne by Pegasus indirectly through an offset against the Management Fee under the Governing Fund 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).

Item 15. Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however Pegasus has access to client accounts since it or an affiliate serves as the General Partner of each Fund. Investors (or Limited Partners or members or owners) will not receive statements from the custodian. Instead, the Funds are subject to an annual audit, and the audited financial statements are and will be distributed to each Investor (or Limited Partner or member or owner). The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end. Investors should carefully review these statements, and should compare these statements to any account information provided by Pegasus.

Item 16. Investment Discretion

In accordance with the terms and conditions of the Governing Fund Documents and subject to the direction and control of the General Partner of each of the Funds, Pegasus generally has discretionary authority to perform the day-to-day investment operations of the Funds.

Item 17. Voting Client Securities

As an investment manager to the Funds that invest primarily in private companies that they control, Pegasus is rarely, if ever, required to vote the proxies of public or private corporations or other such entities. Most of the portfolio companies held by the Funds are private companies, which typically do not issue proxy statements. However, in the event proxies have to be voted, Pegasus has adopted and implemented written policies and procedures governing the voting activities on behalf of its Funds in accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act. Its proxy voting activities are conducted in a manner consistent, under all circumstances, with the best

interest of the Funds' Investors and consistent with the decisions made at the board of the company or any committees of the board. All proxies that Pegasus receives will be treated in accordance with these policies and procedures; and a copy of Pegasus' written proxy voting policies and procedures, as well as specific information about how Pegasus has voted in the past, will be provided to Fund Investors upon written request to Pegasus. As a general matter, Pegasus does not share information concerning how proxies are voted with Investors, unless the matter to which the proxy relates involves a contest or other extraordinary corporate matter.

Item 18. Financial Information

Pegasus Capital Advisors, L.P. has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.