

Item 1. Cover Page

BROCHURE

Form ADV Part 2A

CAROUSEL CAPITAL MANAGEMENT COMPANY, L.P.

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www.carouselcapital.com

March 27, 2023

This brochure provides information about the qualifications and business practices of Carousel Capital Management Company, L.P. If you have any questions about the contents of this brochure, please contact us at (704) 372-2040. 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.

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

Additional information about Carousel Capital Management Company, L.P. also is available on the SEC’s website at www.advisorinfo.sec.gov.

Item 2. Material Changes

Carousel Capital (as defined below) routinely makes changes throughout its brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Since its last update of its brochure, filed on March 28, 2022, Carousel Capital has not made any material changes to its brochure. However, this annual update includes routine annual updating changes, certain enhanced disclosures, and updated regulatory assets under management.

Except as otherwise specified, all information set forth or referenced in this brochure is as of the date hereof. Subject to the requirements of the Advisers Act, and other applicable laws, Carousel Capital is under no obligation to update any such information.

Carousel Capital encourages all recipients to read this brochure carefully and in its entirety.

Item 3. Table of Contents

Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation.....	6
Item 6. Performance-Based Fees and Side-By-Side Management.....	11
Item 7. Types of Clients.....	12
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9. Disciplinary Information.....	38
Item 10. Other Financial Industry Activities and Affiliations	38
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	47
Item 12. Brokerage Practices	48
Item 13. Review of Accounts.....	48
Item 14. Client Referrals and Other Compensation.....	49
Item 15. Custody	49
Item 16. Investment Discretion.....	49
Item 17. Voting Client Securities.....	50
Item 18. Financial Information	50

Item 4. Advisory Business

Description of Advisory Firm

Carousel Capital Management Company, L.P. (“Carousel Capital” or the “Manager”), a Delaware limited partnership, provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Carousel Capital currently provides investment advisory services to Carousel Capital Partners IV, L.P., Carousel Capital Partners IV PV, L.P. and Carousel Capital CEO Fund IV, L.P. (collectively, and together with their respective parallel vehicles and separate investment vehicles, “Fund IV”); Carousel Capital Partners V, L.P. and Carousel Capital CEO Fund V, L.P. (collectively, and together with their respective parallel vehicles and separate investment vehicles, “Fund V”); Carousel Capital Partners VI, L.P. and Carousel Capital CEO Fund VI, L.P. (collectively, and together with their respective parallel vehicles, separate investment vehicles, “Fund VI” and together with Fund IV and Fund V, the “Core Carousel Funds”); and Carousel Capital Apex SPV, L.P., Carousel Capital Apex Rollover Partners, L.P. and Carousel Capital Company IV Apex Rollover Partnership, L.P. (collectively, the “Apex Funds” and, together with the Core Carousel Funds and any co-investment vehicles and any newly-formed funds sponsored by Carousel Capital, the “Carousel Funds”). As the investment adviser of each Carousel Fund, Carousel Capital, along with each Carousel Fund’s general partner, each of which is an affiliate of Carousel Capital (the “General Partners”), identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of, each Carousel Fund. The Managing Partners of Carousel Capital, Charles S. Grigg and Jason C. Schmidly, along with Peter L. Clark, Jr. and Alan C. Welch, Jr. (each, a “Partner” and, collectively, the “Partners”), control Carousel Capital. Charles S. Grigg and Jason C. Schmidly are the principal owners of Carousel Capital through their interests in Carousel Capital Management Company, LLC, a Delaware limited liability company (“Carousel Management GP”), Carousel Capital’s general partner.

Carousel Capital was founded in 1996 by Nelson Schwab III on the core belief that the Southeastern United States is one of the most attractive and under-served regions for private equity investing. The principal owners of Carousel Capital are Mr. Grigg and Mr. Schmidly. The primary focus of Carousel Capital’s investment advisory activity is researching and advising on private equity investments located in this region. Such investments generally take the form of small buyout transactions where Carousel Capital teams with management to acquire, manage and grow the investment. Carousel Capital tailors its advisory services in accordance with each Carousel Fund’s investment strategy as disclosed in such Carousel Fund’s offering documents. Further specific details of Carousel Capital’s advisory services are set forth in each Carousel Fund’s respective private placement memoranda, Management Agreements and Partnership Agreements (each as defined below) and are further described below in Item 8.

Carousel Capital provides investment advisory services to each Carousel Fund pursuant to separate management agreements (each, a “Management Agreement”). Investment advice is provided by Carousel Capital directly to the Carousel Funds, subject to the direction and control of the General Partner of each such Carousel Fund.

As of December 31, 2022, Carousel Capital has regulatory assets under management of approximately \$1,540,710,533. All of Carousel Capital’s regulatory assets under management are managed on a discretionary basis together with the General Partners.

Carousel Capital provides advice to the Carousel Funds in respect of their investment portfolios, as well as certain ancillary managerial and administrative services, including, without limitation, identifying and screening potential investments, recommending strategies for the management and disposition of investments, monitoring the performance of investments and preparing reports necessary or appropriate for compliance with the governing agreements of the Carousel Funds. Investments in Carousel Funds are privately offered only to qualified investors, typically institutional investors (for example, public and private pension funds) and eligible high net worth individuals.

Carousel Capital’s advisory services are geared to the management of the Carousel Funds, the investment objectives, parameters and restrictions of which are disclosed to investors in the applicable governing agreements before they invest. Investment restrictions applicable to specific Carousel Funds are customarily imposed in the governing agreements for such Carousel Funds, as agreed upon with investors.

Carousel Capital or certain affiliates have entered and may in the future enter into side letters or other writings with specific investors in Carousel Funds which have the effect of establishing rights under, or altering or supplementing, the terms of the governing agreements of the Carousel Funds or an investor’s subscription agreement in respect of the investor to whom such letter or writing is addressed. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, investment limitations, co-investment rights, ability to transfer interests in a Carousel Fund or compliance with specified laws or regulations (including the provision of stated co-invest opportunities or priority allocation rights to, for example, Limited Partners (as defined in Item 7) who have capital commitments in excess of certain thresholds to one or more Carousel Funds), or transfer rights, among others. Other side letter rights are likely to confer benefits on the relevant investor at the expense of the relevant Carousel Fund or of investors as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Carousel Fund. Generally, any rights established, or any terms altered or supplemented, will govern only that investor and not a Carousel Fund as a whole. Certain such additional rights but not all rights, terms or conditions are permitted to be elected by certain sizeable investors with “most favored nations” rights pursuant to a Carousel Fund’s limited partnership agreement (any Carousel Fund limited partnership agreement hereinafter referred to as a “Partnership Agreement”). Such side letters have also imposed and may in the future impose restrictions on

participation in certain investments or types of investments made by the Carousel Funds. Neither Carousel Capital nor its affiliates will enter into a particular side letter if Carousel Capital determines that the provisions contained in such side letter would be disruptive to the applicable Carousel Fund or its investment program. Disclosure of applicable side letter practices is made to investors prior to their investment in the applicable Carousel Fund.

The information provided herein about the investment advisory services provided by Carousel Capital is qualified in its entirety by reference to the Carousel Funds' offering materials and Partnership Agreements and subscription agreements.

Item 5. Fees and Compensation

As compensation for investment advisory services rendered to the Carousel Funds, Carousel Capital generally receives from each Carousel Fund an annual management fee payable quarterly in advance. Generally, the management fee is initially 2% of aggregate investor capital commitments with respect to the Core Carousel Funds. After a Core Carousel Fund's commitment period ends (or upon the occurrence of certain other events set forth in each Core Carousel Fund's Partnership Agreement, such as the date on which the initial capital call in respect of a successor fund is due), the management fee is typically reduced to 2% of capital contributions made with respect to investments for which there has not been a complete disposition or for which the Core Carousel Fund is holding non-cash proceeds, adjusted to take into account permanent write downs and write-offs for tax purposes of such investments or non-cash proceeds, as described in the applicable Partnership Agreement. In general, the management fee for the Apex Funds is 1% of capital contributions made with respect to investments for which there has not been a complete disposition or for which the Apex Fund is holding non-cash proceeds, adjusted to take into account permanent write downs and write-offs of such investments or non-cash proceeds, as described in the applicable Partnership Agreement. Installments of the management fee payable for any period other than a full quarterly period generally are adjusted on a pro rata basis according to the actual number of days in such period. The specific management fees payable by a Carousel Fund or its investors are generally negotiated at the time the Carousel Fund is formed or such investor is accepted into the Carousel Fund. Except where the governing agreements expressly provide to the contrary, management fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments. Except for rare circumstances described in the applicable Partnership Agreement of each Carousel Fund or in an investor's side letter, investors generally are not permitted to withdraw or redeem interests in the Carousel Funds. Investors in the Carousel Funds also bear certain fund expenses as further described below.

Upon termination of an advisory agreement, appropriate treatment will be given to all management fees collected in advance. Management fees are paid by capital contributions from investors to each Carousel Fund pursuant to capital call notices delivered by each General Partner to drawdown capital an investor agrees to contribute to the applicable Carousel Fund (i.e., an investor's "capital commitment") or are paid out of cash that is otherwise distributable to the investors in the Carousel Funds, including cash held by the Carousel Fund after a portfolio investment of a Carousel Fund

is disposed of and before the proceeds are distributed to investors. Management fees are also permitted to be paid out of cash reserves of the applicable Carousel Fund. Carousel Capital, in its sole discretion, may exempt certain investors in Carousel Funds, including the General Partners or their related persons, or reduce the management fee otherwise payable by such investors. In addition, as permitted under the respective Core Carousel Fund Partnership Agreement, Carousel Capital has waived, and may in the future waive, a portion of the management fee it is entitled to receive in favor of a right (a) to receive a priority interest in future distributions of fund profits equal to the waived amounts and (b) to cause the Carousel Fund investors to contribute such waived amounts to such Carousel Fund on Carousel Capital's behalf; provided that in general at least 25% of the General Partner's required capital contributions will be contributed to the applicable Core Carousel Fund in cash. Any such waived portion of the management fee reduces the amount of capital Carousel Capital would otherwise be required to contribute to the respective Core Carousel Fund. Upon a waiver, the investors in a Core Carousel Fund are then required to make a pro rata contribution according to their respective commitments to fund any such waived management fee that Carousel Capital elects to treat as a contribution and, as a result, the exercise of such waiver in certain cases can result in an acceleration of investor capital contributions. In addition, the exercise of such waiver will affect the management fee offset calculations described below.

Each Carousel Fund will generally bear all out-of-pocket costs and expenses (including, without limitation, travel, printing, legal and accounting fees and other expenses) of Carousel Capital, the General Partners, the Partners and their respective affiliates incurred in the formation of such Carousel Fund or incurred in connection with the offering, organization and funding of such Carousel Fund. In addition, each Carousel Fund will generally bear all costs and expenses relating to or arising from such Carousel Fund's, activities, investments and business (to the extent not borne or reimbursed by a portfolio company or proposed portfolio company), including, but not limited to, (i) all costs and out-of-pocket fees and expenses attributable to sourcing, investigating, identifying, analyzing, pursuing, acquiring, purchasing, investing, holding, monitoring, managing, evaluating, researching, diligencing, committing to, seeking disposition and realization opportunities for and disposing of and realizing on the Carousel Fund's investments and prospective investments, whether or not consummated, including, but not limited to, commitment fees or other lenders' fees that become payable in connection with a proposed portfolio company investment, fees and expenses related to negotiating non-disclosure and confidentiality agreements, travel costs and ancillary expenses (including, without limitation, airfare (including business class or first class airfare or, if the General Partner determines, in its sole discretion, due to health or safety reasons, private or chartered travel), ground transportation, lodging and accommodations, meals and travel agency fees and reasonable and business-related entertainment expenses, consulting and deal investigation, sourcing and identification fees and expenses, investment banking, legal and accounting fees and expenses, costs and expenses of any representation and warranty insurance and/or other similar insurance, and printing expenses), but only to the extent that such fees and expenses exceed topping and break-up fees applied against such expenses as set forth in the Partnership Agreement of the applicable Carousel Fund, (ii) all broken deal expenses and reverse break-up fees (including without limitation travel), (iii) all legal,

accounting, auditing, administrative, custodian, appraisal, brokerage, service provider, consulting and other similar fees and expenses of such Carousel Fund (including, but not limited to, meetings of investors of such Carousel Fund or of the Board of Advisors (as defined in Item 10) of such Carousel Fund, fees of the administrator of such Carousel Fund and insurance, including, but not limited to, D&O or E&O liability, cyber insurance and cyber-related costs or other insurance, courier fees and expenses related to conference calls, and audit and certification fees), and other out-of-pocket expenses associated with the printing, preparation and distribution of financial statements, tax returns and forms K-1 and reports and notices to the investors in the Carousel Fund, costs and expenses associated with monitoring compliance with the Carousel Fund's Partnership Agreements, any side letter agreements and all other agreements related to the Carousel Fund, costs and expenses related to attendance at and/or sponsorship of industry conferences, marketing and advertisements, and asset and portfolio management software and research and/or industry, market and valuation databases and/or industry subscriptions or publications and research services attributable to a specific portfolio company investment (or proposed portfolio company investment) or industries, products or sectors targeted for a potential portfolio company investment or for valuation purposes, and any taxes or expenses or other governmental charges incurred or paid by a Carousel Fund, its partnership representative or designated individual under the Partnership Agreement of the applicable Carousel Fund and all related filing fees, (iv) costs and expenses of the Board of Advisors or any Partners, any votes or consents of Partners or the Board of Advisors, any amendments to or waivers of the Partnership Agreement of a Carousel Fund or any related agreement, incurred in accordance with the Partnership Agreement of the applicable Carousel Fund, (v) extraordinary expenses, liabilities, indemnities and other obligations of such Carousel Fund (including, but not limited to, litigation, audit, investigation and indemnification costs and expenses, and all amounts paid in connection with judgments, penalties, fines and settlements (including, but not limited to, costs and expenses payable under the Partnership Agreement of the Carousel Fund)), any cyber and cyber-crime insurance, and any other extraordinary expenses, (vi) fees, costs and expenses of complying with applicable law, rules and regulations, (vii) all fees, costs and expenses of maintaining the existence of the Carousel Fund and the General Partner, including, without limitation, franchise taxes and partnership registration and registered agent fees and expenses, (viii) subject to apportionment among the Partners pursuant to the Partnership Agreement of the Carousel Fund, costs and expenses associated with any organization, maintenance and operation of any separate investment vehicle, sponsor rollover vehicle, blocker corporation, intermediate entity, alternative participation structure or any other entity or vehicle through or in which portfolio company investments or bridge financings are made (other than any blocker expenses), (ix) fees, costs and expenses of winding up and liquidating the Carousel Fund and its General Partner and the liquidation of the assets of such Carousel Fund in connection therewith, and (x) all debt service obligations, including principal, interest, premium, if any, fees, expenses and other amounts payable in respect of indebtedness of the Carousel Fund incurred in accordance with its Partnership Agreement, including, without limitation, any fees and expenses incurred as a result of the implementation, utilization and refinancing of any bridge leveraging or bridge leveraging facility or credit support.

In addition, in certain instances, a Carousel Fund has and may in the future bear expenses in respect of an existing or prospective portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment funds), where Carousel Capital has determined such arrangement to be in the best interest of such Carousel Fund (*e.g.*, a Carousel Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursement by other owners of the portfolio company). None of these expenses will offset any management fees.

Carousel Capital and the General Partners allocate expenses in a manner they believe fair and reasonable and in accordance with the provisions of any applicable Carousel Fund Partnership Agreement. In general, investment-related expenses incurred on behalf of more than one Carousel Fund are allocated to each Carousel Fund based on their pro rata commitments to the investment, although expenses related to transactions not consummated are generally not borne by co-investment vehicles.

Carousel Capital or its affiliates from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to the Carousel Funds and Carousel Capital. For example, certain law firms retained by Carousel Capital discount their legal fees for advice in connection with operational, compliance and related matters with respect to Carousel Capital. To the extent such law firms provide services to the Carousel Funds, such Carousel Funds also enjoy the benefit of fee discount arrangements. In some cases discounts will be based on volume and so certain Carousel Funds or portfolio companies have the potential to receive a greater discount than others depending on the timing of their transactions (*e.g.*, if a transaction occurs early in a year it is possible it will not receive the same discount as a transaction that occurs later in the year).

In certain circumstances, one Carousel Fund will provide a guarantee on behalf of a portfolio company or will pay an expense common to multiple legal entities within one or more Carousel Fund families and be reimbursed by the other applicable Carousel Funds, without interest. One or more Carousel Funds have and may in the future enter into indebtedness on a joint and several or other basis. In such instances, Carousel Capital is expected to enter into one or more agreements that provide each applicable Carousel Fund and any applicable co-invest entity with a right of contribution or reimbursement. While highly unlikely, it is possible that one of the other Carousel Funds or applicable co-invest entities could default on its obligation to reimburse the paying Carousel Fund.

As discussed in Item 6 below, each Carousel Fund's General Partner has the right to receive "carried interest."

The expenses described above are detailed, but do not include every possible expense a Carousel Fund could incur. In addition, the discussion herein generally summarizes the management fees, carried interest, fund expenses and other fee provisions applicable to the Carousel Funds; however, fees and expenses are negotiated on a vehicle-by-vehicle basis. Accordingly, investors should

review the applicable Carousel Fund's offering materials and Partnership Agreement for further details.

Other Fees

Carousel Capital and its affiliates will typically perform management, advisory, transaction-related, financial advisory and other services for, and will receive fees from, actual or prospective portfolio companies or other deal related investment vehicles of the Carousel Funds, including such fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions, or break-up and topping fees, seller's representative fees or directors' fees. These fees could be significant and have, in some instances, exceeded the management fee for a particular Carousel Fund. Such fees are permitted to be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise.

Although such fees are paid in addition to the management fees paid by the Carousel Funds, Carousel Capital will in some circumstances reduce future management fees otherwise payable by a Carousel Fund in connection with the receipt of a portion of these fees. The calculation of such reduction varies from fund to fund and is described in the applicable fund documents, but generally such reduction is applied after taking into account the management fee waivers described above and to the extent of the management fees payable by a Carousel Fund. For example, a fund that does not pay management fees would not benefit from a reduction and does not otherwise have a right to share in such fees. Such reductions will be credited on a quarterly basis. To the extent any such credit would reduce the management fee for a given quarter below zero, such credit will be carried forward for future application. These fees are disclosed in the annual financial statements of the applicable Carousel Fund.

Carousel Capital could have a conflict of interest to the extent, for example, it is incentivized to make an investment to earn a transaction fee or provide a service to a particular portfolio company to earn a director or monitoring fee. However, Carousel Capital believes that this potential conflict of interest is mitigated by the management fee offset mechanics described above and the substantial equity commitment by Carousel Capital and its principals in each of the Carousel Funds.

Carousel Capital and its personnel can also be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Carousel Funds, which will not be subject to management fee offsets or otherwise shared with the Carousel Funds, their investors and/or portfolio companies. For example, airline travel or hotel stays incurred as fund expenses could result in "miles" or "points" or credit in loyalty or status programs, and such benefits will accrue exclusively to Carousel Capital or its personnel (and not to the Carousel Funds, their investors and/or portfolio companies) even though the cost of the underlying service is borne directly by the Carousel Funds or their portfolio companies and indirectly by the investors in a Carousel Fund.

In the event that Carousel Capital chooses to use a broker-dealer for limited purposes relating to a particular Carousel Fund, such Carousel Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Investors in Carousel Funds agree to commit a certain amount of capital to a Carousel Fund in advance of any investment advisory functions performed by Carousel Capital. Management fees assessed by the Carousel Funds are paid from these amounts and are payable in advance for each period as described above. Carousel Capital's services may be terminated under very limited circumstances. Should Carousel Capital's services be terminated before services are provided for the applicable period, fees that have been paid in advance will generally be prorated from the date of Carousel Capital's termination to the end of the period to which the advance fee covered and will be returned to the investors that paid those fees in advance.

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

Typically, Carousel Funds are assessed a "carried interest" or performance fees that are paid to the applicable General Partner. The "carried interest" is assessed periodically, typically after the receipt by the Carousel Funds of proceeds from a portfolio investment, and is paid out of cash otherwise distributable to investors. "Carried interest" is typically measured as a percentage of the profits of a Carousel Fund and is negotiated separately for each Carousel Fund at a rate we believe is consistent with industry standards and in compliance with the Advisers Act. The amount of "carried interest" is distributed to the General Partners with respect to each receipt of net proceeds attributable to a portfolio investment of a Carousel Fund only after the investors in the applicable Carousel Fund receive the aggregate of (i) the capital contributions of such investor made in respect to such portfolio investment, (ii) the investor's proportionate share of capital contributions used to pay organizational and other expenses described in Item 5 that have been allocated to such portfolio investment, and (iii) a preferred return on such capital contributions. As provided under the applicable Partnership Agreements of the Carousel Funds, carried interest is generally subject to waiver, deferral, recontribution or reduction by the General Partner, in its sole discretion, with respect of some or all of the investors in the Carousel Fund (including in connection with investments in the applicable Carousel Fund made by the General Partner or its affiliates) with the result being that investors in such Carousel Fund could pay different performance-based compensation.

Generally, upon the termination of a Carousel Fund, the applicable General Partner will be required to restore funds to the applicable Carousel Fund to the extent that (i) the investors have not received their return of realized capital and costs and preferred return described above, or (ii) the applicable General Partner has received cumulative distributions in respect of its "carried interest" in excess of a certain percentage of the profits of a Carousel Fund, in each case, applied on an aggregate basis covering all transactions of the applicable Carousel Fund. In no event will the applicable General Partner be required to restore more than the cumulative distributions in respect of its "carried interest" received by such General Partner, less income taxes thereon and taxes attributable to property distributed in kind.

In allocating investments, Carousel Capital could have incentives to favor Carousel Funds with higher potential for carried interest distributions over Carousel Funds with lower potential for carried interest. As described in more detail below, Carousel Capital has adopted allocation policies designed to allocate investment opportunities across Carousel Funds on a fair and equitable basis and in accordance with the applicable Partnership Agreements and Carousel Capital's Allocation of Investment Opportunities policies and procedures. The existence of the General Partners' "carried interest" or performance fee could create an incentive for the General Partners and Carousel Capital to make riskier or more speculative investments on behalf of the Carousel Funds than would be the case in the absence of these arrangements. In addition, the method of calculating the carried interest poses potential conflicts of interest between the applicable General Partner and a Carousel Fund with respect to the management and disposition of investments, as well as the determination of the timing, method, and amount of distributions by a Carousel Fund, and the use of fund-level credit facilities. Conflicts are addressed in the manner described in Item 11.

Item 7. Types of Clients

Carousel Capital currently provides investment advisory services to the Carousel Funds. Investment advice is provided directly to the Carousel Funds, subject to the direction and control of the General Partner of each such Carousel Fund, and not individually to the limited partners of such Carousel Fund (any such limited partner, a "Limited Partner").

Interests in the Carousel Funds (the "Interests") are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in Carousel Funds include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, university endowments, corporations, limited partnerships and limited liability companies or other business entities, as well as persons affiliated with Carousel Capital.

The Carousel Funds generally require minimum investment commitment amounts from Limited Partners, but such amounts have been and in the future may be reduced at the sole discretion of the General Partner of the relevant Carousel Fund, subject to applicable legal requirements. Interests are offered and sold generally to investors that are "accredited investors" as defined under Regulation D of the Securities Act.

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

Methods of Analysis and Investment Strategies

Prior to making an investment, Carousel Capital carries out an extensive fundamental analysis of a target investment's position in the market and prospects. A vital element of this analysis is the development of an operating plan that, if the investment is approved, will form the basis for the portfolio company's operating targets.

Carousel Capital conducts extensive due diligence to analyze, among other things, the company's market and competitive position within that market, the company's cost and revenue structures, the company's unique assets, such as brand strength, distribution capability and intellectual property, the company's management team and compensation structure, the company's contingent liabilities – environmental, regulatory, accounting or otherwise, the company's potential growth opportunities and potential exit strategies.

Carousel Capital pursues investments within three targeted growth sectors: business services; consumer products and services; and healthcare services. Carousel Capital sources and invests across the Southeastern United States, and primarily makes majority control investments in the selected companies.

While the descriptions of the Carousel Funds' investment strategies and methods of analysis are relevant to the co-investment funds, each co-investment fund generally invests in one portfolio company of one of the main Carousel Funds and therefore lacks the potential benefit of diversification and will be particularly exposed to the legal and financial risks associated with that transaction, including the risk of loss. The summary provided herein should not be interpreted to limit in any way the Carousel Funds' investment activities. There can be no assurance that Carousel Capital will achieve the investment objectives of each Carousel Fund and a loss of investment is possible.

Risks

Investing in private securities as described above involves a substantial degree of risk. A Carousel Fund has the potential to lose all or a substantial portion of its investments and investors in Carousel Funds must be prepared to bear the risk of loss of their investments therein.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by Carousel Funds in connection with those strategies and methods, include the following, each of which is described in more detail in the applicable Carousel Fund's offering document.

Nature of Investment and Risk of Loss of Capital

An investment in a Carousel Fund requires a long-term commitment with no certainty of return. Portfolio investments may not generate current income. Therefore, the return of capital and the realization of gains, if any, from a portfolio investment generally will occur upon the partial or complete realization or disposition of such portfolio investment. While a portfolio investment may be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most of a Carousel Fund's portfolio investments will not occur for a number of years after such portfolio investments are made. There can be no assurances that purchasers of a Carousel Fund's portfolio companies will be found. A Carousel Fund generally will not be able to sell portfolio company securities publicly unless the issuer has gone public and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is

available. In addition, in some cases, a Carousel Fund will be prohibited or limited by contract from selling certain portfolio company securities for a period of time, and, as a result, may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so.

Restrictions on Transfer and Withdrawal; Lack of Liquidity

An investment in a Carousel Fund is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment and who understand that they could lose all or a significant portion of their invested capital. Investors must be willing to bear the economic risk of an investment in a Carousel Fund for an indefinite period of time. The Interests have not, nor will they be, been registered under the Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be effected. There is no public or private market for the Interests and none is expected to develop. In addition, the Interests are not transferable and are not permitted to be encumbered except with the prior written consent of the General Partner, which could be withheld by the General Partner in its sole discretion, and subject to the terms and conditions of the Partnership Agreement. Limited Partners may not withdraw capital from a Carousel Fund. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of a Carousel Fund's term.

Prior Investment Performance Not Indicative of Future Results

The performance of prior investments made by the Manager, Carousel Capital, any predecessor funds, the Partners or any of their respective affiliates is not indicative of a Carousel Fund's future results. While the General Partner intends to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the historical internal rate of return ("IRR") generated by prior investments made by Carousel Capital will be achieved by any Carousel Fund. On any given investment, total loss of the investment is possible.

A Carousel Fund is a newly formed entity and has no prior operating history upon which an investor can base its prediction of future success or failure. Although Carousel Capital has had significant experience and success in making investments in leveraged companies, the past performance of these investments is not indicative of the future results of any Carousel Fund's investments.

Dependence on Key Personnel

The success of a Carousel Fund depends in substantial part upon the skill and expertise of the members of the investment team of Carousel Capital and the other individuals employed to assist them. There can be no assurance that the Partners will continue to be partners of or employed by the General Partner or Carousel Capital. The loss of service to a Carousel Fund of one or more

Partners or other personnel could have a material adverse effect on the success of such Carousel Fund.

Furthermore, even in cases where a Carousel Fund is represented on management boards or has other management rights, such Carousel Fund does not expect or intend to have an active role in the day-to-day operations of its investments. The success or failure of many of the Carousel Funds' portfolio companies could depend to a significant extent on the financial and management talents and efforts of specific employees of such portfolio companies, whose death, disability or resignation could adversely affect the performance of the portfolio company and Partnership's investment in such portfolio company.

Risks in Effecting Operating Improvements

In some cases, the success of a Carousel Fund's investment strategy will depend, in part, on the ability of such Carousel Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Carousel Fund will be able to successfully identify and implement such restructuring programs and improvements. In addition, a Carousel Fund could seek management rights, including board representation or other rights, where appropriate. However, there is no assurance that these rights, if sought, will be obtained.

Limited Number of Investments

A Carousel Fund will likely participate in a limited number of investments and, as a consequence, the aggregate return of such Carousel Fund could be substantially affected by the unfavorable performance of a single investment.

Leverage

A Carousel Fund's investments have included, and may in the future include, companies whose capital structures have the potential to have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Although the General Partner will seek to use leverage in a prudent manner, the leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio companies or their respective industry. Additionally, the securities acquired by a Carousel Fund could be the most junior and thus subject to the greatest risk of loss.

These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Carousel Fund. Except where otherwise required by the relevant governing documents, a Carousel Fund will not be obligated to borrow on behalf of a portfolio

company, even in circumstances where the Carousel Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

Bridge Financing

A Carousel Fund has provided, and may in the future provide, bridge financing in connection with one or more of its equity investments. A Carousel Fund will bear the risk of any changes in capital markets that could adversely affect the ability of a portfolio company to refinance any bridge investments. If the portfolio company were unable to complete a refinancing, the Carousel Fund could have a long-term investment in a junior debt security or a junior debt security that is convertible into equity and the interest rate on such bridge financing may not adequately reflect the risk associated with the unsecured position taken by the Carousel Fund.

Credit Facility

A General Partner has established, and may in the future establish, one or more credit facilities for a Carousel Fund with one or more financial institutions. Implementation and utilization of any credit facility could result in fees and expenses to a Carousel Fund. In order to obtain any credit facility, the General Partner expects that (i) it could be required to assign or pledge to each such credit facility issuer/lender the General Partner's right to call capital from the investors as could be required to honor any credit facility draws and/or repay any loans, including any interest accrued thereon, and (ii) the investors could be required to acknowledge and consent to the assignment of the General Partner's rights in respect thereof. If a Carousel Fund does not honor its obligations pursuant to any credit facility, the provider(s) of such credit facility will likely have the right to take action against any investor or its Interests, including directly drawing capital from the investors. Investors could also be required to provide certain representations and other documents and information as required by (and for the benefit of) credit facility lenders in connection with any credit facility, at the investor's own expense. Such costs will not be reimbursed by the Carousel Funds.

Uncertainty of Financial Projections

The General Partner will generally establish the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Projected operating results will typically be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results could vary significantly from the projections. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Risk Relating to Due Diligence and Conduct at Portfolio Companies

Before a Carousel Fund makes an investment, the General Partner and/or the Manager will conduct such due diligence as they deem reasonable and appropriate based on the facts and circumstances

applicable to the investment. Due diligence will often entail, but is not limited to, feasibility and technical studies, studies regarding reserves, environmental studies, marketing studies, business plan development, evaluation of important and complex business, financial, tax, accounting, environmental and legal issues as well as background investigations of individuals. Outside professionals, engineers, consultants, legal advisors, accountants, investment banks and other third parties have and may in the future be involved in the due diligence process to varying degrees depending on the type of investment. The involvement of such third parties is expected to present a number of risks primarily relating to reduced control of the functions that are outsourced and could entail significant third-party expenses, which will be borne by the Carousel Funds subject to certain limitations thereon set forth in the Partnership Agreement. In addition, if a Carousel Fund is unable to timely engage third-party providers, its ability to evaluate and acquire more complex assets could be adversely affected. Due diligence investigations with respect to any investment opportunity may not reveal or highlight all relevant facts that could be necessary or helpful in evaluating the investment opportunity. Moreover, there can be no assurance that attempts to identify risks associated with an investment will achieve their desired effect. Potential investors should regard an investment in a Carousel Fund as being speculative and having a high degree of risk.

In the event of fraud, any material misrepresentation or omission or any professional negligence by any seller of assets acquired by a portfolio company or such seller's representatives, by a portfolio company or any of its affiliates, or by any other third party, a Carousel Fund has the potential to suffer a material loss of capital and the value of a Carousel Fund's investments could be adversely impacted. The Carousel Funds will rely upon the accuracy and completeness of representations made by various persons in the due diligence process, and cannot guarantee such accuracy or completeness.

Accuracy of Third Party Information

The General Partner and the Manager have selected, and may in the future select investments for the Carousel Funds, in part, on the basis of information and data made available directly or indirectly by third parties. The General Partner and the Manager may not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Competitive Marketplace

The Carousel Funds will be competing with a significant number of private equity funds, as well as institutional investors and strategic investors, for investments in prospective portfolio companies. As a result of this competition, there can be no assurance that a Carousel Fund will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its committed capital.

Early Termination of a Carousel Fund

Pursuant to the Partnership Agreement, a Carousel Fund is permitted to be dissolved and terminated prematurely, and as a result, may not be able to accomplish its objectives and could be required to dispose of its investments at a disadvantageous time or make an in-kind distribution (resulting in Limited Partners not having their capital invested and/or deployed in the manner originally contemplated).

Investments Longer than Term

A Carousel Fund could make investments that may not be advantageously disposed of prior to the date such Carousel Fund will be dissolved, either by expiration of the Carousel Fund's term or otherwise. Although the General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the General Partner has a limited ability to extend the term of a Carousel Fund and a Carousel Fund could have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of such dissolution. In addition, although upon the dissolution of a Carousel Fund the General Partner (or the relevant liquidator) will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Carousel Fund as the General Partner or such liquidator deems it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

Risks Upon Dispositions of Investments

In connection with the disposition of a portfolio investment, a Carousel Fund could be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. It could also be required to indemnify the purchasers of such investment to the extent that any such representation turns out to be inaccurate. These arrangements in certain cases will result in contingent liabilities of a Carousel Fund, which might ultimately have to be funded by the Limited Partners to the extent that such contingent liabilities exceed the reserves and other assets of the Carousel Fund and such Limited Partners have received prior distributions from the Carousel Fund. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each Limited Partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to return such distribution to the Carousel Fund.

Distributions in Kind

Although, under normal circumstances, the Carousel Funds intend to make distributions in cash or in publicly traded securities, it is possible that under certain circumstances (including the liquidation of a Carousel Fund) distributions could be made in kind and could consist of securities for which there is no readily available public market. In such circumstances, there is a potential conflict of interest between a General Partner (and its beneficial owners) and the relevant Carousel

Fund's investors. For example, the General Partner and its beneficial owners may intend to hold securities distributed in-kind for a different time period than Carousel Capital deems suitable for the Carousel Fund.

Recourse to a Carousel Fund's Assets

A Carousel Fund's assets, including any investments made by such Carousel Fund and any capital held by the Partnership, are available to satisfy all liabilities and other obligations of the Carousel Fund. If a Carousel Fund itself becomes subject to a liability, parties seeking to have the liability satisfied could have recourse to the Carousel Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Indemnification

The General Partners, the Manager, the Partners, the Board of Advisors, the members of the investment team and their respective members, partners, shareholders, directors, officers, employees, agents and affiliates, will be entitled to indemnification from the Carousel Funds, except in certain circumstances. The assets of a Carousel Fund and unfunded commitments will be available to satisfy these indemnification obligations, and Partners could be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of a Carousel Fund.

Risk Arising from Provision of Managerial Assistance

A Carousel Fund in certain cases will elect to structure its investments so that it will be a venture capital operating company (a "VCOC") within the meaning of regulations promulgated under the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA"). Operating as a VCOC requires a Carousel Fund to obtain rights to participate substantially in, and to influence substantially the conduct of the management of, the majority of the portfolio companies. A Carousel Fund will typically designate one or more Partners and other members of the investment team to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of a Carousel Fund to claims by a portfolio company and/or its executives, employees, security holders and creditors. While the Manager intends to manage a Carousel Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded. In general, a Carousel Fund will indemnify the General Partners, the Manager, the Partners and other members of the investment team from such claims.

Risks Relating to Admission of Benefit Plan Investors to the Carousel Fund

The General Partner intends to conduct the operations of the Carousel Funds so that the assets of the Carousel Funds will not be deemed to constitute "plan assets" of investors which are subject to the fiduciary provisions of ERISA or the prohibited transaction rules of Section 4975 of the Code ("Benefit Plan Investors"). If, however, a Carousel Fund were deemed to hold "plan assets"

of Benefit Plan Investors, (i) ERISA's fiduciary standards would apply to the Carousel Fund and (ii) transactions into which the Carousel Fund might enter in the ordinary course of business to constitute prohibited transactions under ERISA and Section 4975 of the Code. In order to avoid having a Carousel Fund's assets treated as "plan assets," if 25% or more of any class of equity of the Carousel Fund is held by Benefit Plan Investors, the General Partner intends to operate such Carousel Fund so as to qualify as a VCOC within the meaning of regulations promulgated under ERISA in order to avoid holding "plan assets" within the meaning of ERISA. The General Partner cannot give any assurance that a Carousel Fund will ultimately be considered to qualify as a VCOC. Accordingly, each fiduciary of an ERISA Plan should consult its legal advisers before making an investment in a Carousel Fund. If the General Partner determines to operate a Carousel Fund so as to qualify as a VCOC, the Carousel Fund will likely be restricted or precluded from making certain investments. In addition, it could be necessary for the General Partner to liquidate Partnership investments at a disadvantageous time in order to avoid holding ERISA "plan assets," resulting in lower proceeds to a Carousel Fund than might have been the case without the need to qualify as a VCOC.

Effects of Bankruptcy

A Carousel Fund could make investments in portfolio companies that are or could become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks that are faced in bankruptcy cases that must be factored into the investment decision include, for example, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, a Carousel Fund could suffer a loss of all or a part of the value of its investment in a portfolio company. A bankruptcy filing will likely adversely and permanently affect a portfolio company. The portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value that was believed to exist prior to the making of the investment by a Carousel Fund. In general, bankruptcy laws are expected to have a variety of adverse impacts on the value of a Carousel Fund's investments and the timing and amount of any distributions a Carousel Fund is able to receive therefrom. In addition, investments in restructurings could be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Pension Liabilities

A Carousel Fund could face risk of loss from employee pension-related liabilities arising from investments in portfolio companies that maintain or contribute to defined benefit pension plans in the United States and certain other jurisdictions. Under certain circumstances, U.S. courts have held (and certain non-U.S. laws provide) that certain shareholders could be responsible for satisfying certain pension liabilities incurred by their direct and indirect operating company investments (including liabilities associated with the operating company's withdrawal from a

pension plan). While U.S. law is unsettled regarding the circumstances under which an investment fund could be responsible for these types of pension liabilities and the Partners intend to consider (among many factors) potential pension liabilities in determining whether to invest in a particular portfolio company, it is possible that a Carousel Fund could become subject to pension-related liabilities of portfolio companies in which it invests and that such pension liabilities could exceed the value of such investment.

Hedging

A Carousel Fund is permitted to enter into swaps, forward contracts and other arrangements to seek to preserve a return on a particular investment or to seek to protect against currency fluctuations. Such transactions have special risks associated with them, including the possible default by the counterparty to the transaction and the illiquidity of the instrument acquired by a Carousel Fund relating thereto. Although such transactions could reduce a Carousel Fund's exposure to currency fluctuations or decreases in the value of investments, the costs associated with these arrangements could reduce the returns that the Carousel Fund would have otherwise achieved if it had not entered into these transactions.

Investments in Small Companies

A component of a Carousel Fund's investment strategy is to invest in small companies (enterprise values less than \$150 million). While investments in small companies could present greater opportunities for growth, such investments could also entail larger risks than are customarily associated with investments in large companies. Small companies will often have more limited product lines, markets and financial resources, and could be dependent on smaller management groups. As a result, such companies could be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth could be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which could make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small companies, could make it difficult for a Carousel Fund to react quickly to negative economic or political developments.

Failure to Make Capital Contributions

The Interests of a Carousel Fund in certain cases could be materially and adversely affected by the failure of a Limited Partner to meet its contribution or other payment obligations to the Carousel Fund (whether arising through a Limited Partner's default, its excuse or exclusion from one or more investments, or a permitted withdrawal or removal from the Carousel Fund). If a Limited Partner fails to make any contribution or payment to a Carousel Fund for any reason, the other Limited Partners could be required to fund the shortfall, with the consequence that the non-defaulting Limited Partners could have greater exposure to a Carousel Fund's investments or

liabilities than they otherwise would. A Limited Partner's failure to make any contribution or payment to a Carousel Fund for any reason could also cause the Carousel Fund to be unable to meet the Carousel Fund's obligations when due, which could materially and adversely impair the Carousel Fund's ability to execute on its investment strategy or to otherwise continue operations. In such event, a Carousel Fund could be subjected to significant liabilities or penalties that could materially reduce the returns to the participating Limited Partners (including non-defaulting Limited Partners). A substantial default by (or discontinued participation of) one or more Limited Partners would leave a Carousel Fund with less available capital commitments and would limit opportunities for investment diversification and likely reduce returns to the Carousel Fund.

Consequences of Failure to Pay Contribution in Full

If a Limited Partner fails to pay any installment of its commitment, the General Partner could elect to cause the defaulting Limited Partner to forfeit all or a portion of its Interest in a Carousel Fund, including any future profits that otherwise would have been allocable to the defaulting Limited Partner, and to lose its voting rights with respect to any matter to come before the Limited Partners. The General Partner could require that the remainder of the defaulting Limited Partner's commitment be cancelled, and could designate a person or entity to assume the entire unpaid balance of the defaulting Limited Partner's commitment and succeed to all of the rights of the defaulting Limited Partner's Interest. In addition, the General Partner could pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount, including attorneys' fees, to be paid by the defaulting Limited Partner. The General Partner will retain the discretion to employ such remedies in respect of a Limited Partner's default as it could determine on a case-by-case basis in its sole discretion. There is no requirement that remedies be applied consistently among defaulting Limited Partners, and the General Partner could determine for a variety of reasons to apply different remedies to different defaulting Limited Partners.

Mandatory Withdrawal

The General Partner has the authority to require a Limited Partner to withdraw from a Carousel Fund prior to the termination and liquidation of the Carousel Fund if the General Partner determines that the continued participation in the Carousel Fund of such Limited Partner could materially adversely affect the Carousel Fund or in certain other circumstances as further described in the Partnership Agreement (for example, by causing the Carousel Fund to be registered as an investment company under the Investment Company Act or causing the Carousel Fund's assets to be treated as "plan assets" under ERISA). A Limited Partner required to withdraw early from a Carousel Fund could suffer a material loss on its investment.

Public Disclosure Obligations

A Carousel Fund in certain circumstances will be required to disclose confidential information relating to its portfolio investments and its financial results to third parties that could request such information if and to the extent required by federal, state or local law or regulation applicable to

the Carousel Fund or any of its Limited Partners, including those Limited Partners that are public agencies or governmental bodies. There can be no assurance that such information will not be disclosed either publicly or to regulators, or otherwise. In addition, in order to comply with regulations and policies to which a Carousel Fund, the General Partners, the Manager, portfolio companies, or service providers (including financial institutions) are or could become subject, or to satisfy regulatory or other requirements in connection with transactions, the Carousel Fund, the General Partners or the Manager could be required to disclose information about the Limited Partners, including their identities. Such disclosure obligations in certain cases will adversely affect certain Limited Partners, particularly Limited Partners who are not otherwise subject to public disclosure of information relating to the private holdings of funds in which they invest. Such disclosure obligations in certain cases will adversely affect certain Limited Partners, particularly Limited Partners who are not otherwise subject to public disclosure of information relating to the private holdings of funds in which they invest.

Freedom of Information Act

The General Partner or the Manager could withhold all or any part of the information otherwise to be provided to a Limited Partner (pursuant to the Partnership Agreement or otherwise) under certain circumstances in order to prevent public disclosure of such information under the U.S. Freedom of Information Act (“FOIA”), any governmental public records access law, any state, provincial or other jurisdiction’s laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement.

Investments in Public Companies

A Carousel Fund is permitted to take private portfolio companies public. Investments in public companies could subject the portfolio company to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Carousel Fund to dispose of such securities at certain times (including due to the possession by the Carousel Fund of material non-public information), increased likelihood of shareholder litigation against such companies’ board members, which could include the Partners and other members of the Carousel Capital team, regulatory action by the domestic or foreign securities regulators and increased costs associated with each of the aforementioned risks.

Limited Access to Information

Limited Partners’ rights to information regarding a Carousel Fund will be specified, and strictly limited, in the Partnership Agreement. In particular, it is anticipated that the General Partner will obtain certain types of material information from investments that will not be disclosed to Limited Partners because such disclosure is prohibited by contractual, legal or other obligations. Decisions by the General Partner to withhold information could have adverse consequences for Limited

Partners in a variety of circumstances. For example, a Limited Partner that seeks to transfer its Interests could have difficulty in determining an appropriate price for such Interests. Decisions to withhold information could also make it difficult for Investors to monitor the General Partner and its performance. Additionally, it is expected that Limited Partners who designate representatives to participate on the Board of Advisors could, by virtue of such participation, have more information about a Carousel Fund and investments in certain circumstances than other Limited Partners generally and could be disseminated information in advance of communication to other Investors generally.

Legal, Tax and Regulatory Risks

The regulatory considerations affecting the ability of a Carousel Fund to achieve its investment objectives are complicated and subject to change and can result in significant compliance costs and expenses.

During the term of a Carousel Fund, legal, tax and regulatory changes could occur that adversely affect the Carousel Fund. For example, from time to time, the market for private investment fund transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. In addition, private investment funds and their investment advisers could be subject to increased regulation, taxation or other scrutiny by regulators or other market participants. Any such scrutiny or initiatives could have an adverse impact on the private investment fund industry generally or on a Carousel Fund, the General Partner or the Manager, including the ability of the Carousel Fund to take the measures necessary to effect operating improvements or restructurings of portfolio companies or otherwise achieve its objectives.

Increased Regulatory Scrutiny of Fund Sponsors

In recent years, the SEC has particularly scrutinized the private equity industry, including conducting numerous examinations and bringing a number of enforcement actions against private fund managers. Changes in law or regulations could adversely affect the value of instruments held (directly or indirectly) by a Carousel Fund, could affect the ability of such Carousel Fund to pursue its investment strategies, or could restrict or prevent the General Partner and/or the Manager from continuing to perform services for such Carousel Fund in the manner currently contemplated. The SEC has also more recently proposed a number of new rules and regulations that, if finalized, would prohibit private fund adviser activities that had previously been addressed through disclosure and significantly expand the information disclosed to investors and the SEC. The effect of any future regulatory changes on the Manager, the General Partner, any Fund, and/or any Investor, could be substantial and result in material amendments to the terms of the applicable fund documents.

Other Regulatory Concerns

A Carousel Fund is not required to, and does not intend to, register as an investment company under the Investment Company Act in reliance upon an exclusion from registration provided in either Section 3(c)(7), which limits the availability of Interests to persons who are qualified purchasers as defined in Section 2(a)(51) of the Investment Company Act, or Section 3(c)(1), which limits the number of beneficial owners of the Interests to not more than 100 persons. Accordingly, certain provisions of the Investment Company Act (which could provide certain regulatory safeguards to investors) will not be applicable. Neither the Carousel Funds nor their counsel can assure investors that it may not become subject to such regulation.

In addition, Section 13 of the Bank Holding Company Act of 1956, as amended (together with the rules, regulations and published guidance thereunder, the “Volcker Rule”), generally prohibits certain “banking entities” from engaging in proprietary trading, or from acquiring or retaining an ownership interest in, sponsoring or having certain relationships with “covered funds”, unless pursuant to an exclusion or exemption under the Volcker Rule. Each purchaser of the interests of a Carousel Fund must make its own determination as to whether it is subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain any such interests. Investors in the interests of a Carousel Fund are responsible for analyzing their own regulatory position and none of the Carousel Funds or any of their affiliates makes any representation to any prospective investor or purchaser of such interests regarding the treatment of a Carousel Fund under the Volcker Rule, or to such investor’s investment in the interests of a Carousel Fund on the date of issuance or at any time in the future.

Furthermore, the General Partner is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or with the National Association of Securities Dealers, Inc. (the “NASD”) and is consequently not subject to the recordkeeping and specific business practice provisions of the Exchange Act and the rules of the NASD.

Where applicable, the General Partners operate pursuant to an exemption from registration with the U.S. Commodity Futures Trading Commission (the “CFTC”) as a commodity pool operator (“CPO”) under CFTC Rule 4.13(a)(3), and, thus, (i) unlike a registered CPO, the General Partner is not required to deliver a disclosure document containing CFTC-prescribed information to the Carousel Funds or prospective investors, nor will they be required to provide the Carousel Funds or investors with periodic account statements or certified annual reports that satisfy the requirements of CFTC rules applicable to a registered CPO, and an offering memorandum for the Carousel Funds is not required to be, and has not been, filed with the CFTC or the National Futures Association (“NFA”). Neither the CFTC nor the NFA pass upon the merits of participating in a pool or upon the adequacy or accuracy of an offering memorandum. Consequently, the CFTC and the NFA have not reviewed or approved this brochure or any offering memorandum for a Carousel Fund.

Regulatory Status

Carousel Capital is registered as an investment adviser pursuant to the Advisers Act and, as such, is subject to the provisions of the Advisers Act. Failure to comply with the requirements imposed on Carousel Capital as a consequence of its current registrations or requirements that could be imposed as a result of future registrations could have a significant adverse effect on Carousel Capital's ability to perform its duties to the Carousel Funds. Carousel Capital's ability to source and execute transactions for the Carousel Funds could also be adversely affected by negative publicity arising from any regulatory compliance failures or other inappropriate behavior attributed to or any other publicity related to Carousel Capital, any affiliate of Carousel Capital or any of their respective investment professionals.

General Tax Considerations

The Carousel Funds are expected to be treated as partnerships for U.S. federal income tax purposes. Each investor, in determining its U.S. federal income tax liability, will take into account annually its allocable share of items of income, gain, loss, deduction and credit of a Carousel Fund, without regard to whether it has received distributions from the Carousel Fund. Accordingly, an investor's tax liability attributable to a Carousel Fund could exceed the cash distributions from the Carousel Fund in any year, and in such case, the investor would have to satisfy its tax liability arising from its investment in the Carousel Fund from the investor's own funds. In addition, it is possible that a Carousel Fund will not be able to furnish the investors' Schedule K-1s for completing their U.S. tax returns prior to April 15th of each year. In such event, the investors will likely have to file requests for extension of time to file their U.S. tax returns. As is generally the case for similar private equity investments, an investment in a Carousel Fund will give rise to a variety of complex U.S. federal income tax and other tax issues for investors. Certain of those issues could relate to special rules applicable to certain types of investors, such as tax-exempt investors, life insurance companies, banks, individuals, dealers in securities and non-U.S. persons. Prospective investors are urged to consult their own tax advisors regarding their specific tax situations, including any applicable U.S. federal, state, local and non-U.S. taxes and, in the case of prospective investors subject to special rules under U.S. federal tax laws, such as tax-exempt investors and non-U.S. investors, any special issues that an investment in a Carousel Fund could raise for such investors.

Tax-Exempt and Non-U.S. Investors May Be Subject to U.S. Tax

Based on the experience of the prior funds, the General Partner anticipates that the Carousel Funds will make investments that generate income that is taxable to certain tax-exempt investors as "unrelated business taxable income" ("UBTI") under Section 512 of the Internal Revenue Code of 1986, as amended (the "Code"), and that is taxable to non-U.S. investors as "effectively connected with the conduct of a trade or business within the United States" under Section 871 and 882 of the Code ("ECI"). Such investments, if made, would give rise to U.S. tax reporting and payment obligations for tax-exempt and non-U.S. investors in the Carousel Funds. The General Partner may make certain decisions, adopt certain investment or disposition structures or forgo certain actions

in order to maximize pre-tax returns for investors, the result of which could be that tax-exempt investors recognize more UBTI or non-U.S. investors recognize more ECI than might be the case with other structures or decisions. The General Partner has no obligation to take any action to avoid or minimize the incurrence of UBTI by a tax-exempt investor or ECI by a non-U.S. investor.

State and Local Taxes

In addition to being taxed in its own state or locality of residence, an investor may be subject to tax return filing obligations and income, franchise and other taxes in jurisdictions in which a Carousel Fund (or an entity in which a Carousel Fund invests) operates. Prospective investors should consult their tax advisers regarding the state and local tax consequences of an investment in a Carousel Fund.

Taxation in Other Jurisdictions

A Carousel Fund may make investments in jurisdictions outside the United States. As a result, a Carousel Fund or the investors may be subject to income or other tax in such jurisdictions. Additionally, withholding or other taxes could be imposed on income or gains of a Carousel Fund from investments in such jurisdictions (although such taxes may be subject to reduction under applicable tax treaties). In such a case, it is possible that investors would be unable to claim (i) a credit against tax that may be owed in the United States or their respective local tax jurisdictions or (ii) a deduction against income taxable in the United States or such local jurisdictions, with respect to any local tax incurred in a non-U.S. jurisdiction by a Carousel Fund (or vehicles through which a Carousel Fund invests). Prospective investors should consult their tax advisors regarding the non-U.S. tax consequences of an investment in a Carousel Fund.

Possible Legislative or Other Actions Affecting Tax Aspects

The present U.S. federal income tax treatment of an investment in a Carousel Fund may be modified by legislative, judicial or administrative action at any time and any such action may affect investments and commitments previously made. The U.S. federal income tax rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, resulting from time to time in the adoption of new Treasury regulations or changes to the existing regulations, revised interpretations of established concepts, as well as statutory changes. Any changes in the U.S. federal tax laws or interpretations thereof could adversely affect the tax treatment of an investment in a Carousel Fund. The U.S. Congress often focuses on the U.S. federal income tax treatment of partnerships and investments by U.S. persons in non-U.S. partnerships, and there can be no assurance that legislation will not be enacted that has an unfavorable effect on an investor's investment in the Carousel Fund.

Limited Partners Will Not Participate in Management of a Carousel Fund

Limited Partners will not have the right to participate in the management of a Carousel Fund or in decisions made by the General Partner on its behalf. As a result, Limited Partners will have almost no control over their investments in a Carousel Fund or their prospects with respect thereto.

Unspecified Use of Proceeds

Prospective investors will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by a Carousel Fund and, accordingly, will be dependent upon the judgment and ability of the General Partner and the Manager in investing and managing the capital of such Carousel Fund. No assurance can be given that a Carousel Fund will be successful in obtaining suitable investments, or that if such investments are made, the objectives of such Carousel Fund will be achieved.

Effect of Fees and Expenses on Returns

A Carousel Fund will pay the Management Fee and will bear all expenses related to its operations. Such fees are expected to reduce the actual returns to investors. Most of the fees and expenses will be paid regardless of whether a Carousel Fund produces positive investment returns. If a Carousel Fund does not produce significant positive investment returns, these fees and expenses could reduce the amount of the investment recovered by a Limited Partner to an amount less than the amount invested in the Carousel Fund by such Limited Partner.

Special Risks Associated with Offshore Investments

A Carousel Fund could invest a portion of its commitments in portfolio companies that are headquartered and have their principal operations outside the United States. These investments could involve special risks not typically associated with investments in securities of U.S. issuers, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability, (b) differences between U.S. and foreign securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, the relatively greater price volatility and illiquidity of foreign securities markets, (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another, and (d) tax-related issues, including the possibility of withholding taxes, confiscatory foreign taxes, and double taxation of income earned overseas.

Difficulty in Valuing Investment Portfolio

The General Partner will value the portfolio investments from time to time at their fair market values. Partnership assets that are publicly traded securities for which market prices are readily available will be valued based on their trading prices, however, for almost every portfolio company, there will likely be no public market for its securities. Thus, portfolio valuation inherently is highly subjective and imprecise and requires the use of techniques that are costly and

time consuming and ultimately provide no more than an estimate of value. In establishing the value of a Carousel Fund's investment portfolio, the General Partner in certain cases will also consult with accounting firms, investment banks and other third parties when needed, to assist with the valuation of the Carousel Fund's investments. The value set by the General Partner may not reflect the price at which a Carousel Fund could dispose of its interests in a particular portfolio company at any given time.

Global Economic Conditions; Market Dislocation

General global economic conditions could affect a Carousel Fund's activities. Interest rates, general levels of economic activity, fluctuations in the market price of securities and participation by other investors in the financial markets could affect the value and number of investments made by the instability in the securities markets may increase the risks inherent in portfolio investments made by a Carousel Fund. To the extent a Carousel Fund's portfolio companies participate in such markets, the results of their operations may suffer. In addition, to the extent that marketplace events continue (or worsen), this could have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of a Carousel Fund's portfolio companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, a Carousel Fund could lose both invested capital in and anticipated profits from such portfolio companies.

In addition, current global economic conditions have the potential to materially and adversely affect (i) the ability of a Carousel Fund, its portfolio companies or their respective affiliates to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments, (ii) the ability or willingness of certain counterparties to do business with a Carousel Fund or its affiliates, including due to labor shortages or supply chain disruptions, (iii) a Carousel Fund's exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents), (iv) consumer spending and demand for the products and services offered by a Carousel Fund's portfolio companies, (v) growth opportunity for a Carousel Fund's investments, (vi) a Carousel Fund's ability to exit its investments at desired times, on favorable terms, or at all, (vii) availability of reliable insurance on favorable terms or at all, and (viii) the ability of a Carousel Fund's investors to meet their obligations to a Carousel Fund in a timely manner or at all.

Brexit

The United Kingdom ("UK") withdrew from the European Union (the "EU") on January 31, 2020 ("Brexit"). In connection with Brexit the UK and the EU agreed on the Trade and Cooperation Agreement ("TCA"), which took effect from January 1, 2021, that governs the future trading relationship between the UK and the EU in specified areas. Notably, the TCA does not include an EU-wide cooperation arrangement for financial services, with UK firms instead having to

negotiate individual EU member state regulations and cooperation/recognition arrangements. There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on the Carousel Funds and its investments, including the ability of the Carousel Funds to achieve its investment objectives. The ongoing effects of Brexit could result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities,) an adverse effect on the ability of Carousel Capital to manage, operate and invest the Carousel Funds and increased legal, regulatory or compliance burden for the General Partners, Carousel Capital, or the Carousel Funds, each of which could have a negative impact on the operations, financial condition, returns or prospects of the Carousel Funds.

Environmental, Social & Governance (“ESG”) Matters

ESG matters have been the subject of increased focus by regulators in the US and EU, among other jurisdictions. While Carousel Capital strives to implement ESG practices, there can be no assurance that Carousel Capital will be able to identify all ESG issues or will be able to successfully implement its ESG policies. The use of ESG metrics in the investment process is often subjective and not subject to uniform standards, and, as such, there is no guarantee that Carousel Capital will be able to accurately assess and measure the ESG risks and ESG compliance of a Carousel Fund’s investments and/or potential investments. ESG-based exclusionary criteria could result in a Carousel Fund foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, and/or selling certain investments due to their ESG characteristics when it might be disadvantageous to do so. The use of ESG criteria could affect a Carousel Fund’s investment performance and, as such, a Carousel Fund could perform differently compared to similar funds that do not use such criteria. Additionally, it should not be assumed that any ESG practices or standards will apply to every investment in which the Funds invest or that they have applied to all of the Funds’ prior investments. ESG is only one of many considerations that the Advisers take into account when making investment decisions, and other considerations can be expected in certain circumstances to outweigh ESG considerations. Any ESG information provided is intended solely to provide an indication of ESG initiatives and standards that the firm applies when seeking to evaluate and/or improve the ESG characteristics of an investment as part of the larger goal of maximizing financial returns on investments. Accordingly, certain investments could exhibit characteristics that are inconsistent with the practices or standards described herein.

Anti-Corruption Laws

In recent years, regulators have placed an increased focus on the U.S. Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act, the Canadian Corruption of Foreign Public Officials Act and other anticorruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which the Manager, the General Partners, the Carousel Funds and/or the portfolio companies could be subject (collectively, the “Anti-Corruption Laws”). Any determination that the Manager, the General Partner, a Carousel Fund and/or any portfolio company has violated any Anti-Corruption

Law could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct and/or securities litigation, any one of which could adversely affect the Manager, the General Partner, the Carousel Fund and/or the portfolio companies.

Cyber Security Breaches and Identity Theft

Carousel Capital, each Carousel Fund and each Carousel Fund's portfolio companies generally rely on information technology systems for current and planned operations. Information and technology systems of Carousel Capital and each Carousel Fund's portfolio companies could be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors or malfeasance by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Carousel Capital, a Carousel Fund or a portfolio company could have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Carousel Funds' investment results and its ability to make distributions to its partners. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in Carousel Capital's, the Carousel Funds' or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Carousel Capital's, the Carousel Funds' or a portfolio company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Natural Disasters, Geopolitical Events and Similar Dislocations

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on portfolio companies and other developing economic enterprises in such country. Also, geopolitical events and the fear of a prolonged global conflict can result in increased short-term economic volatility. Consumer, corporate and financial confidence will likely be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, major disruptions in credit markets and uncertainties relating to sovereign debts and economic stability or other sources of political, social or economic unrest. Such erosion of confidence could lead to or extend a localized or global economic downturn. A climate of uncertainty could reduce the availability of potential investment opportunities, result in longer holding periods for investments and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. The effects of geopolitical events, military action or similar events on global and domestic economies and securities markets cannot

be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation and other factors relating to a Carousel Fund's investments.

Inflation

Certain countries have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which a Carousel Fund could invest. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of a Carousel Fund.

Disease and Epidemics

The impact of disease and epidemics could have a negative impact on a Carousel Fund, its portfolio companies and their performance and financial position. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline. For example, such events could adversely impact economic activity through disruption in supply and delivery chains. Moreover, Carousel Capital's operations and those of a Carousel Fund and its portfolio companies could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses could have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence could negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on Carousel Capital's business and a Carousel Fund and its portfolio companies. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated.

In December 2019, a novel strain of coronavirus surfaced ("COVID-19") and has spread around the world, with resulting business and social disruption of a significant nature. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The speed and extent of the spread of COVID-19 and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain and such adverse effects could be material. While governmental agencies and private sector participants have sought to mitigate the adverse effects of COVID-19, which have included such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel and other restrictions, and, more recently, the medical community has developed multiple vaccines and other treatment options, the efficacy of such measures is uncertain, including in light of more recent and future variants of COVID-19. Additionally, delays and other logistical issues relating to vaccination of large segments of the population continue to significantly impact the timeline of a COVID-19 recovery. Carousel Capital's operations and business results, including

with respect to a Carousel Fund and its portfolio companies, could continue to remain materially adversely affected by the COVID-19 outbreak for the foreseeable future.

Business Continuity Plan

In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, Carousel Capital is likely to initiate its business continuity plan to safeguard employee access to the resources and technology necessary to continue their responsibilities and meet portfolio company and investor needs. The business continuity plan is tested to ensure that appropriate measures are put in place to manage any such catastrophic events. However, Carousel Capital is not able to predict the level of disruption that such catastrophic events could have on its operation or the ability of the plan to succeed in a time of crisis. Thus, its business continuity plan could be insufficient to continue operating the Carousel Capital's business as usual. The failure of the business continuity plan for any reason could cause significant interruptions in the General Partner's, Carousel Capital's, the Carousel Funds' and/or a portfolio company's operations. Similar types of operational risks are also present for the portfolio companies in which a Carousel Fund invests, which could have material adverse consequences for such companies and could cause a Carousel Fund's investments to lose value. While Carousel Capital have limited ability to control these risks at the portfolio-company level, Carousel Capital will work with portfolio companies to implement their own business continuity plans.

Carousel Capital initiated its business continuity plan in response to the spread of COVID-19. Although Carousel Capital's personnel have generally returned to the office and have resumed domestic travel, there is no assurance that in response to any COVID-19 resurgences or future crisis that Carousel Capital's personnel will not resume working remotely and/or with restricted travel. While working remotely, employees have the necessary technology to continue meeting investor and portfolio company needs, including access to laptops with remote working capabilities and audio and video conferencing technology, and Carousel Capital's servers are capable of handling its workforce working remotely. Carousel Capital has limited non-essential overseas travel, and the investment team remains in ongoing communication with each other and with portfolio companies. While the implementation of the business continuity plan has not impaired Carousel Capital's operations to date, the ongoing implementation of the business continuity plan could affect in the future the ability to operate effectively, including the ability of personnel to function, communicate and carry out Carousel Capital's investment strategies and objectives. For example, Carousel Capital's ability to conduct due diligence on potential portfolio company investments and monitor its current investments will be limited until its operations and the operation of portfolio companies and potential portfolio companies are no longer disrupted by the COVID-19 pandemic.

Banking System Volatility

As of March 2023, the U.S. banking system has experienced, and could continue to experience, significant volatility. The closing of Silicon Valley Bank ("SVB") and Signature Bank will

negatively impact the availability of certain financial services to their respective former clients, which could include Carousel Capital, the General Partners, the Carousel Funds, a portfolio company or service providers and could require former clients to establish new bank relationships. These closures, and any additional closures that could occur within the banking system, could significantly increase Carousel Capital, the General Partners' and the Carousel Funds' costs, negatively impact the Carousel Funds' ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert Carousel's time, attention and resources away from the pursuit of a Carousel Fund's investment strategy. Furthermore, these closures, and any additional closures that could occur within the banking system, have the potential to also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and their major customers that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, the closing of SVB and Signature Bank could significantly exacerbate the normal risks associated with a Carousel Fund and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. Furthermore, the closing of SVB and Signature Bank could lead to financial system and participant regulatory reform, and such increased regulatory oversight could impose additional administrative burden on Carousel Capital, the General Partner and the Carousel Funds. The foregoing could materially adversely impact a Carousel Fund's operations and its ability to realize its investment objectives in a timely manner, and it is currently unclear what the ultimate effect of the situation will be on the private equity industry and global markets as a whole.

Access to Deposits

Carousel Capital maintains the majority of its and the Carousel Funds' cash and cash equivalents in accounts with major U.S. financial institutions, and Carousel Capital's and the Carousel Funds' deposits at these institutions often will, from time to time, exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where Carousel Capital maintains its and the Carousel Funds' cash and cash equivalents, there can be no assurance that Carousel Capital would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect Carousel Capital's or the Carousel Funds' business and financial positions.

Climate Change Laws and Regulations Restricting Emissions of Greenhouse Gases

In response to published findings that emissions of carbon dioxide, methane and other greenhouse gases ("GHGs") present an endangerment to public health and the environment, the Environmental Protection Agency ("EPA") has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, establish Prevention of Significant Deterioration ("PSD") construction and Title V operating permit reviews for certain large stationary sources that are potential major sources of GHG emissions. Facilities required to obtain PSD permits for their

GHG emissions also will be required to meet “best available control technology” standards that will be established by the states or, in some cases, by the EPA on a case-by-case basis. These EPA rulemakings could adversely affect a portfolio company’s operations. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States on an annual basis.

In January 2021, the Biden administration issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies and any similar agency actions promulgated during the prior administration that could be inconsistent with the administration’s policies. It is unclear the degree to which certain recent regulatory developments could be modified or rescinded but more aggressive regulations are expected under the new administration. In addition, Congress has considered legislation to restrict or regulate emissions of greenhouse gases. While it remains unclear whether Congress will be able to agree on comprehensive climate legislation in the near future, energy legislation and other initiatives could seek to address GHG emissions issues. In the absence of federal climate legislation, almost half of the states, either individually or through multi-state regional initiatives, have begun to address GHG emissions, primarily through the planned development of emission inventories or regional GHG cap and trade programs. Although it is not possible at this time to predict how legislation or new regulations that could be adopted to address GHG emissions would impact the Carousel Fund’s investment program, any such future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, a portfolio company’s operations could require it to incur costs to reduce or report emissions of GHGs. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth’s atmosphere could produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on the operations of Carousel Capital, the Carousel Funds, and their portfolio companies.

Russia-Ukraine Conflict

The Russian Federation invaded Ukraine on February 24, 2022. Geopolitical tensions have mounted in response and the U.S., the United Kingdom, European Union (“EU”) member states, and other countries have imposed economic sanctions on the Russian Federation, parts of Ukraine, as well as various designated parties. As further military conflicts and economic sanctions continue to evolve, it has become increasingly difficult to predict the effect of these events or how long they will last. Depending on direction and timing, the Russian Federation-Ukraine conflict could significantly exacerbate the normal risks associated with a Fund and lead to adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping, energy and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) demand for investments; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords and governmental policies. Economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, could affect

markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place in the near term. It is also expected that the Russian Federation-Ukraine conflict could spark further sanctions or military conflicts which will impact other regions. The foregoing could seriously impact each Fund's operations and its ability to realize its investment objectives timely.

Inflation

Certain countries have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have harmed and could continue to harm the economies and securities markets (both public and private) of certain countries in which the Funds invest. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Funds.

Alternative Data

Carousel Capital is permitted to obtain and use alternative data in its investment process. Alternative data could consist of datasets that have been culled from a variety of sources, such as internet usage, payment records, financial transactions, weather and other physical phenomena sensors, applications and devices (such as smartphones) that generate location and mobility data, data gathered by satellites, and government and other public records databases (this data is sometimes referred to as "big data" or "alternative data"). Carousel Capital reserves the right to apply this alternative data to better anticipate micro- and macroeconomic trends and otherwise to develop or improve trading or investment themes. No assurance can be given that Carousel Capital will be successful in utilizing alternative data in its investment process.

Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data in this manner, and its use or misuse under current or future laws and regulations could create liability for Carousel Capital and the Funds in numerous jurisdictions. Carousel Capital cannot predict what, if any, regulatory or other actions could be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to Carousel Capital or to the Funds. Conversely, any future limitations on the use of alternative data could have a material adverse impact on the performance of the Funds.

Regulatory Changes

A portfolio company in which the Carousel Funds invest could be materially and adversely affected as a result of new laws or regulations, or statutory or regulatory changes or changes in judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company, the markets in which such company operates or such company's industry generally. Such changes could materially and adversely affect the performance of one or more of the Carousel Funds' investments. Moreover, additional regulatory approvals and permits, including renewals, extensions, transfers, assignments,

reissuances or similar actions, could become applicable in the future due to a change in laws and regulations, a change in the companies' customer(s), or for other reasons. Changes in laws and regulations could result in increased compliance costs, additional capital expenditures or unanticipated liabilities. A portfolio company also could be materially and adversely affected by regulations that have been vacated, remanded or otherwise limited by court decisions, which creates considerable uncertainty as to how these regulations will be modified and/or ultimately implemented. Any such modifications could alter the competitive landscape and/or the nature of the markets in which a portfolio company operates in a material and adverse manner to such portfolio company.

Recent and Possible Legislative or Other Actions Affecting Applicable U.S. Securities Laws

The U.S. securities laws applicable to the Interests, the Carousel Funds, the General Partners or the Manager (including, without limitation, the Securities Act, the Investment Company Act, the Exchange Act and the Advisers Act) are constantly under review by persons involved in the legislative process and by the SEC, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. These laws could be modified by legislative, judicial or administrative action at any time. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act made several sweeping changes to the aforementioned U.S. securities laws. Also, the SEC recently amended the rules promulgated under the Advisers Act with respect to advertising, marketing and cash solicitation. These recent revisions to the U.S. securities laws and interpretations thereof and potential future revisions and interpretations could adversely affect the Interests, the Carousel Funds, the General Partners or the Manager and, in that regard, could require modifications to a Carousel Fund's intended investment program or increase the compliance costs of operating a Carousel Fund. Other jurisdictions are similarly reviewing their respective laws, regulations and policies with respect to private investment funds and their investment advisers and any changes thereto could have an adverse effect on the Interests, the Carousel Funds, the General Partners or the Manager.

Material Non-Public Information

Despite the maintenance of restricted lists and other internal controls, perhaps the internal controls relating to the management of material non-public information could fail and lead to Carousel Capital, or one of its investment professionals, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could harm Carousel Capital's reputation, lead to the imposition of regulatory or financial sanctions, and so harm Carousel Capital's ability to perform its investment management services on behalf of a Fund.

U.S. Taxation of Carried Interest

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Carousel Funds as short-term capital gain (taxed at higher ordinary income

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

See also Item 6 and Item 11.

Item 9. Disciplinary Information

No material items exist as of this time.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various General Partners serve as general partners of the Carousel Funds, and Carousel Capital is the manager of each of the General Partners. Carousel Capital is affiliated with each of the other General Partners, each of which relies on Carousel Capital's investment adviser registration in accordance with SEC guidance under the Advisers Act. Together they operate as a single advisory business, are under common control and are subject to a unified code of ethics and compliance program adopted by Carousel Capital pursuant to the requirements of the Advisers Act. The investment committee of each Carousel Fund is comprised of the Partners of Carousel Capital.

The General Partners, Carousel Capital and their respective affiliates will encounter potential conflicts of interest in connection with the Carousel Funds interests, assets or activities (including certain conflicts of interest as among the interests of different Fund vehicles). On any issue involving conflicts of interest, the General Partners and their affiliates will be guided by their respective good faith judgment as to the Carousel Funds' best interests (although the best interests of different Carousel Fund vehicles may sometimes be inconsistent or in conflict with one another). In certain circumstances, the General Partners will present potential conflicts of interest to the board of advisors made up from representatives of certain investors in a Carousel Fund (the "Board of Advisors") for approval. Potential conflicts of interest are identified below and discussed in more detail in the applicable Fund's offering documents.

Potential Conflicts of Interest

Carousel Fund Investment Opportunities and Co-Investment Opportunities

Carousel Capital will likely at any time manage more than one Carousel Fund, which all have similar investment objectives. The General Partners allocate investment opportunities among the Carousel Funds in a manner they believe is fair and reasonable and consistent with their obligations to each such Carousel Fund, including any requirements set forth in the applicable Partnership Agreements. Typically, the General Partner presents new investment opportunities suitable for the Carousel Funds to the Carousel Fund that is actively investing its capital. The General Partners and persons affiliated with them from time to time engage in other investment activities on behalf of themselves and others, including pursuing investments that do not meet the investment objectives of or not otherwise pursued by the Carousel Funds, to the extent permitted by the applicable Partnership Agreements and Carousel Capital's Allocation of Investment Opportunities policies and procedures. With respect to certain investment decisions, Carousel Capital consults and receives consent to conflicts from the applicable Carousel Fund's Board of Advisors.

The General Partners serve as investment managers to certain co-investment vehicles that invest alongside the Carousel Funds in certain portfolio companies and also, from time to time, offer certain investors or other persons the opportunity to co-invest directly in a portfolio company. The General Partners have sole discretion in terms of offering such co-investment opportunities, and they have made, and could in the future make, an investment in, or otherwise participate in, any co-investment opportunity, either directly or through any vehicle formed to make a co-investment with a Carousel Fund. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Carousel Capital's exercise of discretion in allocating investment opportunities could, and often will, result in disproportionate allocations among investors that have expressed interest in co-investment opportunities, and such allocations will likely be more or less advantageous to some such investors relative to other such investors. Co-investment opportunities typically will be offered to some and not to other Fund investors.

In circumstances where an entire investment could be made by a Carousel Fund, Carousel Capital is still permitted to allocate a portion of such investment to one or more co-investment funds or other co-investors in accordance with such Carousel Fund's Partnership Agreement and Carousel Capital's allocation policy if, for example, Carousel Capital believes in its good faith judgment that the full investment would unreasonably limit the diversification of the applicable Carousel Fund or that a particular co-investor would add value to the Carousel Fund or the investment. Finally, Carousel Capital's allocation of investment opportunities often will not result in proportional allocations, and such allocations likely will be more or less advantageous to some such persons relative to others. While Carousel Capital will allocate investment opportunities in a manner that it believes is fair and equitable under the circumstances over time and considering relevant factors, Carousel Funds will, in certain cases, involve different terms and fee structures,

which could incentivize Carousel Capital and its affiliates to make more (or less) of such investment opportunities available to a Carousel Fund and/or such Carousel Funds and result in conflicts of interest in respect of the managing and monitoring of such investments and evaluating and executing on disposition opportunities. Accordingly, Carousel Capital cannot assure equal treatment across the Carousel Funds, and there can be no assurance that a Carousel Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Carousel Capital expects to be subject, discussed herein, did not exist.

The General Partner or any of its affiliates could require such co-investors to bear a carried interest, management fee and other costs with respect to any co-investment.

From time to time, for strategic and other reasons, a co-investment fund could subsequently purchase a portion of an investment from a Carousel Fund. Carousel Capital generally aims to complete such co-invest buy-down shortly after the applicable Carousel Fund's consummation of the investment to avoid any potential change in valuation of the investment; however, in certain instances if a material period of time has elapsed, Carousel Capital will make a determination in good faith as to the valuation at which co-investors buy-in. Such co-investment funds typically dispose of their investments in the applicable portfolio company at the same time and on the same terms as the Carousel Fund making the investment.

Investors that participate in co-investments, whether directly or through a co-investment vehicle could be in a position to obtain additional information regarding the applicable portfolio company that may not generally be available to investors in the Carousel Fund. In addition, co-investors' interests are not always aligned with the Carousel Funds' interests and, if third party investors co-invest directly into a portfolio company, the General Partner's ability to control or influence such third parties will likely be more limited than if the co-investors were participating in a vehicle managed by Carousel Capital. Co-investors typically bear their share of investment expenses related to portfolio investments, subject to certain exceptions. For example, if a potential investment or co-investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment will typically be borne entirely by the primary Carousel Fund or Funds allocated such investment rather than the co-investment vehicle or other co-investor. Similarly, subscription credit facility fees and expenses are generally allocated entirely to the applicable Carousel Fund that is the borrower under such facility. In addition, the Carousel Funds are permitted to co-invest with third parties through partnerships, joint ventures or other entities, which could have larger or controlling ownership interests in such portfolio companies than the Carousel Funds. Such investments could involve risks in connection with such third-party involvement, including the possibility that a third party could have financial difficulties resulting in a negative impact on such investment. Furthermore, a third-party co-investor could have economic or business interests or goals that are inconsistent with those of the Carousel Fund, or could be in a position to take (or block) action in a matter contrary to the Carousel Fund's investment objectives. In addition, the Carousel Fund could in certain circumstances be liable for the actions of its third-party co-investors. Investments made with third parties in joint ventures or

other entities have involved, and may in the future involve, compensation arrangements including carried interest and/or other fees payable to such third-party partners or co-investors, particularly in those circumstances where such third-party partners or co-investors include a management group. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of the Carousel Fund's interests.

Carousel Capital frequently makes investments on behalf of the Carousel Funds with the expectation that co-investors will participate in the investment. In the event that Carousel Capital is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, one or more Carousel Funds will consequently hold a greater concentration and have a larger exposure in the related investment opportunity than was intended, which could make such Carousel Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. In addition, a Carousel Fund will bear the risk that any or all of the excess portion of such investment could only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Carousel Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Carousel Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs, and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. Moreover, an investment by a Carousel Fund which is not syndicated to co-investors as anticipated could significantly impact the Carousel Fund's overall investment returns.

Conflicts Related to Other Investments by Carousel Funds

A Carousel Fund has invested and may in the future invest in a company that competes with, is a customer of, or a service provider or supplier to a portfolio company of another Carousel Fund. In addition, as noted above, principals and employees of Carousel Capital serve as directors and officers of companies that are competitors of portfolio companies of certain Carousel Funds. These circumstances have the potential to give rise to certain conflicts of interest. First, another Carousel Fund or its portfolio company could take actions for commercial reasons that have adverse consequences for a Carousel Fund or its portfolio company, such as seeking to increase market share, withdrawing business in favor of a competitor, or commencing litigation. Secondly, Carousel Capital could obtain information while investigating investment opportunities or dealing with existing portfolio companies that it is prohibited from acting on or disclosing to anyone, including another Carousel Fund or any portfolio company, as a result of confidentiality

requirements or applicable law, regardless of whether acting on or disclosing such information would be in the interest of any Carousel Fund or portfolio company.

Additionally, Carousel Capital and the Carousel Funds regularly obtain confidential information regarding various target companies and other investment opportunities. Confidential information received by any member of the Carousel Capital investment team is imputed to all other investment professionals unless an information barrier is in place. If Carousel Capital or a Carousel Fund receives confidential information with respect to a company, the other Carousel Funds therefore could face certain restrictions on their ability to pursue a transaction with that company or dispose of an investment. Furthermore, from time to time the confidentiality agreements entered into on behalf of the Carousel Funds could include provisions that prevent the Carousel Funds from acquiring or disposing of certain investments, potentially for extended periods (i.e., “standstill” provisions).

The portfolio companies of certain Carousel Funds are from time to time counterparties to or participants in agreements, transactions or other arrangements with portfolio companies of other Carousel Funds that, although Carousel Capital determines to be consistent with the requirements of such Carousel Funds’ governing agreements, may not have otherwise been entered into but for the affiliation with Carousel Capital.

Conflicts Arising in the Allocation of our Professionals’ Time and Attention

The success of each Carousel Fund will depend substantially on the ability of the General Partners’ investment professionals to, among other things, source and complete investments, improve the operations and performance of the companies and assets acquired and exit investments at the appropriate time and at attractive valuations. To achieve those ends, the Carousel Capital investment professionals will devote such time and resources to each Carousel Fund as Carousel Capital determines to be appropriate. Investment professionals, however, also spend time assisting other Carousel Funds with their investment activities and could work on other matters, including matters external to the business of Carousel Capital. For example, investment professionals could serve on advisory boards or in similar capacities for other companies that Carousel Capital does not believe compete with the Carousel Funds with respect to investment-related matters and are permitted to receive compensation in connection with such services and roles, none of which will offset or otherwise reduce management fees. Conflicts therefore could arise with respect to the allocation of time and resources of Carousel Capital’s investment professionals.

Relationships with Other Private Investment Vehicles

Certain of Carousel Capital’s principals, employees, senior advisors or affiliates, from time to time, invest in other private investment vehicles managed by other advisers. Additionally, certain of Carousel Capital’s senior advisers or affiliates have in the past and may in the future organize or sponsor other private investment vehicles (the “External Funds”). Although such affiliates will continue to devote the time and attention to the investment activities of the Carousel Funds as

Carousel Capital determines to be appropriate, they will have other obligations with respect to the External Funds. The investment strategies of the External Funds are not expected to overlap with the investment strategies of the Carousel Funds and it is not anticipated that the External Funds would pursue the types of investments sought by Carousel Capital for the Carousel Funds.

Use of Subscription Lines

The Carousel Funds have funded and may in the future fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings (for example, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line) will be borne by the relevant Fund and, accordingly, will decrease net returns and total distributable profits of such Carousel Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. In light of the foregoing, Carousel Capital has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund. Additionally, calling a large amount of capital at once to repay amounts under a subscription line could cause liquidity concerns for investors that would not arise had smaller amounts of capital been called incrementally over time. Also, because amounts borrowed under a subscription line are permitted to be secured by pledges of the relevant general partner's right to call capital from the Limited Partners, Limited Partners could be obligated to contribute capital on an accelerated basis if a fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder.

To the extent a Carousel Fund uses its subscription line to make an investment and then subsequently sells down a portion of such investment to one or more co-investors, such co-investors generally will reimburse the Carousel Fund for their pro-rata borrowing amount and related interest expense associated with its purchased interest, but such co-investors generally will not reimburse the Carousel Fund for any other expenses associated with the subscription line (including, without limitation, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line).

Certain Risks and Costs of Leverage Below a Fund

Even though it presents many of the same risks as fund-level borrowing, indebtedness of entities other than a Carousel Fund will not be treated as fund-level borrowing for purposes of the governing documents, even if the special purpose vehicles or other entities incurring such leverage engage in borrowings that are cross-collateralized with or among multiple investments such that multiple investments and a substantial portion of a Carousel Fund's value are at risk. As a result, these borrowings will not be subject to any limitations on fund-level borrowing in the governing

documents. Since we have more flexibility to engage in these structures, we have an incentive to incur significant leverage at the level of holding companies beneath a Carousel Fund. The negative performance of one asset could materially and adversely impact the performance of other investments or a Carousel Fund as a whole.

Secondary Transactions

We could propose to a Carousel Fund's Limited Partner advisory committee or investors one or more transactions that would enable such investors to monetize or restructure all or a portion of their interests in a Carousel Fund, including through the use of a continuation vehicle (each such transaction, a "Secondary Transaction"). The sale of an investment to a continuation vehicle could result in certain investors, the general partner and/or members of the firm (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all investors of such fund and otherwise taking actions with respect to such investments that are different than the actions taken by other investors. We could be subject to other conflicts of interests in connection with a Secondary Transaction, including with respect to investment valuations, allocation of fees and expenses and the offering of investment opportunities to the Carousel Funds and co-investors.

Diverse Membership

The investors in a Carousel Fund will be subject to different legal, tax, and regulatory regimes. For example, investors generally will include taxable and tax-exempt entities and will be organized in various jurisdictions. The nature and diversification of the Carousel Funds' investments, as well as the manner in which such Carousel Funds make, structure, hold and exit such investments could therefore lead to a more favorable legal, tax or regulatory outcome for some investors. In selecting investments appropriate for a Carousel Fund, the General Partner will consider the investment objectives of the investing Carousel Fund as a whole, not the investment objectives of any of the Carousel Funds' investors individually. To the extent that Carousel Capital is able to structure certain investments based in part on investors' respective legal, tax and regulatory constraints, Carousel Capital will not take into account such considerations as they relate to each individual investor.

Limited Partner Board of Advisors

The General Partners could present potential conflicts of interest to the Board of Advisors of a Carousel Fund made up from representatives of Limited Partners in a Carousel Fund as appointed by Carousel Capital. The Partnership Agreements of the Carousel Funds provide that to the fullest extent permitted by applicable law, none of the Board of Advisors members shall owe any fiduciary or other duties to the Carousel Funds or any other partner, other than to act in good faith. In addition, representatives of the Board of Advisors will often have various business and other relationships with Carousel Capital and its partners, employees and affiliates which could influence their decisions as members of the Board of Advisors. The members of the Board of

Advisors of a Carousel Fund could disproportionately represent one or more of the entities or categories of Limited Partners comprising such Carousel Fund. Additionally, the composition of the Board of Advisors of a Carousel Fund could have substantial overlap with the composition of the Board of Advisors of another Carousel Fund, which could lead to conflicts of interest if there are transactions between such Carousel Funds that require Board of Advisors consent or approval.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements

The offering, governing and related documents of each Carousel Fund are detailed agreements that establish complex arrangements among Carousel Capital, the Limited Partners, the Carousel Funds, the general partners of such Carousel Funds and other entities and individuals. From time to time, questions will arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the agreements could have no directly applicable provisions or the applicable provisions could be broad, general, ambiguous or conflicting, and could permit more than one reasonable interpretation. While Carousel Capital will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted will not necessarily be, and need not be, the interpretations that are most favorable to the Carousel Funds or their investors.

Conflicts Related to the Provision of Certain Information

The operating documents of certain Carousel Funds generally permit Carousel Capital to withhold information from certain investors in such Carousel Funds in certain circumstances. For example, information could at times be withheld from Limited Partners that are subject to the Freedom of Information Act or similar requirements. Carousel Capital will also from time to time elect to withhold certain information for reasons relating to overall business strategy, despite the potential benefits to Limited Partners of receiving such information.

Additionally, due in part to the fact that actual and/or potential investors in a Carousel Fund often ask different questions and request different information, Carousel Capital has in the past and expects in the future to provide certain information to one or more actual and/or prospective investors that is not necessarily provided to all prospective investors or Limited Partners in a Carousel Fund.

Conflicts Related to the Engagement of Certain Service Providers

Carousel Capital and its affiliates have engaged, and may in the future engage, in business with certain service providers, including, for example, investment banks, outside legal counsel and insurance providers, who are investors in a Carousel Fund and/or who provide services to Carousel Capital, the Carousel Funds, portfolio companies of the Carousel Funds or businesses that are competitors of Carousel Capital. Such engagement could be concurrent with a service provider's admission to a Carousel Fund as a Limited Partner or during the term of such service provider's investment in a Carousel Fund. Carousel Capital could face conflicts of interest with the Carousel

Funds or their portfolio companies in recommending the retention or continuation of a service provider to a Carousel Fund or portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in a Carousel Fund or will provide Carousel Capital information about markets and industries in which Carousel Capital operates. In these instances, Carousel Capital uses reasonable efforts to mitigate such conflicts and uses good faith efforts to negotiate market terms for such service providers' services.

Possible Future Activities

Carousel Capital and its affiliates in certain cases could expand the range of services it provides over time. Except as provided herein and in a Carousel Fund's private placement memorandum or Partnership Agreement, Carousel Capital and its affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether such conflicts are described herein.

To the extent a former Carousel Capital employee becomes employed by a portfolio company, no compensation earned by such former Carousel Capital employee from such portfolio company will offset the management fee, notwithstanding that such former employee has a remaining interest in the relevant Carousel Fund's General Partner or affiliated entity.

Portfolio Company Board Participation

It is expected that members of the investment team of the General Partners will serve as directors of certain of the portfolio companies, and as such, could have duties to persons other than the Carousel Funds and could be required to make decisions that they consider to be in the best interests of such portfolio company and its respective shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that are in the best interests of the portfolio company may not be in the best interests of the Carousel Funds, and vice versa. Accordingly, in these situations, there will likely be conflicts of interests between an individual's duties as a member of the investment team of the General Partner and an individual's duties as a director of the portfolio company.

Although such positions in certain circumstances could be important to the Carousel Funds' investment strategy and could enhance the applicable General Partner's ability to manage investments, they could also have the effect of impairing the Carousel Funds' ability to sell the related securities when, and upon the terms, it could otherwise desire, and could subject the applicable General Partner and/or the Carousel Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities law claims and other director-related claims.

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

Code of Ethics

Carousel Capital has adopted a Code of Ethics policy for its employees. The Policy describes employees' standard of conduct and fiduciary duties and limits personal trading by its employees and their immediate family/household members in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, and derivative instruments. Employees must report every account that they or their immediate family member use for trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear securities transactions in initial public offerings or private transactions and have copies of trade confirmations and periodic account statements sent by their broker to the compliance department. Controlled trading by employees and their immediate family/household members is prohibited in securities that appear on restricted lists and confidential watch lists.

Carousel Capital or its personnel will likely, from time to time, come into possession of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Carousel Capital and its personnel are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Carousel Capital.

Accordingly, should Carousel Capital or its principals or employees come into possession of material nonpublic or other confidential information with respect to any public company, Carousel Capital is prohibited from communicating such information to clients, and Carousel Capital has no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions could be applicable as a result of Carousel Capital's personnel serving as directors of public companies and could restrict trading on behalf of clients, including the Carousel Funds. Due to these restrictions, a Carousel Fund may not be able to initiate a transaction that it otherwise might have initiated and/or may not be able to sell an investment that it otherwise might have sold.

A detailed summary of the Code of Ethics is available to Limited Partners and prospective Limited Partners during the investment due diligence process. A copy of the code can be obtained by contacting the Carousel Capital Compliance Department.

Related Person Investment

Carousel Capital employees or related persons could have personal conflicts of interest, such as when such person (a) buys or sells securities in which Carousel Capital or a related person has a material financial interest, (b) invests in the same securities that Carousel Capital or a related person is invested in, or (c) buys or sells securities at or about the same time that Carousel Capital

or a related person buys or sells the same securities for Carousel Funds' own (or the related person's own) account, as well as related conflicts of interest. Please see "Code of Ethics" and Item 10 above.

To address these conflicts, Carousel Capital's Code of Ethics (discussed above) requires, among other items, that each Carousel Capital employee submit to the Chief Compliance Officer a report of his or her current holdings of covered securities, including securities holdings of any account which such employee manages or exercises (or shares) investment discretion, as well as holdings of his or her immediate family members. The employee must update this report annually.

The General Partners, Carousel Capital or their affiliates could receive customary break-up and topping fees, commitment fees, monitoring and directors' fees, seller's representative fees and transaction, financing, divestment and other similar fees from portfolio companies as compensation for financial advisory and similar services. Please see Item 5 above. The management fee provisions and the arrangements relating to the allocation of such fees and certain fee offsets among Carousel Capital and the Carousel Funds could also create an incentive to seek out investments which would provide the opportunity to earn such fees and to make investments earlier during the term of the Carousel Fund than would be the case in the absence of such arrangements.

Item 12. Brokerage Practices

Although Carousel Capital does not generally utilize the services of broker-dealers for transaction related services, in the event it chooses to use a broker-dealer, Carousel Capital seeks to obtain best execution of transactions.

Item 13. Review of Accounts

Oversight and Monitoring

The portfolio investments of each Carousel Fund are periodically reviewed by a team of investment professionals. The team generally includes the Partners and other investment professionals of Carousel Capital. Carousel Capital closely monitors the portfolio companies of the Carousel Funds and generally maintains an ongoing oversight position in such portfolio companies.

Reporting

Investors in the Carousel Funds will typically receive, among other things, a copy of the audited financial statements of the relevant Carousel Fund within 120 days after the fiscal year end of such Carousel Fund. In addition, investors in each Carousel Fund will typically receive unaudited quarterly summary financial information regarding such Carousel Fund following the end of each financial quarter. Investors in the Carousel Funds also receive regular reporting updates through quarterly letters, investors meetings and other materials provided on the investor website. In

addition to the information provided to all investors, Carousel Capital have provided, and may provide in the future, certain investors with additional information or more frequent reports that other investors will not receive.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to Carousel Capital by non-clients, including a description of related conflicts of interest, please see Item 5 above. In addition, Carousel Capital and its related persons from time to time, in certain instances, receive discounts on products and services provided by portfolio companies.

Carousel Capital, from time to time, engage a placement agent to solicit investors to subscribe for interests to a Carousel Fund. Typically, a placement agent will be paid a placement fee based upon the amount of capital commitments made to the Carousel Fund by investors that such placement agent introduces to the General Partner or the Carousel Fund. Any such placement fees and expenses are typically borne directly by the Carousel Fund but are subject to a 100% offset against the management fee otherwise payable by the applicable Carousel Fund. Furthermore, such placement agent or its affiliates could seek to do business with and earn fees or commissions from portfolio companies and affiliates of the General Partner (e.g., in connection with financing or investment banking services, or lending or arranging credit). Accordingly, prospective investors should recognize that a placement agent's participation as a placement agent for a Carousel Fund could be influenced by its interest in such current or future fees and commissions.

Item 15. Custody

To the extent required by SEC rules, Carousel Capital maintains any client funds and securities with "qualified custodians."

For those clients for which Carousel Capital is deemed to have custody of client funds and securities within the meaning of the Advisers Act, such clients are audited annually and upon liquidation by an independent public accountant, registered with and subject to regular inspection by the PCAOB, and the clients (and investors therein) receive audited financial statements within 120 days of the end of each fiscal year (as do investors therein). Consequently, such clients (as well as investors therein) will not receive reports directly from Carousel Capital's "qualified custodian."

Item 16. Investment Discretion

Carousel Capital provides investment advisory services to each of the Carousel Funds pursuant to the Management Agreements. Investment advice is provided by Carousel Capital directly to the Carousel Funds on a discretionary basis, subject to the direction and control of the affiliated General Partner of such Carousel Fund, each of which is an affiliate of Carousel Capital. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Carousel Fund, and are set forth in the documentation received by each Limited

Partner prior to investment in such Carousel Fund. As noted under Item 4, Carousel Capital have entered, and may in the future enter into side letters or similar agreements with certain Carousel Fund investors allowing such investors to be excused from participating in certain investments made by the applicable Carousel Fund.

Item 17. Voting Client Securities

The General Partner has authority to vote proxies on behalf of the Carousel Funds. The General Partners intend to vote proxies or similar corporate actions in the best interests of the applicable Carousel Fund, taking into account such factors as they deem relevant in its sole discretion.

Carousel Capital's proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, the vote is not improperly influenced by the conflict. In general, Carousel Capital believes its interests are aligned with the Carousel Funds interests, but in the event of an actual or potential conflict of interest, Carousel Capital will take a variety of actions, which may include consulting with the Board of Advisors of the applicable Carousel Fund.

A detailed summary of Carousel Capital's proxy voting policies and procedures are available to Limited Partners and prospective Limited Partners during the investment due diligence process.

Existing clients can copies of relevant proxy logs, identifying how proxies were voted in connection with a Carousel Fund, and copies of proxy voting policies and procedures upon written request to: Carousel Capital, 201 N. Tryon Street, Suite 2450, Charlotte, NC 28202.

Item 18. Financial Information

Carousel Capital does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the brochure. Carousel Capital has not been the subject of any bankruptcy petition.