

FORM ADV PART 2A: FIRM BROCHURE

ALLIANCE PARTNERS LLC

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Alliance Partners LLC (together with its affiliates, “Alliance Partners”, “we”, “our”).

This Brochure relates to advisory services provided by Alliance Partners to clients that participate in certain Loan Programs (as further described herein) managed by Alliance Partners.

If you have any questions about the contents of this Brochure, please contact us at (301) 232-5400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Alliance Partners is registered with the SEC as an investment adviser. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

ITEM 2: MATERIAL CHANGES

Since Alliance Partners' last annual amendment of this Brochure on March 30, 2022, the sole member of Alliance Partners changed its name from Congressional Bank to Forbright Bank. This Brochure has been updated to reflect the name change. In addition, during 2021 Alliance Partners began providing advisory services to clients relating to two new categories of Loan Programs, one offering the opportunity to participate in small business loans, and one offering the opportunity to participate in consumer loans. Items 4, 5 and 8 of this Brochure have been updated to describe these new Loan Programs, and Item 10 has been updated to describe conflicts of interest related thereto. Capitalized terms used in this Item 2 without definition have the meanings set forth elsewhere in this Brochure.

We routinely make changes throughout the Brochure to improve and clarify the descriptions of our business practices and compliance policies and procedures or in response to evolving industry and firm practices. We believe that these changes are not material changes and therefore, do not describe them in this Item 2.

Alliance Partners will provide clients with a summary of any material changes to this Brochure since Alliance Partners' last annual update to the Brochure within 120 days of the close of Alliance Partners' fiscal year end. Alliance Partners will provide additional interim disclosure about material changes, if warranted. Current or prospective clients may obtain a copy of Alliance Partners' current Brochure at any time by contacting us at (301) 232-5400.

TABLE OF CONTENTS

	<u>Page</u>
ITEM 1: COVER PAGE	i
ITEM 2: MATERIAL CHANGES	ii
ITEM 3: TABLE OF CONTENTS	iii
ITEM 4: ADVISORY BUSINESS	1
ITEM 5: FEES AND COMPENSATION	12
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	14
ITEM 7: TYPES OF CLIENTS	14
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	15
ITEM 9: DISCIPLINARY INFORMATION	30
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	30
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	31
ITEM 12: BROKERAGE PRACTICES.....	36
ITEM 13: REVIEW OF ACCOUNTS	37
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	38
ITEM 15: CUSTODY	38
ITEM 16: INVESTMENT DISCRETION	39
ITEM 17: VOTING CLIENT SECURITIES	40
ITEM 18: FINANCIAL INFORMATION	42

ITEM 4: ADVISORY BUSINESS

This Brochure describes Alliance Partners' provision of:

- (i) advisory and other services to FDIC-insured depository institutions (or affiliates or holding companies of such institutions) that have become parties ("Members") to the membership agreement (the "Membership Agreement") of BancAlliance Inc., a Maryland non-stock corporation ("BancAlliance"), to participate in one or more Loan Programs (as described herein) managed by Alliance Partners; and
- (ii) advisory and other services to FDIC-insured depository institutions (or affiliates or holding companies of such institutions) that participate in the Commercial Loan Program (as described herein) outside of the terms of the BancAlliance membership agreement and are advised or sub-advised by Alliance Partners (referred to herein as "Managed Account Clients"). Managed Account Clients at times include clients who are also Members.

A. General Description of Advisory Firm

Alliance Partners is a Delaware limited liability company that was organized in, and has engaged in its business since, 2011. Alliance Partners is wholly owned by Forbright Bank. Forbright Bank has engaged in its business since 2003.

B. Advisory Services

1. Introduction

Through BancAlliance, Alliance Partners makes certain loan programs available to Members. The primary such loan program is the Commercial Loan Program, under which Members have the opportunity to acquire participation interests in commercial Loans. Alliance Partners also makes other loan programs available to Members, under which Members have the opportunity to acquire participation interests in other categories of loans that are sourced through agreements with technology-enabled third-party originators or others, which may include Forbright Bank ("Tech-Enabled Loan Programs," and collectively with the Commercial Loan Program, "Loan Programs"). Alliance Partners believes the Loans offered through these Loan Programs meet the loan eligibility criteria adopted from time to time by the Board of Directors of BancAlliance. Members include community and regional banks or their holding companies in the United States and its territories. Alliance Partners expects that all Members will be regulated by U.S. federal and state or territorial banking regulatory authorities with jurisdiction over the Members' activities.

Alliance Partners provides certain advisory services to the Members and certain administrative services to BancAlliance and the Members. For the Commercial Loan Program, these services are governed by an advisory and services agreement among Alliance Partners, BancAlliance, and the participating Member (an "Advisory and Services Agreement"); for the Tech-Enabled Loan Programs, these services are governed by a Master Loan Program Services Agreement among Alliance Partners, BancAlliance, and the participating Member (a "Master Services Agreement") and a Program Schedule specific to such Loan Program (each, a "Program Schedule").

Alliance Partners provides advisory services to Members on a non-discretionary basis. This means that each Member decides whether or not to purchase for its portfolio any Loan Participation offered to it under a Loan Program. Alliance Partners, as the Members' investment adviser, has no authority to cause a Member to acquire or dispose of any Loan.

Alliance Partners also makes the Commercial Loan Program available to Managed Account Clients. Alliance Partners provides certain advisory and administrative services to Managed Account Clients pursuant to an advisory and services agreement with each such client. Alliance Partners provides advisory services to its Managed Account Clients on a non-discretionary basis as set forth in the advisory and services agreement for each Managed Account Client.

Alliance Partners has the authority to expand its activities to offer additional programs and services to Members, Managed Account Clients, or other clients. As appropriate, such expansion would be accompanied by necessary amendments to the relevant legal agreements, or new legal agreements. Any material, expanded, advisory services Alliance Partners offers will be described in an amendment to this Brochure and/or one or more separate Brochures.

2. Description of Loan Programs Generally

Overview

Alliance Partners makes Loan Programs available to Members, and makes the Commercial Loan Program available to Managed Account Clients, under which its clients have the opportunity to acquire participations or other interests (collectively, "Loan Participations") in loans, pools of such loans, and comparable financial instruments (including assignments thereof, "Loans") that Alliance Partners believes meet both its loan eligibility criteria and the eligibility requirements established by the respective client (collectively, the "Loan Eligibility Criteria").

Alliance Partners has primary responsibility for administering the Loan Programs. As further described below, Alliance Partners provides Loan Management Services to clients (and, with respect to Members, certain administrative services to BancAlliance) in connection with interests acquired by such clients through the Loan Programs. Such services are or will be provided to Members and Managed Account Clients pursuant to an Advisory and Services Agreement or Master Services Agreement and Program Schedule, as applicable, between Alliance Partners and each client.

Role of Alliance Partners

In the Commercial Loan Program, Alliance Partners identifies, reviews and, in appropriate cases refers to its clients, opportunities to acquire Loan Participations with respect to Loans that Alliance Partners believes initially satisfy the Loan Eligibility Criteria. In the Tech-Enabled Loan Programs, Alliance Partners refers Loan Programs to the Members that Alliance Partners believes are consistent with the Loan Eligibility Criteria. If a client acquires a Loan Participation, Alliance Partners will provide ongoing Loan Management Services to the client regarding the Loan Participation and the underlying Loan. The services provided by Alliance Partners to clients in connection with the Loan Programs are described in greater detail below in this Item 4.B.

Loan Eligibility Criteria and Sourcing

Any Loan opportunity referred to clients is expected to meet the then-applicable Loan Eligibility Criteria. In the Commercial Loan Program, a Loan opportunity will generally be referred to clients only after being preliminarily approved by the credit committee of Alliance Partners. In the Tech-Enabled Loan Programs, individual loan opportunities are generally not reviewed or approved by Alliance Partners' credit committee, but the credit committee does approve the underwriting criteria (and changes thereto) with respect to each Tech-Enabled Loan Program.

Alliance Partners or BancAlliance may originate Loans or acquire Loans in the primary and secondary markets, including Loans acquired by Forbright Bank or through contractual programs with other lenders. For Tech-Enabled Loan Programs, Loans are originated by third parties and acquired by Forbright Bank or a subsidiary, and BancAlliance acquires a Loan Participation before offering sub-participation interests to Members.

Because Alliance Partners is a wholly owned subsidiary of Forbright Bank, the Loans it originates or otherwise sources through third parties must generally meet the eligibility criteria set forth in Forbright Bank's loan sourcing policies in effect from time to time.

Manager Discretion

Alliance Partners has no discretionary authority on behalf of clients with respect to the acquisition or disposition of any Loan Participations pursuant to the Loan Programs. Each client will independently evaluate and make a case-by-case, independent decision whether to commit to purchase any Loan opportunities referred to it by Alliance Partners or through a Loan Program. No client will be obligated to acquire any Loan Participation (except for Loan Participations the client has made a binding commitment to acquire). Alliance Partners has discretionary authority on behalf of its affiliates with respect to the acquisition or disposition of their proprietary assets.

Client Acquisition of Loan Participations

A client interested in acquiring a Loan Participation in a particular Loan will be required to make a binding commitment to acquire such Loan Participation using the procedures established by Alliance Partners from time to time for the particular Loan Program. These commitment procedures may entail the interested client providing Alliance Partners with a range of possible allocation sizes that the client is willing to accept.

In some cases, Alliance Partners originates or acquires Loans prior to receiving binding commitments or nonbinding indications of interest from clients. In other cases, Alliance Partners (acting on behalf of clients or itself) arranges for the origination or acquisition of a Loan only after receiving binding commitments or nonbinding indications of interest from clients which, in the judgment of Alliance Partners, indicate that sufficient demand for the Loan exists.

In addition, Alliance Partners may make available for purchase by clients Loan Participations in Loans it or Forbright Bank holds that, in the judgment of Alliance Partners, continue to satisfy the Loan Eligibility Criteria. Further, Alliance Partners periodically makes available for purchase by clients Loan Participations in only a portion of a particular Loan it or Forbright Bank holds, and the respective portions of a Loan retained by Alliance Partners or Forbright Bank and made available for sale as Loan Participations vary depending on the nature of the Loan, expected demand for the Loan, or other factors. For example, Alliance Partners at times offers to its clients

the opportunity to purchase a Loan Participation in various tranches of a Loan it or Forbright Bank holds that is disproportionate to the interest in each tranche retained by Alliance Partners or Forbright Bank or sold to other clients.

In the Commercial Loan Program, the lender of record with respect to the Loans in which clients acquire Loan Participations is generally BancAlliance, but on occasion the lender of record may also be Alliance Partners or an entity created for the benefit of a client or a group of clients. When Alliance Partners is the lender-of-record at the time of acquisition or origination, with respect to commercial Loans in which Loan Participations are acquired by Members, it is expected that BancAlliance will become the ultimate lender of record.

In the Tech-Enabled Loan Programs, Forbright Bank or a subsidiary of Forbright Bank (other than Alliance Partners) acquires Loans, Loan Participations or sub-participations, but the lender of record with respect to Loans in which clients acquire Loan Participations or sub-participations is generally the originating bank or lending institution.

Throughout this discussion and in other portions of this Brochure, the entity that is the lender of record of a Loan in which clients hold Loan Participations or sub-participations under one or more Loan Programs may be referred to as a “Lending Entity.”

When Alliance Partners acquires a Loan as part of the Loan acquisition process under a Loan Program, it generally sells a Loan or Loan Participation (collectively “Loan Instruments”) to BancAlliance or another Lending Entity at a higher price than the price paid by Alliance Partners for the Loan Instruments. The purchase price is determined by Alliance Partners and generally includes an amount to compensate Alliance Partners for the costs associated with acquiring the Loan Instruments, including estimated costs and risks of owning and financing the Loan while it is held by Alliance Partners pending distribution to the client(s). Alliance Partners will not sell a Loan Instrument at a price greater than its perceived fair value.

Under the Commercial Loan Program, Alliance Partners has committed, pursuant to the terms of a master loan participation agreement with BancAlliance, to acquire for its own account a minimum interest in each Loan Participation acquired by the client. This commitment is satisfied by Alliance Partners acquiring an interest in the Loan Participation or a direct interest in the underlying Loan. Alliance Partners is authorized to make similar commitments to other clients pursuant to the applicable Advisory and Services Agreement.

Depending on the Loan Program, a Lending Entity may not itself retain any net beneficial interest in the underlying Loan Instruments, although it ultimately remains the lender of record or record holder of all Loan Instruments underlying the corresponding Loan Participations. Where Loan Participations comprising all or substantially all of a Loan are sold to clients, the beneficial interests in the Loan Instruments will be held by the clients owning such Loan Participations and the Lending Entity in effect will be a nominee holding only record ownership of the related Loan.

3. The Commercial Loan Program

Purpose

The Commercial Loan Program provides clients with opportunities to purchase Loan Participations to which the clients, due to their size, maximum loan size limitations, staffing or other factors, typically would not otherwise have access. The Loans will generally be commercial loans, either originated or acquired by BancAlliance, Forbright Bank, or Alliance Partners (or an affiliate thereof) and made available to clients. The Loans acquired on the secondary market generally are expected to be acquired at par or near-par value. The Commercial Loan Program is designed to enable clients to supplement and diversify their historical lending activities; accordingly, clients are generally expected to hold their acquired Loan Participations until maturity or repayment of the underlying Loans.

Allocations – Commercial Loan Program

As discussed in Item 11 under the caption “Allocation,” Alliance Partners has adopted policies with respect to the Commercial Loan Program governing the allocation of Loans among interested Members and Managed Account Clients. Pursuant to this policy (and consistent with direction provided by the Board of Directors of BancAlliance), Alliance Partners may treat demand for Loans from each Managed Account Client individually and demand from Members as a collective allocation pool and allocate a single amount to each Managed Account Client and a single amount to Members collectively. Alternatively, Alliance Partners may treat demand for Loans from Members and Managed Account Clients together as one allocation pool and allocate those Loans among the Members and Managed Account Clients. Currently, Alliance Partners treats Members and Managed Account Clients together as one allocation pool. Where significant client demand exists for a particular Loan, it is possible that individual clients (or Members as a collective) will not acquire a Loan Participation as large as that for which they committed or, in some cases, any Loan Participation at all.

Member Classification Framework – Commercial Loan Program

Alliance Partners affords Members participating in the Commercial Loan Program the ability to obtain different benefits and to receive certain fee discounts depending on their Member classification. The different tiers of membership are based on designated levels of participation in the Commercial Loan Program, as follows:

- *Premier Members.* A premier Member (a “Premier Member”) either has participated in 12 or more Loans in the last 12 months or has outstanding Loan Participations with aggregate outstanding commitments of \$30 million or greater or in excess of 6.5% of the Member’s total assets. Premier Members receive certain fee discounts. See Item 5 and Item 13 below. Officers of Premier Members also are eligible for nomination to the BancAlliance board of directors.
- *Select Members.* A select Member (a “Select Member”) has (i) participated in six or more Loans in the last 12 months, (ii) outstanding Loan Participations with aggregate outstanding commitments between \$20 million and \$30 million or between 4.0% and 6.5% of the Member’s total assets, or (iii) participated in three or more Loans within six months of joining BancAlliance. Select Members receive certain fee discounts. See Item 5 and Item 13 below. Officers of Select Members also are eligible for nomination to the BancAlliance board of directors.

- *Standard Members.* A standard Member (a “Standard Member”) has (i) participated in one or more Loans in the last 12 months, or (ii) joined BancAlliance in the last 12 months. Standard Members receive no fee discounts.

The assessment of a Member’s level of participation in the Commercial Loan Program for purposes of determining its membership classification is made by Alliance Partners on a rolling basis. Alliance Partners also, in its discretion, waives certain classification criteria when deemed appropriate.

4. Tech-Enabled Loan Programs

Purpose

The Tech-Enabled Loan Programs provide Members with opportunities to purchase Loan Participations or sub-participations in additional categories of Loans to which the Members might not otherwise have access. The Tech-Enabled Loan Programs are designed to enable Members to supplement and diversify their historical lending activities; accordingly, Members are generally expected to hold their acquired Loan Participations until maturity or repayment of the underlying Loans.

Types of Tech-Enabled Loan Programs

Under the Tech-Enabled Loan Programs, Members have the opportunity to acquire participation interests in categories of Loans other than commercial Loans. Currently, there are two categories of Tech-Enabled Loan Programs – one provides Members the opportunity to acquire unsecured consumer installment loans (“Consumer Loans”), and the other provides Members the opportunity to acquire loans made to small- and medium-sized businesses (“SMB Loans”). The Tech-Enabled Loan Programs are provided in conjunction with loan originators, sourcers and/or servicers with which Alliance Partners has partnered (each, a “Loan Partner”). The Loan Partner or an affiliate thereof sources and/or originates Loans offered under the relevant Loan Program and also services the Loans on behalf of Members.

The Tech-Enabled Loan Programs may require participating Members to meet minimum purchase commitments under the program, including minimum monthly purchase commitments and an aggregate purchase commitment within 12 months of signing a Program Schedule. The Tech-Enabled Loan Programs may also set concentration limits on the amount of Loan Participations or sub-participations relating to a single Loan that may be purchased by Members.

Members may participate in a Tech-Enabled Loan Program on a stand-alone basis or in connection with participating in any other Loan Programs.

Allocations – Tech-Enabled Loan Programs

Alliance Partners and BancAlliance have adopted policies with respect to certain of the Tech-Enabled Loan Programs governing the allocation of Loans among interested Members. Generally, such allocation policies provide that Members will receive a pro rata amount of the available

Loans, based on such Members' percentage of the aggregate monthly purchase commitment made by all participating Members. These allocations are subject to applicable concentration limits under the Loan Program. Where significant demand exists for a particular Loan, it is possible that Members will not acquire a Loan Participation as large as that for which they committed or, in some cases, any Loan Participation at all.

Alliance Partners and Forbright Bank have adopted procedures governing Loan opportunities under any Tech-Enabled Loan Program that has been approved by the Alliance Partners credit committee and the BancAlliance Board of Directors. Under these procedures, Alliance Partners and Forbright Bank will endeavor to allocate Loan opportunities in a manner intended to fully meet Members' demand for such Loan opportunities, to the extent possible. In doing so, Forbright Bank may need to take larger positions to facilitate the allocation preferences of Members, but the overall allocating principle will be to ensure maximum fulfillment of Member demand. In the case of Tech-Enabled Loan Programs not established for distribution to the BancAlliance network, Forbright Bank may hold Loans it previously acquired under such programs, in amounts which could be substantial, in order to meet certain Forbright investment objectives, and there is no expectation that loans under these Tech-Enabled Loan Programs will be offered to Members; however, such interests held by Forbright Bank would be disclosed to Members prior to the launch of any such Tech-Enabled Loan Program to Members. Finally, any Loans made available to Members that are sourced from Forbright must meet all relevant Loan Eligibility Criteria. See "—Methods of Analysis and Loan Approval Process – Tech-Enabled Loan Programs."

5. Advisory and Other Services Provided by Alliance Partners Under Loan Programs

Alliance Partners acts as the manager of the Loan Programs. Alliance Partners provides advisory services to Members and Managed Account Clients ("Commercial Loan Program Advisory Services") to assist them in evaluating Loan opportunities under the Commercial Loan Program. Alliance Partners also provides advisory services to Members ("Tech-Enabled Loan Program Advisory Services," and collectively with the Commercial Loan Program Advisory Services, "Loan Advisory Services") to assist them in evaluating opportunities to participate in Tech-Enabled Loan Programs. Finally, Alliance Partners provides Loan Management Services with respect to outstanding Loan Participations held by clients. Lending Entities, such as BancAlliance, neither provide advisory services to clients or other persons, nor receive advisory services from Alliance Partners.

Commercial Loan Program Advisory Services

Commercial Loan Program Advisory Services consist of the following:

Asset referral and related services, which include: (1) developing and recommending to clients policies and procedures pertaining to specific credit asset classes, credit evaluation, portfolio management, risk rating, workouts and restructurings, and other policies related to clients' management of their Loan Participations; (2) identifying, and where appropriate, referring to the clients Loan opportunities that Alliance Partners believes are consistent with the Loan Eligibility Criteria; and (3) providing appropriate related services, including (i) delivering documents to clients with respect to Loan opportunities in a manner to facilitate each client's independent credit

evaluation and decision-making, (ii) providing regular updates to clients on new Loan opportunities and the progression of previously identified Loan opportunities through Alliance Partners' internal evaluative processes, and (iii) providing regular analyses and updates to clients concerning overall market conditions and asset opportunities.

Underwriting and origination services, which include: (1) providing due diligence, credit evaluation and documentation support to clients consistent with the Loan Eligibility Criteria, including providing upon a client's request available information relating to a proposed obligor, the recommendation of the Alliance Partners credit committee on risk ratings with respect to proposed obligors and recommendations or opinions of Alliance Partners with respect to the terms and documentation of a Loan opportunity; (2) facilitating the closing and funding of approved Loans; (3) conducting periodic reviews of the performance and credit quality of the Loan Participations; (4) informing relevant clients, where deemed appropriate by Alliance Partners, about adjustments to risk ratings made by Alliance Partners in its portfolio with respect to the applicable obligors; (5) making available to clients relevant reports and analyses with respect to a Loan or the related obligor; and (6) to the extent required by applicable bank regulatory requirements in connection with the Commercial Loan Program Advisory Services, providing required technological systems.

Education and training services, which include the provision of general education and training services to Members relating to overall economic, market and regulatory conditions and the Commercial Loan Program-related activities. Additionally, through Alliance Academy, Alliance Partners provides live, onsite, or virtual courses on specific types of loan products offered by Alliance Partners to Members.

Tech-Enabled Loan Program Advisory Services

Tech-Enabled Loan Program Advisory Services consist of the following:

Asset referral and related services, which include: (1) aiding Members in developing certain program policies and procedures pertaining to specific credit asset classes, credit evaluation, portfolio management, risk rating, workouts and restructurings, and other policies related to Members' participation in Tech-Enabled Loan Programs; (2) identifying, and where appropriate, referring to Members specific Tech-Enabled Loan Programs that the Alliance Partners credit committee has determined are consistent with the policies and procedures (including the Loan Eligibility Criteria) of BancAlliance; and (3) providing appropriate related services, including (i) delivering documents to Members with respect to Tech-Enabled Loan Programs in a manner to facilitate each Member's independent credit evaluation and decision-making, (ii) providing regular updates to Members on new Tech-Enabled Loan Programs and the progression of previously identified Tech-Enabled Loan Programs through Alliance Partners' internal evaluative processes, and (iii) providing regular analyses and updates to Members concerning overall market conditions and asset opportunities, in each case of clauses (i)-(iii), whether such services are performed through BancAlliance or otherwise.

Underwriting and origination services, which include: (1) providing due diligence, credit evaluation and documentation support to Members consistent with the policies and procedures (including the Loan Eligibility Criteria) of BancAlliance, including providing upon a Member's

request available information relating to a Tech-Enabled Loan Program and recommendations or opinions of Alliance Partners with respect to the terms and documentation of a Tech-Enabled Loan Program; (2) facilitating the closing and funding of approved Loan Participations; (3) providing periodic reporting with respect to Loans underlying Loan Participations; (4) making available to Members relevant reports and analyses with respect to Loans underlying Loan Participations or the related obligor; and (5) to the extent required by applicable bank regulatory requirements in connection with the Tech-Enabled Loan Program Advisory Services, providing required technological systems.

Education and training services, which include the provision of general education and training services to Members relating to overall economic, market and regulatory conditions and the Tech-Enabled Loan Program-related activities.

Loan Management Services

The specific Loan Management Services provided by Alliance Partners to clients depends on the Loan Program. Some Loan Management Services performed by Alliance Partners under the Commercial Loan Program, for example, are either not applicable to the Tech-Enabled Loan Programs or are provided by the third party partner that originates or sources Loans under such programs.

The following is a list of certain Loan Management Services provided by Alliance Partners under one or more Loan Programs:

- effecting the acquisition of Loans in which clients have elected to acquire Loan Participations
- collecting payments due to the relevant Lending Entity with respect to Loans and disbursing such payments to the clients holding the related Loan Participations
- using commercially reasonable efforts to enforce the rights of the Lending Entity (and thus of relevant clients with corresponding Loan Participations) under applicable Loan documents, including provisions relating to payments and any collateral
- keeping accurate records and accounts of Loan assets, the collateral and payments on such Loan assets
- making available to relevant clients notices, financial statements and reports of obligors that Alliance Partners receives under the relevant credit documents
- making commercially reasonable efforts to verify obligors' compliance with covenants, representations and warranties, and restrictions on eligible collateral under the relevant credit documents
- providing relevant clients with notice when an obligor has not paid any scheduled installment of principal or interest on a Loan, or when Alliance Partners receives notice of a default or event of default under the relevant credit documents

- communicating with an obligor or administrative agent under the relevant credit documents to reconcile any payment shortfalls
- as applicable, exercising voting and other consensual rights under a Loan in accordance with applicable Alliance Partners or client policies and any requirements of the applicable Loan Participations (including in respect of proposed waivers, amendments, workouts and other actions under the applicable credit documents)
- maintaining or causing to be maintained back-up systems and data storage
- maintaining bank accounts for or on behalf of Lending Entities that are necessary to service payments on the Loans
- maintaining copies of credit documents
- upon reasonable notice, providing clients with access to the Loan booking, accounting and monitoring system operated by Alliance Partners
- providing clients with periodic reporting based on information Alliance Partners receives under the relevant credit documents setting forth balance information with respect to relevant Loans, including delinquency reports, payment information, exception reports and other information
- furnishing any client upon request with a copy of any correspondence or notice sent or received by Alliance Partners related to the collection or termination of a Loan in which the client holds a Loan Participation
- furnishing any client upon request with copies of all statements and other correspondence or notices sent to any relevant obligor
- cooperating with a client's internal and external auditors and regulatory authorities having jurisdiction over such client, and exchanging information as reasonably requested by individuals responsible for such client's operations, systems and technology, legal affairs and compliance programs

C. Availability of Customized Services

Following approval by the Alliance Partners credit committee, Alliance Partners will refer each Loan opportunity (in the case of the Commercial Loan Program) or Loan Program (in the case of Technology-Enabled Loan Programs) that it believes meets the applicable Loan Eligibility Criteria to all eligible active clients in good standing with Alliance Partners that are participating in the Commercial Loan Program or a Technology-Enabled Loan Program, as applicable.

As described in Item 4.B, a key feature of the Commercial Loan Program is that clients make their own decisions whether to acquire a Loan Participation in respect of any particular Loan opportunity referred by Alliance Partners, with the result that each client controls both its exposure

to specific Loans and the size of the Loan Participation portfolio it develops through participation in the Commercial Loan Program.

Under the Commercial Loan Program, Clients (or in the case of Members, BancAlliance on behalf of a group of such clients) have varying Loan Eligibility Criteria, and Alliance Partners provides clients generally with information and credit analysis concerning each Loan opportunity, as well as due diligence and documentation support. Also, as noted in Item 4.B, under the Commercial Loan Program Alliance Partners provides to specific clients, upon request, material available information relating to a proposed obligor, the Alliance Partners credit committee's recommendation and preliminary analysis on risk ratings with respect to a prospective obligor, and recommendations or opinions of Alliance Partners with respect to the terms and documentation of a Loan opportunity.

D. Non-Advisory Services

Alliance Partners provides Loan Management Services to clients under the Loan Programs, as described above.

In addition, Alliance Partners provides certain other non-advisory services to Members under programs established by BancAlliance to provide Members the opportunity to acquire loan-related assets directly from third parties, without BancAlliance's or Forbright Bank's involvement in the loan acquisition or assignment transaction. These programs are offered in conjunction with one or more loan originators, sourcers and/or servicers with which Alliance Partners has partnered. Examples of such non-advisory oversight loan programs include programs that provide Members the opportunity to acquire interests in consumer loans and small business loans.

E. Wrap Fee Programs

Not applicable.

F. Client Assets

As of December 31, 2022, Alliance Partners had approximately \$2,254,839,710 billion of non-discretionary regulatory assets under management.

Assets under management as of a specified date is calculated by adding the principal amounts of (i) outstanding Loans or loan commitments held by Alliance Partners or another Lending Entity utilized by Alliance Partners to acquire Loans or loan commitments to offer to Alliance Partners' advisory clients, (ii) outstanding Loans or loan commitments held by advisory clients of Alliance Partners that are managed by Alliance Partners, (iii) the portion of outstanding Loans or loan commitments held by Forbright Bank and its subsidiary, Forbright, Inc., that have been designated as available to offer to Alliance Partner's advisory clients, and (iv) any Loan or loan commitments held by Alliance Partners or an affiliated Lending Entity that Alliance Partners is required to hold in connection with the purchase of any such Loan or loan commitment by an advisory client of Alliance Partners.

ITEM 5: FEES AND COMPENSATION

A. Fees and Compensation

Members do not pay any initial or ongoing membership fees to BancAlliance.

It is generally expected that each Member or Managed Account Client will pay fees to Alliance Partners pursuant to the applicable Advisory and Services Agreement or Master Services Agreement and accompanying Program Schedule.

Fees Under Commercial Loan Program

Members and Managed Account Clients participating in the Commercial Loan Program are obligated to pay to Alliance Partners fees associated with the purchase by Members and Managed Account Clients of specific Loan Participations ("Loan Participation Fees").

It is generally expected that each Member or Managed Account Client participating in the Commercial Loan Program will pay to Alliance Partners a Loan Participation Fee that is a percentage (the applicable percentage, the "Loan Fee Rate") of the average daily outstanding principal amount of each Loan Participation held by such client. To the extent there are servicing fees associated with the Loan that are payable by Alliance Partners, the Loan Participation Fee typically will not include such fees.

The Loan Fee Rate applicable to a particular Loan Participation is based on various factors, including the projected yield over a target base rate such as LIBOR or an alternative benchmark rate plus the associated credit spread adjustment (such excess, the "Spread Rate") of that Loan Participation, as determined by Alliance Partners at the time the underlying Loan is acquired by Alliance Partners. The per annum Loan Fee Rates applicable to various ranges of Spread Rates, the methodology used in determining a Spread Rate, and any applicable discounts and fees associated with revolving lines of credit are set forth in the applicable and current Advisory and Services Agreement.

The Loan Fee Rate applicable to Loan Participations for Members who have achieved certain designated levels of participation in the Commercial Loan Program will be reduced as specified in the Advisory and Services Agreement among BancAlliance, Alliance Partners and the Members and as further described in Item 4 above.

It is generally expected that the Loan Fee Rate, once determined with respect to a particular Loan Participation, will not be adjusted (except to reflect a correction to an error in the calculation of a Loan Fee Rate). In certain circumstances, however, Alliance Partners may request that clients (or, in the case of Members, BancAlliance) prospectively change the Loan Fee Rate. With respect to Members, such change requires the consent of the Board of Directors of BancAlliance. Any changes to the Loan Fee Rate only affect Loan Participations that are acquired after the date of the change. If Alliance Partners has requested that the Loan Fee Rate be changed and Alliance Partners and the client(s) fail to agree on a new Loan Fee Rate, then Alliance Partners is permitted to cease identifying, syndicating, originating and/or acquiring potential new Loan opportunities and/or to resign as the manager of the Commercial Loan Program (in which Alliance Partners commences providing Loan-related services to the Members). In addition, Alliance Partners has discretion to

waive or reduce the applicable Loan Participation Fees payable to it under the applicable Advisory and Services Agreement.

With respect to Members, it is generally expected that the Loan Participation Fees for Loan Participations purchased at the same time will be the same for all Members (adjusted for client-specific differences such as varying purchase prices and for volume discounts as described above). However, as noted above, certain Members receive discounted fees depending on their class of membership. See Item 4 above. Additionally, Loan Participation Fees at times vary for Members who purchase their Loan Participations at different times. Otherwise, it is expected that Member-specific waivers or modifications will be agreed to in extremely limited circumstances involving compelling reasons, such as to address a Member's compliance with regulatory requirements or in connection with the referral of a Loan by a Member.

Fees Under Tech-Enabled Loan Programs

Members participating in a Tech-Enabled Loan Program are obligated to pay a program fee to Alliance Partners, as well as a partner program fee to the Loan Partner under the particular Loan Program. Both the program fee and the partner program fee are calculated based on a specified percentage of the month-end balance of Loan Participations (or sub-participations) held by the participating Member.

B. Payment of Fees

In the Commercial Loan Program, Loan Participation Fees typically are payable by clients on a current basis. In general, Alliance Partners is authorized to collect Loan Participation Fees and other cost and expense obligations due from each client either by separate invoice or, for operational convenience and as is typically the case, by withholding the required amount(s) from principal, interest or other payments otherwise due to such client under the Loan Participations.

In the Tech-Enabled Loan Programs, program fees and partner program fees payable by participating Members are generally netted against monthly disbursements of funds due to the such Member under the Loan Participations they own.

C. Additional Fees and Expenses

Subject to certain limitations, and unless otherwise agreed, Members and Managed Account Clients are obligated to pay for all costs and expenses incurred by Alliance Partners in connection with such client's participation in the Commercial Loan Program. Such costs and expenses include but are not limited to: (a) taxes, governmental fees and charges applicable to BancAlliance and costs of insurance maintained by BancAlliance; (b) expenses with respect to any adviser, auditor, accountant or legal counsel of BancAlliance; and (c) expenses relating to any litigation or other dispute directly or indirectly relating to BancAlliance. In general, the maximum amount of costs and expenses set forth in clauses (a) and (b) above for which any Member is liable during any calendar year is \$10,000 and, subject to limitations set forth in the applicable Advisory and Services Agreement, the maximum amount of costs and expenses set forth in clause (c) above, for which any Member is liable during any calendar year is \$25,000. Alliance Partners may directly

pay for or reimburse certain costs incurred by several different classes of Members that attend certain BancAlliance meetings.

With respect to the Tech-Enabled Loan Programs, Members are generally obligated to pay fees, expenses and disbursements relating to litigation that relates to a Tech-Enabled Loan Program or a Loan offered thereunder, subject to a cap of \$25,000 per Member. Members are also responsible for their pro rata share of certain Loan Program expenses that may be incurred by the Loan Partner, such as UCC filing fees, collection costs, and other ancillary expenses.

Managed Account Clients generally pay all out-of-pocket Program-specific expenses and disbursements incurred by Alliance Partners in performance of its obligations under the relevant Advisory and Services Agreement.

Clients bear their pro rata shares of Loan-related expenses (primarily comprising legal fees) incurred by Alliance Partners. However, in the Commercial Loan Program, a Premier Member is not responsible for reimbursing Alliance Partners for out-of-pocket costs incurred in connection with its purchase of one or more Loan Participations.

See Item 12 for further discussion with respect to fees associated with brokerage practices.

D. Prepayment of Fees

Please see the responses to Items 5.A and 5.B above. Alliance Partners does not collect fees in advance.

E. Additional Compensation

Not applicable.

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

Alliance Partners does not charge clients performance-based fees in connection with the Commercial Loan Program; rather, as described in Item 5 above, Alliance Partners charges each client a fee based on the average daily outstanding principal amount of each Loan asset held by the client.

ITEM 7: TYPES OF CLIENTS

As discussed in Item 4 above, Alliance Partners' clients consist of Members and Managed Account Clients.

Each prospective client must be approved and accepted by Alliance Partners in its sole discretion. With respect to Member clients, each prospective client must also satisfy the BancAlliance membership criteria.

The terms of Alliance Partners' provision of advisory services to clients at times varies depending on the type of services provided or the type of client and are set forth in the applicable advisory services contract and related agreements, to which Alliance Partners is a party.

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

A. Methods of Analysis and Investment Strategies Used in Formulating Investment Advice or Managing Assets

The description that follows describes Alliance Partners' methods of analysis and investment strategies used in formulating investment advice or managing assets in connection with clients' participation in Loan Programs.

Asset Classes – Commercial Loan Program

Alliance Partners expects that commercial Loans offered under the Commercial Loan Program will generally be senior secured loans and that Loans acquired on the secondary market will be acquired at par or near-par value. Clients are generally expected to hold their acquired Loan Participations until the maturity or repayment of the underlying Loans.

Commercial Loan opportunities include a variety of loan-related asset classes, including, without limitation, the following:

- (i) *Asset-based loans*, which are a type of loan extended based on the liquidation value of underlying collateral and the quality of the borrower's business model, typically featuring a senior security interest and collateral-control mechanisms;
- (ii) *Senior secured term loans/leveraged loans*, consisting of senior priority, cash flow-based loans that are secured by the assets of the borrower and associated revolving lines of credit;
- (iii) *Equipment finance loans and leases*, generally involving mid- to large-ticket equipment finance with national and/or captive originators; and
- (iv) *Healthcare Finance Loans*, consisting of senior secured loans to healthcare providers that are supported by real estate assets and/or the operating cash flow of the borrowers.

It is expected that the asset classes and Loan Eligibility Criteria will change over time, in response to macroeconomic or market conditions, developments in particular borrower sectors, the nature, preferences and number of clients, perceived opportunities and relative risk-adjusted expected returns, demonstrated patterns of client interest in exposure to certain asset categories, potential risk concentration on the part of clients, and other factors.

Asset Classes – Tech-Enabled Loan Programs

Currently, Alliance Partners manages two types of Tech-Enabled Loan Programs. The Loan opportunities available under these programs include the following:

- (i) *SMB Loans*, consisting of installment loans to small and medium-sized businesses, secured by the personal assets of the business proprietor; and

- (ii) *Consumer Loans*, consisting of unsecured personal installment loans.

Methods of Analysis and Loan Approval Process – Commercial Loan Program

Sourcing of Potential Loan Opportunities

To evaluate potential Loan opportunities pursuant to the Commercial Loan Program, Alliance Partners relies primarily on internal professionals. Alliance Partners screens potential Loan opportunities based on the then-applicable Loan Eligibility Criteria. Alliance Partners personnel also consider various factors relating to a prospective Loan, including, among others, financial measures, company management, borrower capital structure, loan structure, loan size, loan collateral, pricing, yield and sector weightings, industry characteristics and geographic considerations.

Commercial Loan sourcing occurs through a variety of channels, including direct origination, joint origination (i.e., “clubbing”) arrangements, client or borrower referrals, secondary market dealers, brokers and/or syndication agents. From time to time, we also may source Commercial Loans that meet the Loan Eligibility Criteria from Forbright Bank.

Commercial Loans are also sourced through exclusive or non-exclusive contractual programs between Alliance Partners and lenders. Under these programs, Alliance Partners typically commits to purchase Loans for itself and/or for the applicable Lending Entity or other permitted purchaser and is required to purchase a minimum amount of each Loan offered under the program that meets pre-determined eligibility criteria. The loan criteria under such programs are expected to be consistent with the Loan Eligibility Criteria. The loan volume commitment is generally shared with other purchasers (including affiliates of Alliance Partners) for which Alliance Partners serves as investment adviser.

Initial Asset Profile

Under the Commercial Loan Program, Alliance Partners’ professionals typically create an “initial asset profile,” or IAP, for each potential Loan. The IAP, prepared prior to Alliance Partners’ performance of more extensive credit analysis and due diligence, is intended to be a brief, high-level review of each potential Loan opportunity that Alliance Partners has concluded warrants further consideration. IAPs are generally available for all eligible clients to review via an electronic portal maintained by Alliance Partners for the benefit of clients (the “Client Portal”). IAPs are not always produced for Loans sourced outside of the Commercial Loan Program.

Credit Analysis and Due Diligence

In developing its credit analysis under the Commercial Loan Program, Alliance Partners reviews information provided by the borrower and/or any financial institution(s) arranging the loan in question. Alliance Partners performs fundamental credit research and considers quantitative and/or qualitative factors concerning the prospective borrower or other obligor. Examples of factors considered include corporate capital structure, operating and revenue trends, cash flow consistency, collateral analysis, financial covenants, debt maturities and liquidity, as well as management quality, competitive position within the industry, the presence of equity sponsors, business fundamentals and legal structure.

To the extent Alliance Partners believes a prospective Loan opportunity merits further consideration under the Commercial Loan Program, Alliance Partners conducts a due diligence process with respect to that opportunity. The due diligence process evaluates, among other things, the prospective obligor's market position within its operating sector, dependence on access to the capital markets to fund ongoing operations, management quality, the liquidation value of underlying assets in the case of collateralized credits and/or the obligor's competitive environment. Depending on circumstances, Alliance Partners conducts due diligence through any one or more of the following activities: management meetings; review of the borrower's financial information; collateral appraisals; review of publicly available information, including industry or company specific reports published by external financial analysts, SEC filings and company reports, media sources, and subscription services; review of materials from and discussions with research analysts and other sources; review of documents in "data rooms;" background checks on management; and/or bank meetings and review of information provided by the loan arranger or agent.

Credit Memorandum and Credit Committee Approval

Upon completion of the analytical and due diligence process described above, the Alliance Partners professionals responsible for a particular potential Loan opportunity under the Commercial Loan Program prepare a credit memorandum and present it to the Alliance Partners credit committee. Once approved by the credit committee, the credit memorandum is generally available for client review via the Client Portal. The Alliance Partners credit committee confers with the internal loan and credit professionals who prepared the credit memorandum and often requests further analysis and/or due diligence before deciding whether or not the prospective Loan opportunity should be referred to eligible clients. A Loan opportunity will not be referred to clients for their independent approval and commitment unless and until the Alliance Partners credit committee has approved the referral.

Methods of Analysis and Loan Program Approval Process – Tech-Enabled Loan Programs

Loans offered under the Tech-Enabled Loan Programs are originated or sourced by the respective Loan Partner. Alliance Partners identifies, in conjunction with BancAlliance, specific Tech-Enabled Loan Programs and refers programs to Members that it believes are consistent with the Loan Eligibility Criteria. Before Alliance Partners refers any such program to Members, its credit committee must review each Tech-Enabled Loan Program and determine that the underwriting criteria and other terms and conditions of such program will ensure that Loan opportunities under such program will comply with the Loan Eligibility Criteria.

To evaluate potential Tech-Enabled Loan Programs, Alliance Partners relies primarily on internal professionals. Alliance Partners screens potential Tech-Enabled Loan Programs and partner candidates based on feedback from BancAlliance Members as well as internal estimates of demand. Alliance Partners personnel also consider various factors relating to a prospective partnership, including, among others, financial measures, company reputation, loan collateral, pricing, yield and sector weightings, and other macroeconomic factors.

Sourcing under Tech-Enabled Loan Programs occurs through a variety of channels, including referrals from internal employees as well as BancAlliance Members. Programs are also sourced through exclusive or non-exclusive contractual programs between Forbright Bank and fintech originators. Forbright Bank typically commits to purchase Loans for itself under a program with a Loan Partner, and then evaluates whether such program should be offered to BancAlliance Members based on conversations with internal employees and BancAlliance Members.

Credit Analysis and Due Diligence

In developing its credit analysis for each prospective Tech-Enabled Loan Program, Alliance Partners reviews information provided by the originator. Alliance Partners performs fundamental credit research and considers quantitative and/or qualitative factors concerning the prospective borrowers or other obligors. Examples of factors considered include the macroeconomic environment, originator historical and projected performance, underlying borrower credit metrics, and expected returns as well as management quality and competitive position within the industry for the originator itself.

To the extent Alliance Partners believes a prospective program opportunity merits further consideration as a potential Tech-Enabled Loan Program to be offered to BancAlliance, Alliance Partners conducts a due diligence process with respect to that program. The due diligence process evaluates, among other things, the legal and compliance risk associated with such Program, the historical credit performance of the originator's assets, and how the risk of the assets compares to the expected return. Depending on circumstances, Alliance Partners conducts due diligence through any one or more of the following activities: management meetings; review of historical loan performance; third-party legal reviews; third-party model validations; industry research including relevant securitization data; and review of documents in "data rooms."

Credit Memorandum and Credit Committee Approval

Upon completion of the analytical and due diligence process described above, the Alliance Partners professionals responsible for a particular potential Tech-Enabled Loan Program prepare an investment memorandum and present it to the Alliance Partners credit committee. Once approved by the credit committee, the credit memorandum is generally available for client review via the Client Portal. The Alliance Partners credit committee confers with the internal loan and credit professionals who prepared the investment memorandum and often requests further analysis and/or due diligence before deciding whether or not the prospective Program should be referred to eligible clients. A Program will not be referred to clients for their independent approval and commitment unless and until the Alliance Partners credit committee has approved the referral.

Alliance Partners does not evaluate or recommend individual Loan opportunities to Members under the Tech-Enabled Loan Programs; rather, it evaluates the underwriting criteria and other terms and conditions of such programs before referring the program to Members. Alliance Partners provides due diligence, underwriting and documentation support to Members deciding whether to participate in a Tech-Enabled Loan Program.

Client Credit and Funding Decisions

Pursuant to the relevant Loan Program, each Member and Managed Account Client must conduct its own independent analysis and make its own independent credit decision concerning whether or not to commit to purchase, or to purchase, any particular Loan asset. No Member or Managed Account Client is obligated to approve any Loan opportunity referred to it by Alliance Partners or to acquire portfolio exposure to any particular Loan.

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This Brochure's descriptions of specific advisory services that Alliance Partners offers to clients and of Loan opportunities that Alliance Partners expects to refer to clients, should not be understood to limit in any way Alliance Partners' future advisory activities. Subject to the terms of its contractual obligations to existing clients, Alliance Partners is authorized to offer any advisory services it considers appropriate, whether concerning assets similar to or differing from the types that are the subject of the Loan Programs, whether pursuant to any particular Loan Program or otherwise, whether to existing or future clients, and whether or not described in this version of the Brochure.

The Loan opportunities that Alliance Partners refers to clients entail substantial risks and a client's decision to acquire portfolio exposure to any particular Loan has the possibility of resulting in a substantial loss of capital by the client. There can be no assurance that any client will achieve its return objectives.

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B. Certain Risks

Acquisition of Loan assets in connection with the Loan Programs involves a substantial degree of risk. The following risk factors do not purport to be a complete list or explanation of the risks involved with the acquisition of Loan assets or the activities of Alliance Partners. For example, they do not address risks associated with certain credit instrument types and certain market risks.

Asset-Related Risks

The asset-acquisition opportunities that Alliance Partners provides to clients are subject to a variety of general risks. The Loan opportunities referred by Alliance Partners (or the counterparty to a contractual loan purchase program, if applicable) or acquired by Alliance Partners on behalf of a client, even to the extent they consist of senior obligations acquired at par or near par value, often have economic risks as a result of business, financial, market or legal uncertainties. There can be no assurance that Alliance Partners (or the counterparty to a contractual loan purchase program, if applicable), in deciding to refer a Loan opportunity, Loan Program, or a client, in

deciding to acquire portfolio exposure to a Loan, will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on a Loan. A variety of factors that are inherently difficult to predict, such as macroeconomic, political or market developments or uncertainties, as well as obligor- or Loan-specific factors (including the size, financial resources, and competitive strength of the borrower), can significantly affect the performance of a Loan. In addition, Alliance Partners' ability to implement the Loan Program or otherwise provide asset-acquisition opportunities to clients as currently contemplated may be affected by changes in laws or regulations (including laws or regulations relating to securities, banking activities and/or taxation).

The performance of one or more particular Loans is not necessarily indicative of how a client's entire portfolio will perform. The performance of a client's portfolio of Loan assets over a particular period is not necessarily indicative of the results expected in future periods. Nor should the performance of any particular client's portfolio of Loan assets be expected to match the performance of any other client's portfolio, given that the composition of each client's portfolio will be the result of (i) that client's individual decisions about specific Loans in which to participate (including pursuant to the terms of a contractual loan purchase program, if applicable) and (ii) the allocations of Loans and Loan Participations among clients. Differences in the composition of clients' respective portfolios also will arise due to the fact that any entity that becomes a Member or Managed Account Client has the opportunity to acquire only Loan Participations that Alliance Partners thereafter refers.

It is possible that a client will incur losses on its Loan interests. The performance of a client's portfolio of Loan interests will be affected by, among other things, (i) the amount and timing of payments with respect to interest and principal of the underlying Loans (whether through sale, maturity, pre-payment, redemption, default or other liquidation or disposition), (ii) the financial condition of the borrowers, and (iii) the characteristics of the Loans, including the existence and timing of exercise of any optional or mandatory redemption or repayment features (including applicable redemption or repayment prices), the prevailing level of interest rates, and any actual defaults and the level and timing of recoveries with respect to the Loans. Any of the above factors are at times exacerbated, and the performance of Loan interests adversely affected, by macroeconomic factors, including general economic conditions affecting capital markets and their participants (such as the borrowers on the underlying Loans). These macroeconomic factors include (i) economic downturns and uncertainties affecting specific markets or economies and capital markets worldwide, (ii) the effects of, and disruptions and uncertainties resulting from military conflicts, incidents of terrorism, pandemics, and similar events, (iii) concerns about financial performance, accounting and other issues relating to various companies, and (iv) recent and proposed changes in accounting and financial reporting standards.

The risk profile of a Loan will at times increase due to post-funding developments. It is possible that holders of Loan assets will experience missed and late payments of interest or principal, failures by borrowers to comply with covenants in their loan agreements and borrower performance below what Alliance Partners or the relevant holders expected at the time the underlying Loan was acquired or originated. Any of the events described in the preceding sentence are an indication that a client's risk of loss with respect to a particular underlying Loan has the potential to materially increase. Moreover, the value of a Loan may decline for other reasons that

are not possible to predict. None of BancAlliance, Alliance Partners or any other person can provide any assurance as to the performance or repayment of any Loan.

Loans may become non-performing; clients' ability to give voting instructions to the Lending Entity is at times limited. Loans may become non-performing for a variety of reasons. Non-performing Loans often require workout negotiations or restructurings that entail, among other things, a reduction in the interest rate, a write-down of principal and/or deferral of payments, any of which could adversely affect the holder of a related Loan interest. Furthermore, the obligor or relevant guarantor may be in bankruptcy or liquidation, which would entail risks relating to contested matters, adversary proceedings and other developments beyond the control of creditors. In a borrower's bankruptcy proceeding, holders of Loan Participations normally would not have a direct claim against the borrower but would have to rely on BancAlliance or another Lending Entity, as the lender of record under the relevant credit agreement, to prosecute claims against the borrower.

Even where BancAlliance or another Lending Entity exercise voting rights with respect to an individual Loan on behalf of the relevant clients, there can be no certainty that BancAlliance or such Lending Entity will be able to exercise a sufficient percentage of voting rights to affect the outcome of such vote. Further, for Loans acquired under certain contractual programs, the Lending Entity's voting rights are generally limited to matters requiring the consent of all lenders (normally, changes in principal, interest rate, maturity, and/or certain material changes to collateral). Consequently, clients holding Loan Participations in such loans would only be permitted to give voting instructions to BancAlliance or the applicable Lending Entity on such limited matters. In all other matters that require a vote of lenders, the counterparty to Alliance Partners at times retains discretion to vote the interest in the Loan held by BancAlliance or the applicable Lending Entity. Please see Item 17 for further information about Alliance Partners' policies regarding voting in respect of Loans.

Collateralized loans entail risks in foreclosure. Even if a Loan is secured by collateral, holders of the related Loan interest are exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each critically important. Alliance Partners cannot guarantee that collateral or other creditor's rights will be adequate to protect a client's interests. Nor can Alliance Partners assure clients that claims are not asserted that might interfere with enforcement of creditors' rights. In the event of a foreclosure, the liquidation proceeds upon the sale of collateral may not satisfy the entire outstanding balance of principal and interest on the Loan, resulting in a loss to the holders of related Loan assets. Any costs or delays involved in effectuating a foreclosure of the Loan or a liquidation of the underlying collateral will further reduce the proceeds and thus increase the loss.

Loans are at times amended or incremental facilities drawn such that the leverage profile of the borrower becomes significantly higher than it was when the loan was initially acquired. Loans are at times amended and borrowers could in some cases draw on incremental loan facilities without the consent of clients holding interests in such loans, which results in substantially higher leverage for such loans.

The judicial theory of "lender liability" exposes clients to legal risks. In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of

various evolving legal theories, collectively termed “lender liability.” Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Alliance Partners cannot assure holders of Loan interests that lender liability claims will not be made against them or that holders will not be subject to significant liability if a claim of this type is made.

Risks Relating to Alliance Partners’ Performance

Alliance Partners’ due diligence and credit approval processes may fail properly to identify or evaluate all material information relating to a Loan. Credit analysis and due diligence are inherently complex and subjective. There is no assurance that Alliance Partners’ procedures for obtaining and evaluating the information necessary to decide whether a prospective Loan opportunity should be referred to clients will identify all material risks and other relevant factors relating to any particular Loan.

Alliance Partners and BancAlliance are exposed to operational risks, including the risk of systems failure and the risk of employee fraud. The commercial finance industry is highly dependent on communications and information systems and is exposed to many types of operational risk, including the risk of fraud by employees or other parties, record-keeping errors, errors resulting from faulty computer or telecommunication systems, computer failure, and damage to computer and telecommunication systems caused by internal or external events. Any of these events could have a material and adverse effect on Alliance Partners’ clients.

Alliance Partners is reliant upon proper staffing and key personnel. Alliance Partners must employ and retain management and skilled staff to provide the key services contemplated under the Loan Programs. The failure to employ and retain sufficient numbers of appropriately skilled management and staff could delay, prevent, or negatively affect the provision of Alliance Partners’ services. Alliance Partners is particularly dependent upon the efforts, experience, contacts, and skills of its senior management team. The loss of any such individual could have a material adverse effect on Alliance Partners or the quality of services provided pursuant to the Loan Programs, and such loss could occur at any time due to resignation, death, disability, or other reasons.

Some of Alliance Partners’ employees also are employees of Forbright Bank. Certain employees of Alliance Partners also hold positions at Forbright Bank. This includes several members of our senior management team who are part of the loan origination process at Forbright Bank. Because of the overlapping roles, these employees may have obligations or duties of loyalty to both organizations, which could create conflicts of interest with regard to allocating certain Loan opportunities to Alliance Partners and its clients. Alliance Partners and Forbright Bank have adopted certain procedures designed to address this potential conflict of interest. For example, all decisions of the Alliance Partners credit committee approving Loan opportunities under the Commercial Loan Program must be unanimous, with one member of such committee being an employee of Alliance Partners with no dual role at Forbright Bank. Alliance Partners and Forbright Bank have also adopted procedures governing the workout of Loans in which both Forbright Bank and Members have a position.

Alliance Partners does not always have control over how Loans are administered or controlled. Alliance Partners typically is not the agent for Loans. When Alliance Partners is not the agent for a Loan, it and/or BancAlliance is often prohibited or otherwise restricted from taking actions to enforce the Loan or to foreclose upon the collateral securing the Loan without the agreement of other lenders holding a specified minimum aggregate percentage, generally a majority or two-thirds of the outstanding principal balance. Additionally, with respect to certain loans, BancAlliance's voting rights are limited solely to those matters that require unanimous consent of the lenders. It is possible that an agent for one of these Loans does not manage the Loan to Alliance Partners' and/or BancAlliance's standards or chooses not to take the same actions to enforce the Loan or to foreclose upon the collateral securing the Loan that Alliance Partners and/or BancAlliance would take if it were agent for the Loan.

Alliance Partners relies on its parent, Forbright Bank, for certain functions and services; any material limitation on Forbright Bank's ability to perform such functions could adversely affect Alliance Partners' ability to perform services in connection with the Loan Programs. Alliance Partners relies on its parent, Forbright Bank, for certain functions and services. Forbright Bank's ability to perform such functions and services depends on its ongoing financial health and liquidity. Forbright Bank's liquidity can be negatively affected by a variety of factors, including changes in the flow of customer deposits and loan repayments, changes in regulatory capital requirements, and general economic conditions. There can be no assurance that Forbright Bank will continue to have sufficient funds to meet future liquidity demands, and any material limitations on Forbright Bank's liquidity could adversely affect its ability to perform functions and provide services to Alliance Partners in connection with the Loan Programs. Further, Forbright Bank is subject to regulation, supervision, and examination by state and Federal regulatory bodies, including the Federal Reserve Board, the Maryland Office of the Commissioner of Financial Regulation, and the Federal Deposit Insurance Corporation. Regulators have broad discretion to enforce applicable laws and regulations, including taking actions which could affect Forbright Bank's operations, required capital levels, and engagement in certain activities. Actions taken by Forbright Bank's regulators could materially adversely affect its business, operations, capital, and liquidity, and could, in turn, adversely affect Forbright Bank's ability to perform functions and provide services to Alliance Partners in connection with the Loan Programs. Finally, negative public opinion of Forbright Bank could result from its actual or alleged conduct in any number of activities, including lending practices, corporate governance, and acquisitions, and from actions taken by government regulators and community organizations in response to those activities. Any such negative public opinion could adversely affect Forbright Bank's ability to keep and attract clients and could expose it to litigation and regulatory action. Any such consequences could, in turn, adversely affect Forbright Bank's ability to perform functions and provide services to Alliance Partners in connection with the Loan Programs.

BancAlliance could be subject to banking-related regulation. Financial services institutions operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations, as well as supervision, examination, and enforcement by regulatory authorities at various governmental levels. While BancAlliance is not a bank or a bank holding company, in the future BancAlliance may consider seeking designation as a bank services company, which would directly subject it to the supervisory jurisdiction of one or more federal or state regulatory authorities. Failure to comply with any applicable U.S. federal or state banking laws, rules or regulations, some of which are subject to interpretation and change, could result in

a variety of material adverse consequences to BancAlliance, Alliance Partners and/or the operation of the Loan Programs, including civil penalties, fines, suspension or expulsion, and termination of deposit insurance.

U.S. federal and state banking laws and regulations can and do change significantly from time to time and could be changed in ways that could have a material adverse impact upon the business plans of BancAlliance, Alliance Partners or the appropriateness of the Loan Programs for certain clients. For example, capital requirements may be increased, or permissible lending may be limited. Insured financial institutions also undergo periodic examinations by one or more regulatory agencies, which at times subjects them to changes in asset valuations, in amounts of required loan and lease loss allowances and in operating restrictions resulting from the regulators' judgments based on information available to them at the time of their examination. Alliance Partners can give no assurance that applicable laws, regulations and regulatory guidance or bank examiners will be favorably disposed to the Loan Programs, and a negative view of the Loan Programs on the part of bank regulators could materially adversely affect the ability of BancAlliance and Alliance Partners to offer or continue the Loan Programs as currently contemplated.

Alliance Partners has potential or actual conflicts of interest. Alliance Partners has potential or actual conflicts of interests relating to its provision of services to clients. Alliance Partners provides advisory and other services to Members and Managed Account Clients and is authorized to provide such services to other clients, including members of membership-based organizations substantially similar to BancAlliance. Further, Alliance Partners has acquired, and intends to continue to acquire, Loans for its own account or for the account of Forbright Bank and its affiliates. Several members of senior management at Alliance Partners are also senior employees at Forbright Bank. These potential or actual conflicts could relate to, among other possible matters: allocations of Loan opportunities; Alliance Partners' provision of advisory services to other clients; Alliance Partners' recommendation of Loans it is obligated to purchase under contractual programs or otherwise; Alliance Partners' devotion of time to pursuing advisory or other activities on behalf of other clients and/or related party transactions. While Alliance Partners has adopted and intends to adhere to policies and procedures designed to identify and mitigate such potential or actual conflicts, it is possible that Alliance Partners' conflict-mitigation efforts will not eliminate all potential negative effects on clients. Please see Items 10 and 11 below.

Certain market conditions will prove difficult for Alliance Partners to identify and source a sufficient quantity of appropriate Loan opportunities. Alliance Partners expects to encounter competition from other lenders and finance providers as it attempts to acquire or originate Loans. There is no assurance that Alliance Partners will be able to provide clients with credit opportunities of a quality, type or quantity that will satisfy their objectives under the Loan Programs. It is possible that competition for appropriate credit opportunities increases, thus reducing the number or adversely affecting the terms of Loan opportunities. There can be no assurance that Alliance Partners will be able to identify or make available Loan opportunities satisfying the Loan Eligibility Criteria or that such opportunities will satisfy the rate of return objectives of Alliance Partners' clients.

Risks Specific to BancAlliance and Members

The terms of the Loan Programs, including future fees payable by Members to Alliance Partners, can be amended prospectively without consent of the Members. With the consent of Alliance Partners, the Board of Directors of BancAlliance prospectively has the authority to amend the terms of a Loan Program. Such amendments to the terms of a Loan Program would not require the consent of the Members and could include, among other possibilities, changes to the Loan Eligibility Criteria or increases or decreases in the fees charged to Members.

The Advisory and Services Agreement can be terminated by the Members in only limited circumstances and, if terminated without cause, BancAlliance will be wound down. The Members and BancAlliance have limited rights to terminate the Advisory and Services Agreement. If BancAlliance terminates the Advisory and Services Agreement for “cause” (as defined in the Advisory and Services Agreement, including certain instances of gross negligence or willful misconduct by Alliance Partners), the “back-up” servicer described below will enter into an agreement with BancAlliance for the provision of services to Members under the Commercial Loan Program. If BancAlliance terminates the Advisory and Services Agreement without cause, BancAlliance and the Commercial Loan Program will enter into wind-down. In addition, BancAlliance and Alliance Partners have the joint authority to commence the wind-down of the Commercial Loan Program, in which case Alliance Partners has the right to terminate the Advisory and Services Agreement one year after the wind-down has begun.

The Advisory and Services Agreement and the Master Services Agreement can be terminated by Alliance Partners in certain circumstances in which event services to Members would be curtailed. Alliance Partners is authorized to terminate the Advisory and Services Agreement on 12 months’ prior written notice to BancAlliance. Alliance Partners is also authorized to terminate the Advisory and Services Agreement at any time, upon shorter notice, if BancAlliance changes certain policies, if BancAlliance has not agreed to Alliance Partners’ request for an increase in the Loan Fee Rate or if BancAlliance has entered wind-down. Upon such termination, Members and BancAlliance would rely on an agreement with a “back-up” servicer previously identified by Alliance Partners. Accordingly, it is possible that the Commercial Loan Program, including the advisory and other services rendered to Members and the fees payable by Members thereunder, could become managed on relatively short notice by a party that has been approved by the Board but not by individual Members.

Further, Alliance Partners has the right to terminate the Master Services Agreement (and any Program Schedule thereunder) with or without cause on 30 days’ prior notice to the Members. If such termination is without cause, Alliance Partners will continue to make the affected Loan Program available to Members for a transition period ending on the earlier of (i) a date specified by the affected Member and (ii) 30 days following the date Alliance Partners provided notice of termination. In this event, there can be no assurance that Alliance Partners or BancAlliance will be able to enter into a replacement agreement with a backup administrator to continue providing the services provided by Alliance Partners under the Master Services Agreement.

Alliance Partners has the authority to determine whether a Member continues to satisfy the eligibility criteria for ongoing participation in any Loan Program. For a Member to begin and continue participating in a Loan Program, Alliance Partners must determine, in its sole and

absolute discretion, that such Member satisfies the eligibility criteria for participation in that Loan Program, as established and modified from time to time by the Board of Directors of BancAlliance. If Alliance Partners determines that a Member no longer satisfies the applicable eligibility criteria, Alliance Partners is authorized to designate such Member as an “inactive Member” and/or terminate such Member’s participation in the relevant Loan Program. The consequences of such designation or termination are discussed below.

A Member that is designated as an “inactive Member” continues to pay Loan Participation Fees on Loan interests it continues to hold. Alliance Partners, in its sole and absolute discretion, is authorized to deem any Member an “inactive Member” if Alliance Partners has determined that certain circumstances described in the Membership Agreement apply. These circumstances include, among others, the Member materially breaching any provision of the Membership Agreement, the Member failing to satisfy the then-applicable Member eligibility criteria, or the Member having notified BancAlliance that it does not wish to acquire additional Loan Participations. Inactive Members will retain Loan-related voting rights available to Members generally and will continue to receive Member Administrative Services but will not receive further Member Advisory Services and will remain obligated to pay Loan Participation Fees on the Loan Participations they continue to hold. Further, inactive Members forfeit their right to vote on matters relating to the membership, including, for example, the election of directors of BancAlliance.

In certain circumstances, a Member can be designated a “Terminated Member.” Alliance Partners will designate a Member a “Terminated Member” upon the occurrence of all of the following: (i) such Member has notified BancAlliance and Alliance Partners that it no longer wishes to participate in any loan program, or such Member has become an inactive Member; (ii) such Member does not then hold any Loan Participations; and (iii) such Member has fully satisfied all of its obligations then due under all loan programs, including the payment of all fees then owed by such Member and its fulfillment of all binding commitments to acquire Loan Participations and other loans. A Terminated Member will continue to be responsible for its obligations as a Member that arose before or relate to a period before such Member’s termination date, and any obligations under loan program documents that explicitly survive a Member’s termination (including certain confidentiality obligations).

Forbright Bank and Alliance Partners have certain influence over BancAlliance’s Board of Directors. Alliance Partners is entitled to nominate three directors to BancAlliance’s Board of Directors, one of whom serves as Chairman of the Board. Certain of the Alliance Partners nominees to the BancAlliance Board of Directors are employees of Forbright Bank, which enables Forbright Bank indirectly to exert influence over the BancAlliance Board of Directors. Twelve directors are nominated by the Members. As a result of this potential ongoing influence of Alliance Partners, the composition of and decisions made by the Board might not reflect the preferences of all individual Members. Certain of the Alliance Partners nominees to the BancAlliance Board of Directors may have conflicts of interest with BancAlliance through their employment roles with Forbright Bank, which has a role in the origination and sourcing of Loans made available to BancAlliance members.

Alliance Partners’ liability to Members is contractually limited and Members have indemnification obligations to Alliance Partners. The Advisory and Services Agreement provides that unless

Alliance Partners has breached any terms of a Commercial Loan Program document or has committed gross negligence or willful misconduct under a Commercial Loan Program document, it will not be liable to any Member for any loss relating to a Member's acquisition of a Loan Participation or other loan under the Commercial Loan Program or to any other acts or omissions by Alliance Partners in its provision of services to Members under the Commercial Loan Program. This limitation on liability means that Alliance Partners will have no liability to Members for, among other things, any decline in the value of any Loan Participation, the unenforceability of any loan agreement or other credit document, the unenforceability of any security interest over collateral, or any failure by a borrower to meet its payment or other obligations under a loan agreement. In addition, the Advisory and Services Agreement and the BancAlliance Membership Agreement provide that each Member will indemnify Alliance Partners and BancAlliance against claims, losses or other liabilities arising due to the breach by such Member of the terms of a Commercial Loan Program document or such Member's gross negligence or willful misconduct under a Commercial Loan Program document, except to the extent such liabilities result solely from the gross negligence or willful misconduct of Alliance Partners or BancAlliance, as applicable.

Transfer restrictions could impede a Member's ability to exit its exposure to a Loan. The master loan participation agreement between BancAlliance and each Member participating in the Commercial Loan Program contains restrictions and procedures that limit the liquidity of Loan Participations. For example, a Member is only allowed to assign all (not a portion) of any particular Loan Participation; a Member is only allowed to assign a Loan Participation to another Member or to a non-Member client of Alliance Partners that is an FDIC-insured depository institution (or a bank holding company of such an institution); and BancAlliance must consent to the assignment.

If Alliance Partners decides to terminate its role as manager of the Commercial Loan Program, the services to BancAlliance Members under the Commercial Loan Program will be provided by a "back-up" servicer which may provide more limited services. Upon such termination, BancAlliance will enter into an agreement with a "back-up" servicer previously identified by Alliance Partners and the Board of BancAlliance for the future provision of services to clients under the Commercial Loan Program. The back-up servicer will seek the consent of clients to its provision of advisory services to clients only to the extent required by law. The back-up servicer may lack the incentives or capacity to perform the services to the extent and quality level of Alliance Partners.

Cyber Security Breaches and Identity Theft – The technology systems of Alliance Partners, service partners, borrowers, and partners ("entities") are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Although Alliance Partners and such entities seek to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Alliance Partners and these entities may incur specific 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 Alliance Partners and such parties' operations and result in a failure to

maintain the security, confidentiality, or privacy of sensitive data. Such a failure could harm Alliance Partners and such entities' reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions, or otherwise affect their business and financial performance. To the extent that Alliance Partners or such entities are subject to cyber-attack or other unauthorized access is gained to their systems, they may be subject to substantial losses in the form of stolen, lost or corrupted (a) customer data or payment information; (b) customer or entity-level financial information; (c) software, contact lists or other databases; (d) proprietary information or trade secrets; or (e) other items. In certain events, the failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject Alliance Partners or such entities to substantial losses.

Risks Related to Loan Programs and Third-Party Contractual Loan Purchase Programs

Alliance Partners' clients may be exposed to nonpublic information about borrowers, which may limit clients' ability to trade in Loan interests or securities or other instruments issued by those borrowers. The flow of Loan- and borrower-related information that Alliance Partners makes available to clients may include material nonpublic information or otherwise confidential information about the companies that are the borrowers under or obligors on the Loans. As a result, clients may be restricted, potentially for significant periods of time, from trading in certain instruments, including Loan interests or securities or other instruments issued by such borrowers. In the event of BancAlliance or Alliance Partners' bankruptcy, creditors might challenge the "true sale" nature of Loan Participations granted by BancAlliance or Alliance Partners. Alliance Partners intends that its and BancAlliance's grants of Loan Participations to clients will be respected as "true sales" for purposes of U.S. bankruptcy law. For this and other reasons, BancAlliance expects to have only minimal net assets at all times. If BancAlliance or Alliance Partners entered bankruptcy and a court found any Loan Participations not to be true sales, such Loan Participations would be the property of BancAlliance or Alliance Partners rather than of Alliance Partners' clients and the Loan Participations potentially could be available to satisfy claims against BancAlliance or Alliance Partners by their creditors. Further, in the event of BancAlliance or Alliance Partners' bankruptcy, a holder of a Loan Participation may face procedural or other obstacles if it seeks to take control of the related Loan and Loan proceeds from BancAlliance or Alliance Partners.

Alliance Partners' advisory services are non-discretionary, which means that clients remain fully responsible for their own Loan evaluations, credit analyses and asset acquisition decisions. Alliance Partners performs due diligence and credit analysis with respect to each prospective Loan opportunity under the Commercial Loan Program, and any prospective Loan opportunity in the Commercial Loan Program must be approved by the Alliance Partners credit committee before it is referred to clients. The Loan Advisory Services also include Alliance Partners' provision to Members of certain education and training services. Nonetheless, each client is ultimately responsible for its own decision whether or not to commit to acquire any particular Loan interest. Accordingly, the quality of a client's own credit and risk evaluation capabilities will be critical, and analytical misjudgments or inadequacies on a client's part expose it to unanticipated risk or loss on one or more Loan interests. This risk could be exacerbated to the extent a client is acquiring Loan interests in types of credit assets with which it has limited or no previous experience. **Alliance Partners does not guarantee or make any assurances as to the performance of or economic returns to be realized in respect of any Loan or other credit asset, or as to whether**

the economic returns of any Loan or other credit asset will be sufficient to repay the amounts owed to any client in respect thereof.

When purchasing Loan Participations, a client assumes the credit risk associated with the corporate borrower and often can only enforce its rights through the lender. Clients acquire interests in Loans indirectly by purchasing a Loan Participation through a Loan Program or a third-party selling institution. Holders of Loan Participations are subject to additional risks not applicable to a holder of a direct interest in a Loan. Participations in a selling institution's portion of a Loan typically result in a contractual relationship only with such selling institution, not with the borrower. In the case of a Loan Participation, the client will generally have the right to receive payments of principal, interest, and any fees to which it is entitled only from the institution selling such Loan Participation and only upon receipt by such selling institution of such payments from the borrower. By holding a Loan Participation in a Loan, clients generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set off against the borrower, and may not directly benefit from the collateral supporting the Loan in which it has purchased the Loan Participation. As a result, the client may assume the credit risk of both the borrower and the selling institution, which will remain the legal owner of record of the applicable Loan.

COVID-19 Related Risks

The COVID-19 pandemic has negatively impacted the global economy. The COVID-19 pandemic has negatively impacted the global economy and may continue to do so. The pandemic has increased the probability of occurrence and/or severity of certain areas of risk noted above, especially those related to credit risk on Loan Instruments where the underlying Loans have been adversely impacted by the pandemic. If the COVID-19 pandemic continues to impact the economy, the risks disclosed above could be exacerbated.

Risks Related to the Russian Invasion of Ukraine and Similar Events.

In February, 2022, Russia mobilized and commenced military operations in Ukraine resulting in a large-scale conflict within the country and the surrounding border regions. The effects, scale, and impact of this conflict on Ukraine, Russia and other countries is highly uncertain and cannot be predicted. The United States and other global leaders have announced economic sanctions against Russia, and it is unclear whether further sanctions and/or military responses will be implemented. Effects on the global economy and financial markets resulting from the military operations and economic sanctions connected to the Russia-Ukraine conflict are uncertain and impossible to predict. These events could negatively affect our partners and/or borrowers due to the interconnected nature of the global economy and capital markets.

Further, there is no assurance that similar events could not happen in the future in the same or other countries or geographic regions. The effects, scale, and impact of similar conflicts would similarly be highly uncertain and could not be predicted, and similar conflicts could have material effects on the global and local economy and financial markets and may be more or less pronounced than in the current Russia-Ukraine conflict. While such impacts are impossible to predict, such events could negatively affect our partners and/or borrowers due to the interconnected nature of the global economy and capital markets and could have a more pronounced effect on our partners and/or

borrowers if such conflict involved the geographic region in which such entities have significant operations or customers.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Alliance Partners' advisory business or the integrity of Alliance Partners' management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

Not applicable.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

Not applicable.

C. Material Relationships or Arrangements with Related Persons who are Industry Participants

Forbright Bank

Alliance Partners is wholly owned by Forbright Bank and Forbright Bank may participate in the same loans offered to Members in the Loan Programs. Additionally, Alliance Partners has acquired, and intends to continue to acquire, Loans originated from Forbright Bank and its affiliates. In the Tech-Enabled Loan Programs, Members acquire Loan Participations or sub-participations in Loans that are sourced or otherwise acquired by Forbright Bank or a subsidiary of Forbright Bank (other than Alliance Partners). In addition, members of Alliance Partners' senior management also hold positions at Forbright Bank, which may create conflicts of interest with regard to allocating certain Loan opportunities to Alliance Partners and its clients.

Although these facts give rise to potential conflicts of interest with Alliance Partners' clients, the Alliance Partners policies by which Loan opportunities are identified, underwritten, and allocated to Members of BancAlliance or to Managed Account Clients are designed to mitigate the risk of any actual conflicts. These procedures include robust Loan Eligibility Criteria and disclosure of the potential conflict to the relevant clients or other measures to address the potential conflict based on management's judgment of what is in the best interest of the relevant clients. In addition, all decisions of the Alliance Partners credit committee approving Loan opportunities under the Commercial Loan Program must be unanimous, with one member of such committee being an employee of Alliance Partners with no dual role at Forbright Bank. Alliance Partners and Forbright Bank have also adopted procedures governing the workout of Loans in which both Forbright Bank and Members have a position. Further, Forbright Bank has committed that it will not attempt to distribute Loan opportunities to BancAlliance under circumstances that would question or undermine Alliance Partners' fiduciary duties to its clients, nor will it seek to influence the selection of the Alliance Partners-nominated directors to the BancAlliance Board of Directors. For Loan opportunities under any Tech-Enabled Loan Program that has been approved by the Alliance

Partners credit committee and the BancAlliance Board of Directors, Alliance Partners and Forbright Bank will endeavor to allocate Loan opportunities in a manner intended to fully meet Members' demand for such Loan opportunities, to the extent possible.

Resolving Conflicts Related to Overlapping Credit Opportunities

Loans that are available to any Members may also be available to Managed Account Clients through Alliance Partners' Commercial Loan Program, if the Loans meet the Loan Eligibility Criteria and if Alliance Partners is able to source such Loan independently from any third-party contractual loan purchase program. Alliance Partners' decision to offer such Loan Participations to clients, or once acquired, to recommend disposition in whole or in part of such Loan Participations to clients, will be made in accordance with Alliance Partners' code of ethics, allocation policies and Loan Eligibility Criteria.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Not applicable.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

In accordance with Rule 204A-1 under the Investment Advisers Act of 1940 as amended (the "Advisers Act"), Alliance Partners has adopted a code of ethics (the "Code of Ethics"). The Code of Ethics establishes standards of business conduct that all Alliance Partners Personnel (defined to include any managing member, partner or employee of Alliance Partners and any person who provides investment advice or support on behalf of Alliance Partners and is under Alliance Partners' direct or indirect supervision or control) must follow.

The Code of Ethics is predicated on the principle that Alliance Partners owes a fiduciary duty to its clients. Accordingly, the Code of Ethics provides that at all times, Alliance Partners Personnel must: avoid placing the interests of Alliance Partners and Alliance Partners Personnel ahead of client interests; help Alliance Partners to identify and disclose to clients, when appropriate, potential and actual conflicts; adhere to the personal investing standards set forth in the Code of Ethics; avoid taking advantage of their position to the detriment of clients; maintain the integrity and independence of Alliance Partners' advisory process; and maintain full compliance with applicable laws, including the Advisers Act.

In addition to the elements required by Rule 204A-1, the Code of Ethics includes, among other provisions, restrictions that prohibit Alliance Partners Personnel from trading certain instruments for their personal accounts without first obtaining pre-clearance, serving on the boards of directors of any outside companies except with the approval of the Chief Compliance Officer of Alliance Partners, or receiving or offering gifts or entertainment worth a substantial monetary value from or to persons doing business with Alliance Partners.

The Code of Ethics states that Alliance Partners will provide a copy thereof to all Alliance Partners Personnel, with a requirement that they provide to Alliance Partners a written acknowledgment

that they have received and will abide by the Code of Ethics. Clients or prospective clients may obtain a copy of Alliance Partners' code of ethics by contacting us at (301) 232-5400.

Conflicts of Interest Generally

Alliance Partners at times faces potential or actual conflicts of interest with respect to Alliance Partners' clients and their holdings. These conflicts of interest are at times between or among clients or between Alliance Partners and its clients. Alliance Partners anticipates that it will resolve potential or actual conflicts of interest without input from disinterested third parties. Alliance Partners has adopted policies and procedures designed to make sure any such conflicts are resolved in an equitable manner.

While Alliance Partners currently provides advisory services to clients in connection with the Loan Programs, in the future Alliance Partners may provide other advisory services, whether discretionary or non-discretionary, to other clients. Such clients are likely to have lending or investment programs that are different from, are similar to or overlap with the activities of Managed Account Clients and Members. Alliance Partners have conflicts of interest in allocating their time and resources with respect to the Loan Programs among varying clients. Moreover, Alliance Partners provides non-advisory services and is authorized to seek to provide advisory services in addition to the Loan Programs. Alliance Partners charges its clients different management fees and incentive fees and/or allocations due to circumstances such as different contractual rates or member classifications.

Alliance Partners' current or future clients have, or will have, similar or overlapping lending or investment strategies and parameters; their lending or investment programs are likely to differ due to, among other reasons, various lending or investment restrictions and types of investors. Alliance Partners could give advice, provide services, or act with respect to one or more clients that differs from the advice given, services provided, or the timing or nature of action taken with respect to other clients. The lending opportunities or portfolio strategies that Alliance Partners uses for one or more clients could conflict with the transactions and strategies made available or employed by Alliance Partners in providing advisory services to other clients and could affect the prices and availability of the loans and other financial instruments that those clients acquire or hold.

Alliance Partners' current or future clients could have conflicting interests with respect to their holdings, including with respect to performance, liquidity, timing, taxes, and other objectives. The conflicting interests of individual clients could relate to, or arise from, among other things, the nature of credit extensions or investments made by clients, the structuring or the acquisition of credit extensions or investments and the timing of disposition of credit extensions or investments. For example, certain clients from time to time are selling loan positions or other holdings that other clients continue to hold and/or purchase. Alliance Partners is authorized to refer to certain clients, opportunities to purchase different classes of debt or equity of the same issuer or borrowers. These and other investments create conflicts of interest, particularly because Alliance Partners would be taking certain actions for some clients that could have an adverse effect on other clients (including in connection with restructuring and reorganization situations). Such conflicts also arise, without limitation, with respect to the nature or structuring of credit extensions or investments that could be more beneficial for one or more clients than for other clients. Performance results will at times vary, perhaps substantially, among clients.

To address these potential conflicts of interests in its material relationships, Alliance Partners has adopted policies and procedures, including the Code of Ethics and allocation, and voting policies.

Cross-Trades

Alliance Partners currently does not have discretion to cause purchases or sales of Loan Participations, including transfers of any previously acquired Loan Participation, on the part of clients. Alliance Partners does not expect to engage in “cross-trades” in connection with the Loan Programs.

From time to time, Alliance Partners is alerted by a client that it desires to reduce or eliminate its exposure to a particular Loan. In this case, Alliance Partners will seek to, but has no obligation to, identify one or more other clients or other parties interested in obtaining the relevant Loan interest. Alliance Partners generally will not provide advice regarding any such transfer or purchase. In those circumstances, Alliance Partners will only recommend such a Loan to its other clients if the Loan satisfies the clients’ Loan Eligibility Criteria. Alliance Partners will not exercise any discretion over any client’s decision as to whether or not to acquire a Loan interest from another client. Alliance Partners does not expect to receive any separate compensation in connection with any transfers of Loan interests by clients.

In the event of a transaction between client accounts, Alliance Partners will disclose its role in the transaction and obtain client consents, as appropriate. Alliance Partners typically collects an administrative fee from the seller in such transactions. Any principal transaction will be conducted in accordance with the procedure outlined below under the caption “Principal Trades.”

Principal Trades

Alliance Partners acquires Loans or Loan Participations in Loans, from Forbright Bank or from other originators, which subsequently are made available for purchase by clients. Clients acquire such Loans or Loan Participations directly from Alliance Partners or from a Lending Entity. Members acquire Loan Participations or sub-participations from BancAlliance. Where Alliance Partners acquires a Loan as part of the loan acquisition process, it generally sells a Loan Instrument to BancAlliance at a price higher than the price paid by Alliance Partners for the Loan. To the extent Alliance Partners sells portions of the same Loan to BancAlliance (or another Lending Entity) at different times, the prices paid by BancAlliance (or such other Lending Entity) for such portions will at times also be different. Clients explicitly consent to Alliance Partners acting in this principal capacity in the applicable Advisory and Services Agreement and at the time of the transaction. Where Alliance Partners acquires a Loan as part of the loan acquisition process, the purchase price will be determined by Alliance Partners and generally will include an amount to compensate Alliance Partners for the costs associated with acquiring the Loan, including estimated overhead costs and the cost of financing the Loan while it is held by Alliance Partners pending distribution to the Members or other clients. Alliance Partners generally will not sell a Loan at a price greater than its perceived fair value. In such transactions, Alliance Partners will comply with the requirements of Section 206(3) of the Advisers Act, if applicable.

As described in Item 4.B, Alliance Partners also acquires contemporaneously, and retains for its own account, an interest in the Loans or Loan Participations originated by or acquired on behalf of clients under the Commercial Loan Program.

In addition, it is possible that if a client indicates to Alliance Partners that it wishes to sell a Loan Participation previously purchased under a Loan Program, Alliance Partners will, but is not obligated to, offer to purchase that Loan Participation from the client through procedures designed to ensure that the transaction occurs on a fair-value basis. In those and other circumstances in which Alliance Partners purchase Loan Participations or other interests from a client for its own account, Alliance Partners will comply with the requirements of Section 206(3) of the Advisers Act, if applicable, including the requirement that Alliance Partners notify the relevant client in writing of the transaction and obtain the consent of the relevant client.

Further, Alliance Partners refers to clients Loan opportunities relating to borrowers in which Alliance Partners already holds loan interests or other credit exposures. For example, it is conceivable that Alliance Partners might present to clients a Loan opportunity relating to a borrower that had previously been the subject of a Loan opportunity, such that Alliance Partners would already hold a Loan or Loan Participation relating to that borrower. In the case of such a Loan Participation being held by Alliance Partners, a conflict would be materially mitigated because, among other reasons, Alliance Partners and its related persons have no discretion over Members and Managed Account Clients' acquisitions of Loan Participations.

Allocation

The allocation of a Loan opportunity offered to clients pursuant to the Commercial Loan Program is governed by policies adopted by Alliance Partners. Alliance Partners' current policies with respect to allocation of a Loan opportunity under the Commercial Loan Program provide, among other things, as follows:

- Each Loan opportunity is assigned a Loan type based on its characteristics and/or the nature of the assets being financed by the Loan and/or the borrower's industry or business. For Loans that satisfy the applicable Loan Eligibility Criteria, Alliance Partners will establish which clients are eligible to be allocated Loans of that type.
- For each Loan opportunity, the amount available for allocation to clients is the aggregate commitment amount of the Loan acquired by or available to Alliance Partners which Alliance Partners determines to make available to its clients (the "Available Loan Amount"). For each Loan opportunity, interested clients notify Alliance Partners of their commitment amount with respect to the Loan. The commitment amount for BancAlliance Members as a collective is the sum of each Member's individual commitment as of the relevant commitment date.
- A client also instructs Alliance Partners to establish a minimum Loan amount for such client. For BancAlliance Loan opportunities, the minimum Loan amount is the lowest minimum Loan amount of any Member with a valid commitment on such Loan.

- Within each Loan type, priority is determined among allocation groups per the Allocation Policy.
- The policy also provides that if, as a result of an allocation in accordance with the policy, Alliance Partners would be required to retain a portion of any Loan in excess of the amount it desires to retain, Alliance Partners is authorized to adjust the allocations to avoid or reduce such excess amount.

To the extent such amount is allocated to a group of clients, such as Members, Alliance Partners will further sub-allocate that amount pursuant to policies and procedures applicable to that group; policy provides:

- Any Member has discretion to commit to acquire a Loan Participation in any Loan opportunity referred to it by Alliance Partners; each Member that approves a specific Loan opportunity referred to it by Alliance Partners must indicate its affirmative interest in purchasing a Loan Participation; for each Loan Participation in which the Member expresses an interest, the Member must indicate its preferred dollar amount of the Loan Participation; for each Loan opportunity referred to the Members, Alliance Partners will tally all of the preferred dollar Loan Participation amounts and will attempt, if possible, to deliver to each Member its preferred dollar amount allocation; and in cases of opportunities that are oversubscribed or undersubscribed, Alliance Partners will follow specific procedures that are designed to ensure that allocations among Members are made on an equitable basis.
- Alliance Partners has discretion to adjust allocations to reflect situations not explicitly addressed in the policy in accordance with the authority granted to Alliance Partners by the board of directors of BancAlliance.

The BancAlliance Member Loan Allocation Policy is provided to all Members. As described in Item 4.B above, Alliance Partners is generally required under the Commercial Loan Program to commit, pursuant to the terms of a master loan participation agreement with BancAlliance, to acquire for its own account an interest in Loan Participations (or the underlying Loans) acquired by the Members. If required by the terms of the agreement, Alliance Partners, Forbight Bank or an affiliate will acquire this Loan or Loan Participation whether or not an opportunity is oversubscribed or undersubscribed.

Allocation procedures with respect to Loan Opportunities under the Tech-Enabled Loan Programs are described above under Item 4.B.4. (“Allocations – Tech-Enabled Loan Programs”).

Personal Trading

Alliance Partners refers to clients’ Loan assets of borrowers that have issued securities or other instruments in which Alliance Partners or their respective employees have already invested. Conflicts of interest arise if Alliance Partners or employees refer a particular transaction because of a financial interest held by any such person in such securities or instruments. As mentioned above in this Item 11 under “Code of Ethics,” Alliance Partners has implemented policies relating to personal account trading by Alliance Partners Personnel that are designed to reduce, monitor

and resolve conflicts of interest presented by such trading activities and to ensure such trading activities are carried out in accordance with applicable law and regulatory requirements. Alliance Partners maintains a list of issuers about which a determination has been made that it is prudent to restrict trading activity (the “Restricted List”) by Alliance Partners Personnel for a certain period of time. All publicly traded companies with respect to which Alliance Partners Personnel are reviewing loan opportunities are added to the Restricted List and remain on the Restricted List for as long as Alliance Partners or its Personnel have access to nonpublic information regarding such company. The Chief Compliance Officer is authorized to identify additional issuers to be subject to restriction. These issuers include, for example, a company about which Alliance Partners Personnel have acquired material nonpublic information, although the presence of an issuer on the list is not an indication that Alliance Partners in fact has material nonpublic information about that company. Except for Loans and Loan Participations, Alliance Partners Personnel are prohibited from recommending or effecting trades for themselves or others in the securities of any issuer that is on the Restricted List.

ITEM 12: BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Alliance Partners uses brokers or dealers to acquire Loans on behalf of clients. There are no limitations on which broker-dealer is used or on the commission rates paid. However, Loan acquisitions are allocated to brokers and dealers consistent with Alliance Partners’ fiduciary duty of best execution. The factors considered include, but are not limited to: price and expense structure of the Loan; counterparty’s expertise and ability to source the specific Loans or sectors in which Alliance Partners seeks to transact; liquidity of the market for the Loan; counterparty’s access to primary offerings and secondary markets; counterparty’s service and promptness of execution; broker’s responsiveness; cost of execution; ability to maintain confidentiality/anonymity; the financial strength, integrity, reputation and stability of the counterparty; quality, comprehensiveness, timeliness, and frequency of available research and market information provided by the counterparty; adequacy of underwriting and operational infrastructure, technology and capital; counterparty’s ability and willingness to correct its own errors; and, nature and size of the Loan and available market makers.

1. Research and Other Soft Dollar Benefits

The research or brokerage products and services provided to Alliance Partners by broker-dealers generally include, without limitation, information on the economy, industries, asset classes, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting relevant asset classes, technical market action, credit analysis, risk measurement analysis, performance analysis, and/or post-trade services or communication services related to executing and settling transactions. Such research services may be received in the form of written reports, telephone contacts, personal meetings with analysts, or otherwise. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives.

Research obtained from brokers may be used by Alliance Partners to service all of its clients. Alliance Partners anticipates that brokerage firms generally will not charge Alliance Partners a separate fee for research, brokerage and certain other services, and Alliance Partners does not intend to negotiate “execution only” commission rates; thus, Alliance Partners may be deemed to be paying for research, brokerage or other services provided by a broker that are included in the Loan rate. While the continued provision of such services to Alliance Partners is not conditioned on Alliance Partners directing any particular level of transactions to these brokerage firms, such services are provided without separate charge in consideration of Alliance Partners’ use of such brokerage firms to execute transactions on behalf of all clients that have determined to fund a Loan opportunity. Alliance Partners receives a benefit in this instance because Alliance Partners does not have to produce or pay for such research products or services, and Alliance Partners may have an incentive to select or recommend a broker-dealer based on Alliance Partners’ interest in receiving such services rather than the clients’ interest in receiving the most favorable execution.

2. Brokerage for Client Referrals

Not applicable.

3. Directed Brokerage

Not applicable.

B. Order Aggregation

Alliance Partners, in originating or acquiring a Loan on behalf of BancAlliance, another Lending Entity, Managed Account Clients, or other clients, is aggregating the orders of multiple clients. Except for Premier Members, who do not pay Alliance Partners for out-of-pocket costs or expenses in connection with their acquisition of a Loan Participation, all participating clients will bear, through their respective purchases of Loans or Loan Participations, their pro rata shares of the expenses of the same Loan.

ITEM 13: REVIEW OF ACCOUNTS

Alliance Partners affords clients participating in the Commercial Loan Program ongoing electronic access, through the Client Portal, to Loan monitoring data and periodic reporting setting forth balance information with respect to outstanding Loans relevant to the particular client. This information includes delinquency reports, payment information, exception reports and other relevant information determined from time to time by Alliance Partners.

Alliance Partners’ credit professionals, under the supervision of the Chief Credit Officer, conduct periodic reviews of outstanding Loans in the Commercial Loan Program through the date of review. Each periodic review addresses with respect to each Loan the continued appropriateness of the risk rating that Alliance Partners has assigned to each Loan, the borrower’s record of covenant compliance and other topics considered relevant by Alliance Partners. A review of Loans other than on a periodic basis is triggered by unusual activity or special circumstances on a case-by-case basis. Alliance Partners makes available to clients participating in the Commercial

Loan Program on a regular basis via the Client Portal information about the performance of outstanding Loans, typically on a quarterly basis.

Clients participating in the Tech-Enabled Loan Programs may access, through the Client Portal, reports and other data regarding such Tech-Enabled Loan Programs. Alliance Partners is implementing a formal periodic review process to evaluate, on an ongoing basis, the performance of Loans in such programs.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

Not applicable.

B. Compensation to Non-Supervised Persons for Client Referrals

Alliance Partners from time to time enters into agreements with independent third parties to assist in identifying potential clients or to refer such potential clients to Alliance Partners. Such agreements generally require Alliance Partners to pay the qualified third party a fee in cash, equity, or a combination of both in regard to each identified prospective client that becomes a client and actively participates in the Loan Program. Payment of such fees would not be conditioned on referring or recommending specific assets or types of assets to clients or obtaining assets through or from specific third parties. Any agreement providing for direct or indirect cash payments by Alliance Partners to a person that is a “promoter” as defined in Rule 206(4)-1 under the Advisers Act will comply with that rule and any other applicable regulatory requirements. Because the promoter has an economic incentive to introduce the prospect to Alliance Partners, a conflict of interest is presented. Clients that are referred to Alliance Partners by way of such arrangements do not pay higher fees or otherwise absorb any portion of the promoter’s fee paid by Alliance Partners.

ITEM 15: CUSTODY

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. Alliance Partners is authorized to deduct advisory fees and expenses from certain customer accounts, which the SEC considers constructive custody. Alliance Partners generally deducts its fees from the funds passing through the bank accounts it maintains as agent for the Loan Participations. Alliance Partners’ fees, as well as the payments due to each Member or Managed Account Client are calculated by its loan servicing system and are disclosed in statements sent to Members and Managed Account Clients. Alliance Partners has adopted policies and procedures to safeguard client assets throughout the fee and expense deduction process.

In its role as agent, Alliance Partners facilitates the flow of funds to and from Lending Entities and other clients pursuant to the terms of participation agreements between such Lending Entities and each client, in the ordinary course of acquiring or managing Loan Participations. As a result, cash amounts ultimately originating from or destined to clients pass through bank accounts maintained at a qualified custodian over which Alliance Partners has authority. At any given time, these accounts will have assets due to multiple participants in a Loan Participation, which include one or more Members, Managed Account Clients and Alliance Partners. The bank accounts established

by Alliance Partners and held at a major U.S. bank that meets the definition of a “qualified custodian” as per the Custody Rule under the Investment Advisers Act, facilitate the movement of cash to and from the Lending Entities and borrowers, as applicable, for all Loan Participations. The bank accounts are opened by and in the name of Alliance Partners or BancAlliance as agent for the participating Members and Managed Account Clients (i.e., the funds related to the Loan Participations are not held in separate accounts or sub-accounts for each participating Member/Managed Account Client under the participating Member’s/Managed Account Client’s name but are commingled in one bank account). The qualified custodian does not send account statements to participating Members and Managed Account Clients. In connection with the Loan Participations, Alliance Partners is deemed to have custody of the assets in such bank accounts because it has access to, and authority to, take possession of the cash in the bank accounts. Although Alliance Partners has no authority to determine how the cash is used, allocated or dispersed, nothing would prevent Alliance Partners from withdrawing cash held in the bank accounts for reasons unrelated to the Loan Participations, as Alliance Partners controls the bank accounts.

If Alliance Partners is deemed to have custody of its clients’ assets, it must comply with relevant provisions of the Custody Rule. In particular, Rule 206(4)-2(a)(1) provides that client funds and securities must be maintained with a qualified custodian in a separate account for each client under the client’s name or in accounts that contain only the adviser’s clients’ funds and securities, under the adviser’s name as agent or trustee for the clients. Because the assets of Members, Managed Account Clients and Alliance Partners are commingled in the bank account, Alliance Partners does not meet the requirements set forth by Rule 206(4)-2(a)(1)(ii) with respect to the bank accounts.

In addition, Rule 206(4)-2(a)(3) provides that an adviser that has custody of client funds or securities must have a reasonable basis, after due inquiry, that the qualified custodian holding client funds or securities on behalf of the adviser’s client sends an account statement, at least quarterly, to such client for which the adviser maintains funds or securities. The account statement must identify the amount of funds and securities in the account at the end of the reporting period and list all transactions occurring in the account during the reporting period. Because the qualified custodian of the bank account does not send account statements to participating Members or Managed Account Clients, Alliance Partners does not meet the requirements set forth by Rule 206(4)-2(a)(3) with respect to the bank accounts.

Alliance Partners seeks relief from the requirements set forth in Custody Rule provisions 206(4)-2(a)(1)(ii) and 206(4)-2(a)(3) by following the regulatory guidance outlined in the December 20, 2018 No-Action Letter issued by the SEC’s Division of Investment Management to Madison Capital Funding LLC with respect to the activities outlined herein. Alliance Partners believes it satisfies this No-Action Letter guidance and will continue to do so.

ITEM 16: INVESTMENT DISCRETION

Alliance Partners provides advisory services to its clients on a non-discretionary basis and does not have discretionary authority to buy and sell Loans on behalf of clients. Alliance Partners exercises discretion in determining the Loan Participation amount allocated to clients within the range of possible allocation sizes that the client has indicated it is willing to accept. Where significant client demand exists for a particular Loan, it is possible that clients will not be allowed

to acquire a Loan Participation as large as that for which they committed or, in some cases, any Loan Participation at all.

In the future, it is possible that Alliance Partners will accept clients pursuant to which it also exercises discretionary investment authority. As appropriate, such authority would be described in an amendment to this Brochure and/or one or more separate Brochures.

ITEM 17: VOTING CLIENT SECURITIES

Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because the Loan Programs and Alliance Partners' other advisory services relate only to credit assets such as bank loans, they typically will not give rise to proxy voting in connection with securities. Nonetheless, Alliance Partners anticipates that there will be circumstances under which the Lending Entity, as the lender of record, will undertake to vote on behalf of Loan Participation holders under a loan agreement. This is because the credit documents underlying many Loans limit the voting rights of participation holders (as opposed to the lender of record) to a narrow set of significant matters such as changes in principal, interest rate, maturity and/or collateral. Further, for Loans acquired under certain contractual programs, the Lending Entity's voting rights are generally limited to matters requiring the consent of all lenders (normally, changes in principal, interest rate, maturity, and/or certain material changes to collateral). In all other matters that require a vote of lenders, the counterparty to Alliance Partners under the contractual program retains discretion to vote the interest in the Loan held by the Lending Entity. Consequently, clients holding Loan Participations in such Loans would only be permitted to give voting instructions to the Lending Entity on such limited matters.

Alliance Partners will generally provide clients with its views concerning proposed amendments, waivers, consents, modifications, restructurings, and similar matters in respect of credit agreements related to the Loans underlying Loan Participations. In doing so, Alliance Partners will act in accordance with its fiduciary duty as an investment adviser. In addition, Alliance Partners will administer clients' elections with respect to, or voting decisions related to, instructing the respective Lending Entity how to vote as the lender of record concerning proposed amendments, waivers, consents, modifications and restructurings in respect of credit agreements, to the extent lenders are afforded the opportunity to vote on such matters. These elections will be made solely as directed by the terms of the applicable Advisory Services Agreement, Master Services Agreement and/or the master loan participation agreement to which the client is a party.

BancAlliance Voting Arrangements – Commercial Loan Program

With respect to any matters under the loan agreements or related credit documents as to which lenders are afforded the opportunity to vote, consent or elect (a "Vote"), the Commercial Loan Program documentation provides as follows: (i) with respect to purely ministerial matters (such as correcting an error or ambiguity in a credit document), BancAlliance, as the lender of record, has the authority to Vote or refrain from Voting as it determines in its sole discretion; (ii) when a Vote being solicited is, by the terms of the relevant credit documents (and any relevant agent bank procedures), divisible in respect of the Loan Participations, BancAlliance will cast its Vote(s) as directed by each Member holding relevant Loan Participations; and (iii) when a Vote being solicited is, by the terms of the relevant credit documents (and any relevant agreement bank

procedure), not divisible in respect of the Loan Participations but made only in respect of all Loans held by BancAlliance under the loan agreement, BancAlliance will cast its Vote as directed by Members holding more than 50% of the relevant Loan Participations (on a one-vote-per-Member basis). Alliance Partners is prohibited from voting with respect to interests it holds in Loans, except in circumstances where there is a tie vote or where no Members vote at all. In these circumstances, Alliance Partners uses its discretion to decide how the Members' interests in the Loan will be voted in accordance with its fiduciary duty.

Accordingly, with respect to material matters under the loan agreements or related credit documents as to which lenders are afforded the opportunity to Vote (such as proposed amendments or waivers), Alliance Partners will not exercise discretion over the voting decisions of either (i) BancAlliance, except to the limited extent described above where there is a tie vote or where no Members vote at all; or (ii) Members, to the extent Members have direct voting rights or give voting instructions to BancAlliance.

Conflicts of Interest

The BancAlliance voting arrangements described above at times give rise to apparent or actual conflicts of interest. For example, in the case of a Vote that is not divisible among Loan Participation holders, different Members could have differing preferences regarding how BancAlliance should vote. The procedure described above for giving instructions to BancAlliance results in BancAlliance voting in a way that is unsatisfactory to those Members that do not agree with the majority.

In the absence of a majority (e.g., a tie vote), Alliance Partners votes its preference (i.e., breaking the tie vote), which results in BancAlliance voting in a manner that is unsatisfactory to those Members in the resulting minority.

Alliance Partners, Managed Account Clients, Members or other clients of Alliance Partners directly or indirectly hold interests in the same Loans. The exercise of voting rights with respect to these Loans varies, as described above. In such situations, Alliance Partners, Managed Account Clients, Members or such other clients exercise a vote separate and apart from any other vote in such Loan, which could be cast contrary to the votes cast by other holders of interests in such Loan.

An apparent conflict of interest also might arise on the part of Alliance Partners in connection with its provision to clients of its views concerning non-divisible voting matters. For example, Alliance Partners could appear to have an incentive to color the views it gives to clients on a voting matter in order to retain or enhance its relationship with (and receipt of fees from) future clients if the clients express to Alliance Partners a desire for a particular voting outcome.

Alliance Partners has developed voting policies and procedures designed to address apparent or actual conflicts of interest that arise between different clients, or between Alliance Partners and its clients. These procedures include, in appropriate cases, disclosure of the potential conflict to the relevant clients or the implementation by Alliance Partners' management of other measures to address the potential conflict based on management's judgment of what is in the best interest of the relevant clients.

Clients may obtain a copy of Alliance Partners' voting policies and procedures by contacting us at (301) 232-5400. Clients may obtain information about BancAlliance's Loan-related voting records via the Member Portal (or as otherwise set forth in the Advisory and Services Agreement with any particular client).

ITEM 18: FINANCIAL INFORMATION

Not applicable.