

Form ADV Part 2A: FIRM BROCHURE



**EDWARDS CAPITAL, LLC
d/b/a Flexpoint Ford, LLC**

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This brochure ("Brochure") provides information about the qualifications and business practices of Flexpoint Ford, LLC ("Flexpoint"). If you have any questions about the contents of this Brochure, please contact us at (312) 327-4520. 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.

Flexpoint is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Flexpoint also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since Flexpoint’s last annual Brochure filing on March 29, 2022, Flexpoint has launched a new fund, Flexpoint Fund V-A, L.P., Flexpoint Overage Fund V-A, L.P., Flexpoint Fund V-B, L.P. and Flexpoint Overage Fund V-B, L.P. In addition, effective with this filing, Mark Barham is assuming the role of Chief Compliance Officer.

Flexpoint routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry best practices and firm practices. In addition to the types of general updates discussed above, in this year’s filing the following specific Items have been updated:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2022;
- Item 5: updated to clarify fees and expenses, including in connection with the new funds; and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest, including in connection with the new funds.

Item 3 – Table of Contents

Item 2 – Material Changes.....	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management	13
Item 7 – Types of Clients.....	15
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	18
Item 9 – Disciplinary Information	68
Item 10 – Other Financial Industry Activities and Affiliations.....	68
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...70	
Item 12 – Brokerage Practices.....	73
Item 13 – Review of Accounts	74
Item 14 – Client Referrals and Other Compensation.....	75
Item 15 – Custody	75
Item 16 – Investment Discretion.....	76
Item 17 – Voting Client Securities.....	76
Item 18 – Financial Information	77

Item 4 – Advisory Business

Founded in 2005, Edwards Capital, LLC d/b/a Flexpoint Ford, LLC (together with its fund general partners and any applicable affiliates (unless otherwise specified), “Flexpoint” or the “Firm”), is a private equity management firm specializing in financial services and healthcare. Flexpoint’s primary places of business are in Chicago, IL and New York, NY.

Flexpoint serves as the investment manager for the following private funds:

- Flexpoint Fund II, L.P. (“Fund II”); Flexpoint Fund III, L.P. (“Fund III”); Flexpoint Fund IV-A, L.P. and Flexpoint Fund IV-B, L.P. (the “Fund IV Main Funds”); Flexpoint Overage Fund IV-A, L.P. and Flexpoint Overage Fund IV-B, L.P. (the “Fund IV Overage Funds” and collectively with the Fund IV Main Funds unless the context otherwise requires, “Fund IV”); Flexpoint Fund V-A, L.P. and Flexpoint Fund V-B, L.P. (the “Fund V Main Funds”); Flexpoint Overage Fund V-A, L.P. and Flexpoint Overage Fund V-B, L.P. (the “Fund V Overage Funds” and collectively with the Fund V Main Funds unless the context otherwise requires, “Fund V”);
 - Fund II, Fund III, Fund IV Main Fund and Fund V Main Fund are together the “Main Funds”, unless the context requires otherwise.
 - Overage Fund IV and Overage Fund V are together the “Overage Funds”, unless the context requires otherwise.
- Flexpoint Special Assets Fund, L.P. (“Asset Fund I”), Flexpoint Asset Opportunity Fund II-A, L.P. and Flexpoint Asset Opportunity Fund II-B, L.P. (together “Asset Fund II” and, collectively with Asset Fund I, the “Asset Funds”);
- Flexpoint Fund II (Cayman), L.P., Flexpoint Fund III AIV (Cayman), L.P., Flexpoint Fund III AIV (B), L.P. and Flexpoint Special Assets Fund AIV (Cayman), L.P. (together the “Alternative Investment Vehicles”); and
- Flexpoint PPH Aggregator, LLC (the “Co-Investment Fund”)

Each Main Fund, Overage Fund, Asset Fund, Alternative Investment Vehicle and Co-Investment Fund a “Fund”, and collectively the “Funds”, unless the context requires otherwise.

In certain limited circumstances, as more fully described in Item 7 below, the Firm permits certain investors and third parties to co-invest alongside a Fund directly into a portfolio company. Unlike the Co-Investment Fund mentioned above, such direct co-investments are not considered Funds or clients of Flexpoint.

Each Fund is managed by a general partner (each a “General Partner” and collectively, the “General Partners”), which has the authority to make investment decisions on behalf of such Fund. Each of the General Partners is deemed registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), pursuant to Flexpoint’s registration in accordance with SEC guidance. The

applicable General Partner of each Fund retains investment discretion and investors in the Funds do not participate in the control or management of the Funds. While the General Partners maintain ultimate authority over the respective Funds, Flexpoint or an affiliate has been designated the role of investment adviser. For more information about the Funds and General Partners, please see Flexpoint's Form ADV Part 1, Schedule D, Sections 7.A. and 7.B.(1).

Each of Flexpoint's Funds have specific investment mandates as further detailed in each Fund's Governing Documents (as defined below). The Main Funds are focused on privately negotiated equity investments in financial services and healthcare companies and make primarily long-term private equity and equity-related investments. The Asset Funds are focused on privately negotiated investments in financial assets, either directly by acquisition or indirectly by funding investments backed by such assets. The Alternative Investment Vehicles were organized to address specific tax, legal, business, accounting and regulatory-related matters. The Fund IV Overage Funds and Fund V Overage Funds were formed to invest alongside the Fund IV Main Funds and Fund V Main Funds, respectively, on an "overage" basis and will only participate in a limited number of investments made by the Fund IV Main Fund or Fund V Main Fund. The Co-Investment Fund was formed to permit certain existing investors to invest in a portfolio company alongside existing Main Funds.

Flexpoint provides investment advisory services as a private equity fund manager to its Funds. The Main Funds invest through privately negotiated transactions in operating companies, generally referred to as "portfolio companies", in the healthcare and financial services industry. Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although for portfolio company investments where Flexpoint holds a majority position, the senior principals or other personnel and/or third parties appointed by Flexpoint will generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management. In addition, in some cases, Flexpoint will more directly influence the day-to-day management of the company by participating in the hiring of individuals such as chief executive officer, chief operations officer, chief financial officer or in other senior roles. Flexpoint's advisory services for all Funds consist of investigating, identifying and evaluating investment opportunities, structuring and negotiating the terms of investments, managing and monitoring investments and achieving dispositions of such investments. While investments are made predominantly in nonpublic companies, some of the investments held by the Funds are in public companies or in private companies that go public while owned by a particular Fund.

Flexpoint provides investment advisory services to each Fund in accordance with the applicable limited partnership agreement, limited liability company agreement, subscription agreement, private placement memorandum, investment advisory agreement, and, if applicable, any side letters as well as any analogous organizational or constituent documents of such Fund (collectively, the "Governing Documents") and investors determine the suitability of an investment in a Fund based on, among other things, the Governing Documents.

Flexpoint does not tailor its advisory services to the individual needs of investors in its Funds; the Firm's investment advice and authority for each Fund is tailored to the investment objectives of that Fund as described in the Governing Documents of the applicable Fund. Investors in Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the Governing Documents. In accordance with industry common practice, Flexpoint has entered into side letters or similar agreements with certain investors including those who make substantial commitments of capital or who were early-stage investors in the Funds, or for other reasons in the sole discretion of Flexpoint, in each case that have the effect of establishing rights under, or altering or supplementing, a Fund's Governing Documents with respect to the applicable investor. Rights contained within agreed upon side letters include but are not limited to notification provisions, reporting requirements, partnership indebtedness, confidential information, advisory board representation, indemnification provisions and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors, consistent with general market practice. Side letters are negotiated at the time of an investor's capital commitment and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the side letter rights granted to one or more investors will not in certain cases disadvantage other investors.

Flexpoint does not participate in wrap fee programs.

As of December 31, 2022, Flexpoint managed approximately \$8,037,647,612 of regulatory assets under management, all of which are managed on a discretionary basis. The calculation of regulatory assets under management includes remaining commitments and duplicates certain assets in Co-Investment Funds managed by Flexpoint, as such Co-Investment Funds are invested in by other Flexpoint managed Funds. Without such duplication, Flexpoint regulatory assets under management, including remaining commitments, are approximately \$7,753,646,888.

Principal Owners

Flexpoint is owned by the Firm's Chief Executive Officer, Donald J. Edwards. For more information about Flexpoint's owners and executive officers, see Flexpoint's Form ADV Part 1, Schedule A.

Item 5 – Fees and Compensation

For services provided to a Fund, such Fund pays a management fee and a performance-based fee (as described in Item 6 below). In addition, the Funds pay directly, or indirectly through portfolio companies, certain supplemental fees and expenses as more fully discussed below. Further, the portfolio companies reimburse Flexpoint and the Funds for certain expenses advanced on their behalf. The following is a summary of how Flexpoint is compensated for its advisory services. Differences exist from Fund to Fund: certain Funds do not charge certain fees, and different Funds charge compensation or expenses in different amounts or do not charge certain compensation or expenses.

Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Flexpoint is compensated for its advisory services.

Management Fees

As compensation for investment advisory services rendered to the Funds (and not the Co-Investment Funds, which do not pay management fees), each Fund pays the management company a management fee (each, a “Management Fee”). The calculation of Management Fees is described briefly below and is more specifically detailed in the Governing Documents of each Fund.

Generally, an annual Management Fee percentage of up to 2% is paid to the management company or its designated affiliate. Management Fees billed to and received from the Funds vary by Fund and are payable either on a semi-annual basis, partially in advance and partially in arrears, or quarterly in arrears. To calculate the fee, such percentage is applied to one or a combination of the following: (i) aggregate commitments, (ii) aggregate investment contributions made with respect to portfolio investments that have not been disposed of or completely written-off, (iii) aggregate acquisition costs or the portion thereof not disposed of or completely written off, (iv) net asset value and/or (v) outstanding indebtedness for borrowed money used to make investments, in each case depending on the Fund and subject to other factors, as detailed in the relevant Governing Documents. For some Funds, there are separate and different Management Fee calculations for the investment period and the post-investment period, while for other Funds the calculation remains the same when the investment period ends. Management Fees are payable during term extensions unless otherwise agreed to with investors.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by Flexpoint as modified by negotiations with investors in the applicable Fund during its fundraising period and are set forth in each Fund’s Governing Documents, in each case as received by each investor prior to investment in a Fund. Flexpoint is authorized, in its sole discretion, to waive or reduce a portion of the Management Fee. To date, with the exception of the Co-Investment Funds, which do not pay Management Fees, fees have been the same for all investors in the Funds.

For certain Funds, as per the Governing Documents, Flexpoint is permitted to waive or reduce all or a portion of the Management Fee payable by such Fund in exchange for a reduction in the cash capital contribution obligation of the Fund General Partner and certain employees and affiliates of Flexpoint to invest in and alongside the Fund. Certain waived portions of the Management Fee are treated by the Governing Documents as deemed capital contributions by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner’s behalf and operates to reduce the amount of capital the applicable General Partner would otherwise be required to contribute to the Fund. Investor capital contributions are generally accelerated due to waived, deferred, or reduced Management Fees and/or the timing of receipt of fees subject to offsets. Waived or reduced Management Fees are not subject to the Management Fee offsets described herein. Due to waived or reduced Management Fees and/or the timing of receipt of fees subject to offsets, Fund investors could receive less than the full benefit of reductions or offsets.

Withdrawals of capital from the Funds are not permitted as the Funds typically invest on a long-term basis. Accordingly, Management Fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Funds.

Management Fees will generally be reduced by (in each case, solely to the extent applicable): (i) the amount of fees paid by a Fund to entities or persons acting as a placement agent or finder in connection with the offer and sale of interests in such Fund; (ii) costs incurred by a Fund in connection with the organization of such Fund that exceed a limit as specified in the Fund's Governing Documents; (iii) certain supplemental fees and compensation with respect to portfolio companies, including closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors' fees and other similar fees (whether in the form of cash, securities or otherwise); and (iv) Management Fee waivers. All such supplemental fees received are offset in whole against the Management Fee, net of any expenses incurred in connection with such portfolio company. Any supplemental fees received with respect to an investment or potential investment (including a transaction not consummated) are allocated to a Fund (and offset against the Management Fee) only to the extent of the Fund's relative ownership (or anticipated ownership) of such investment or potential investment, except as otherwise set forth in the Governing Documents. Accordingly, a Fund will, in most such cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such supplemental fees and not the portion allocable to any other investor (which could include other Funds, Co-Investment Funds, co-investors, third parties, portfolio company management or employees and/or others) that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment. Any such reduction of a Fund's Management Fee is only applicable to the extent a Management Fee is payable by a Fund currently or in the future. In the event a Fund or Co-Investment Fund does not pay a Management Fee or does not have an offset provision requiring the reduction of Management Fees, Flexpoint will retain the credited offset portion of supplemental fees allocable to these Funds without reduction. Thus, the allocable portion of any supplemental fees received on behalf of a Co-Investment Fund are retained by Flexpoint and not such Co-Investment Fund.

To clarify, the following fees and expenses do not offset Management Fees, in each case as applicable: (i) any fees paid to non-Flexpoint employees (such as Operations Consultants, as defined below) or other individuals not affiliated with the Firm; (ii) reimbursements from a portfolio company; (iii) fees or expenses borne by a Fund; (iv) broken deal expenses; (v) profits interests or compensation to an affiliate (such as an Operations Consultant) that was entered into prior to such person becoming an affiliate of Flexpoint, regardless of when the interests, compensation or amounts crystallize or vest; or (vi) any portfolio company directors' or board fees paid by a former portfolio company to a Flexpoint employee who remains on the company's board of directors following the Fund's disposition of its investment in the company.

Flexpoint generally has discretion over whether to charge portfolio company fees, monitoring fees or other compensation to a portfolio company and, if so, the timing, method and/or amount (subject to

certain deal-specific and/or market constraints) of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. The amount of such supplemental fees are paid by the Funds (directly, or indirectly by the portfolio companies) and are determined by Flexpoint on a transaction by transaction basis, subject to the terms set forth in each Fund's Governing Documents. In most circumstances, such compensation is not reviewed or approved by an independent third party. There can be no assurance that the amount of fees charged will be proportional to the amount of work performed on behalf of a portfolio company.

On occasion, in certain circumstances (such as a portfolio company's liquidity needs or otherwise) Flexpoint determines in its discretion to waive, defer or renegotiate, in whole or in part, the monitoring fees received from a portfolio company. Flexpoint endeavors to require the payment of such fees only to the extent permitted by the earnings or cash position of the applicable portfolio company, and Flexpoint will defer or forego the payment of such fees if too burdensome for the portfolio company or at such time a senior credit agreement prohibits the payment of such fees. In the case of amounts deferred, such payments will generally be payable in the future, which can result in a single payment or installments of repayment amounts that are larger than if the fees had originally been paid in increments. Flexpoint makes such determinations on a case-by-case basis and reserves the right to take different actions (or no action) with respect to similarly-situated portfolio companies.

To the extent that such an offset credit would reduce a Fund's Management Fee for a given period below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution, a payment will be made to investors that have not elected to waive such amount for tax or other reasons.

Manager Expenses

To the extent provided in the Governing Documents, Flexpoint will pay out of Management Fees all ordinary overhead and administrative expenses, including expenses on account of salaries, rent, utilities, equipment expenses, regulatory compliance under the Advisers Act and other routine administrative expenses relating to the services and facilities provided by Flexpoint to the Funds.

Fund Expenses

With the exception of certain limited expenses which are paid directly from investor capital contributions as well as ordinary overhead and administrative expenses which are payable by Flexpoint, each Fund will bear all other fees, costs, expenses, liabilities and obligations relating to such Fund, its subsidiaries and/or intermediate entities, their respective activities and/or their respective business, portfolio investments and/or its actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of an investment (to the extent not borne or reimbursed by a portfolio investment or potential portfolio investment) including all fees, costs, expenses, liabilities and obligations (collectively referred to in this definition as "costs") relating or attributable to, *and which differ across Funds*: (i) activities with respect to pursuing, sourcing, diligencing (including any trade association memberships, subscriptions to any periodicals, databases and/or

research services), developing and maintaining an investment pipeline, the sourcing, diligencing, structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, bidding on, owning, managing, operating, holding, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, a Fund's investments and its actual and potential investments (including follow-on investments), or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks and research firms, third-party diligence software and service providers, consultants and similar professionals in connection therewith; (ii) indebtedness of, or guarantees made by, any Fund, the Firm, the relevant General Partner or any affiliated partner on behalf of such Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar activities; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account registered office and similar services (including any depositary appointed pursuant to the AIFMD and any compliance with the Swiss Collective Investment Schemes Act dated June 23, 2006 (as amended) and the Financial Services Act of 2018, including any law, rule or regulation relating to the implementation thereof, including the appointment of a Swiss representative or paying agent); (vi) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD, the EU Sustainable Finance Disclosure Regulation and/or the EU Taxonomy Regulation or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (vii) legal, accounting, research, auditing, technology, administration (including costs associated with a Fund's third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including consulting and retainer fees, salary and other compensation paid to, and benefits or personnel costs provided to or on behalf of the Operations Consultants, expert networks, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (viii) reverse breakup, termination and other similar arrangements; (ix) insurance, including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory costs (including any costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (x) filing, title, transfer, survey, registration and other similar activities; (xi) printing, communications, mailing and courier costs; (xii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with General Partners and investors, or any other

administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports), or other information, including costs of any third-party service providers and professionals related to the foregoing; (xiii) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or its investors; (xv) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with the EU Data Protection Law, the California Consumer Privacy Act, other similar privacy and data protection laws and any Disclosure Laws); (xvi) to the extent provided in the relevant Fund limited partnership agreement, or otherwise approved by a General Partner in its sole discretion, activities or proceedings of the relevant advisory board (including any reasonable costs and expenses incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons or entities in attending or otherwise participating in meetings of the advisory board) and advisory board advisor expenses; (xvii) indemnification (including legal and any costs incurred in connection with indemnifying any partner or other person or entity pursuant to the relevant limited partnership agreement or otherwise, and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that can be subject to a right of indemnification pursuant to the limited partnership agreement), except as otherwise set forth in the limited partnership agreement; (xviii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xix) any annual investor meeting or other periodic, if any, meetings of the investors, any other conference, meeting or webcast or other video conference with any investor(s) (in each case, including any costs associated with venue, set-up, travel, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs), in each case to the extent incurred by a Fund, relevant General Partner or any affiliate of such General Partner, in each case regardless of whether all individuals attending or otherwise participating in any such meeting are investors or representatives thereof; (xx) costs related to attending industry meetings, conferences or similar events in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated); (xxi) except as otherwise determined by the relevant General Partner in its sole discretion, any cost relating to any Alternative Investment Vehicle or its activities, business, portfolio investments or actual or potential investments (to the extent not borne or reimbursed by a portfolio investment of such Alternative Investment Vehicle) that would be a Fund costs if it were incurred in connection with a Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs related to any structuring or restructuring of

any Alternative Investment Vehicle, portfolio investment or any portfolio holding of any Alternative Investment Vehicle; (xxii) the termination, liquidation, winding up or dissolution of a Fund or any other Alternative Investment Vehicle or any entity owned directly or indirectly by an Alternative Investment Vehicle (including portfolio investments) and related entities; (xxiii) defaults by the General Partner or investors in the payment of any capital contributions; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the Governing Documents of a Fund, the Firm or its affiliates and related entities, including any entities owned directly or indirectly by a Fund (including portfolio companies) and any Alternative Investment Vehicle, including the preparation, distribution and implementation thereof; provided that, with respect to the constituent documents of the Firm or its affiliates, only to the extent such amendments, waivers, consents or approvals are related to an amendment to the Governing Documents of a Fund or its affiliates; (xxv) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations related to the activities of a Fund), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of a General Partner or any of its affiliates incurred in connection with the operation of such Fund and/or (B) the validation or other confirmation of any payments made to a Fund or its General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxvi) any litigation or governmental inquiry, investigation or proceeding related to a Fund or its investments, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided in the limited partnership agreement; (xxvii) unreimbursed costs incurred in connection with any transfer or proposed transfer as contemplated in the relevant limited partnership agreement or any investor's name change, internal restructuring or change in trust, registered agent or custodian; (xxviii) any taxes, fees and other governmental charges levied against a Fund and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund (except to the extent that such Fund is reimbursed therefor by a reimbursing partner and any costs of or related to a partnership representative; (xxix) distributions to a General Partner or other investors and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxx) unreimbursed and unpaid costs of the Operations Consultants, employees or other persons engaged by the Operations Consultants; (xxxi) compliance or regulatory matters related to a Fund (including compliance with the Governing Documents) and/or any side letter or similar agreement, except as otherwise explicitly set forth in the Governing Documents; (xxxii) any travel (including the cost of using private aircraft or other private air travel (including the use of a private aircraft owned or partially owned or leased by the Firm, any of its affiliates or any of their respective owners) at a cost above the cost of first class commercial airfare, other air travel, car or ride sharing services, other modes of transportation, lodging, meals and entertainment) and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxiii) any consultants, experts or advisors engaged, including independent appraisers, engaged in connection with a Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or

more other Funds (other than the investing Fund); (xxxiv) any of the items listed in the foregoing clauses of this definition relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (whether or not consummated or otherwise successful) (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated); (xxxv) any organizational expenses; (xxxvi) any placement fees; (xxxvii) the Management Fee; (xxxviii) closing dinners and any meeting of executives or other senior personnel of current or former portfolio investments sponsored by the Firm; and (xxxix) any other costs approved by an advisory board. For more information about Flexpoint's brokerage practices, please see Item 12 below.

Expense Reimbursement

Certain expenses related to Flexpoint's oversight of portfolio companies incurred on behalf of the Funds are reimbursed by a portfolio company pursuant to a management services agreement with the portfolio company. These expenses are paid by Flexpoint and reimbursed by a portfolio company or paid directly by a portfolio company. Such expenses can include, without limitation: (i) travel expenses, which often will include expenses for chartered or first-class travel and meals and entertainment expenses (such expenses can include, as applicable, those relating to (a) use of premium black car and other car services, which from time to time include waiting time and (b) social and entertainment events, including closing dinners and mementos, with portfolio company management, customers, clients, borrowers, brokers and service providers); (ii) expenses relating to training programs, meetings, conferences or other events (to the extent such programs, meetings or events are attended by portfolio company personnel); (iii) premium meals (including outside normal business hours); (iv) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses); (v) indemnification expenses; (vi) insurance; (vii) corporate filings; (viii) certain legal expenses; (ix) similar out-of-pocket expenses; (x) consulting fees; and (xi) other consideration and expenses.

In addition, to the extent a Fund or Flexpoint initially bears the cost of certain fees or expenses but the benefit of the related services or expense is also received by another Fund, portfolio company or future fund or portfolio company, Flexpoint will determine, subject to its ultimate discretion, whether to cause such other Fund or portfolio company to reimburse the initial Fund or Flexpoint for such fees or expenses.

Out-of-pocket expenses associated with completed transactions are either billed directly to a Fund, reimbursed by portfolio companies or capitalized as part of the acquisition price of a consummated transaction. Out-of-pocket expenses associate with unconsummated transactions (*i.e.*, broken deal expenses), are paid by the relevant Fund(s) selected as proposed investors in such transaction (except for certain Funds, where their share of travel expenses incurred by employees or Operations Consultants with regard to unconsummated transactions are borne by the Firm). Such reimbursements by a portfolio company of out-of-pocket expenses incurred by Flexpoint, a General

Partner or their respective affiliates will not be offset against the Management Fee payable by the Funds.

Organizational Expenses

Each Fund is responsible for organizational and startup expenses up to a permitted limit and for specific expenses as more fully detailed in each Fund's Governing Documents. Through their investment in the Fund, each investor therein will bear its pro rata share of the applicable Fund's "organizational expenses." The amount and type of organizational expenses varies by Fund and is further detailed in the Governing Documents of such Fund. As mentioned above, any amounts in excess of the organizational amounts specified in a Fund's Governing Documents are offset dollar for dollar against the applicable Management Fee.

Co-Investment Fees and Expenses

As described above, in some circumstances, Flexpoint permits certain Fund investors to co-invest in portfolio companies alongside one or more Funds either through a co-investment fund (*e.g.*, an aggregator or special purpose vehicle, such as the Co-Investment Funds managed by the Firm) or directly into a portfolio company, subject to the relevant Fund Governing Documents and Flexpoint's policies and procedures. Where a co-investment fund is formed, such entity will bear expenses related to its formation and operation (reimbursable expenses), many of which are similar in nature to those borne by the Main Fund(s) participating in such transaction. In the event that a transaction in which a co-investment fund was planned, including a transaction for which a co-investment fund was believed necessary in order to consummate such transaction, ultimately is not consummated, all fees and expenses generated in the course of evaluating such investments, including out of pocket fees associated with due diligence, attorney fees and the fees of the other professionals and various other fees relating to such unconsummated transaction ("broken deal expenses") will be borne by the Main Fund(s), and not by any prospective co-investors that were to have participated in such transaction. However, to the extent that such co-investors have already committed to invest in a co-investment fund in connection with such transaction, such investors in the co-investment fund are expected to bear their share of such broken deal expenses (which will generally be recorded at such portfolio company). Similarly, investors who are contractually committed to participate directly into a portfolio company (*i.e.*, not through a co-investment fund) will also generally bear their share of broken deal expenses. Co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will lower the risk of incurring broken deal or similar expenses incurred by such Fund (and indirectly, by such Fund's investors) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest.

Flexpoint typically charges investors in a co-investment fund a transaction fee and for their share of the applicable co-investment fund's reimbursable expenses. Transaction fees are generally charged to a co-investment fund as a one-time agreed-upon fee for organizing and closing such co-investment fund payable upon consummation of the closing of the co-investment fund. Co-investment funds do not have an offset for any transaction fees received as co-investors do not pay a Management Fee;

similarly, there is no offset to a Main Fund for any transaction fees received on behalf of a co-investment fund. Therefore, Flexpoint will retain the allocable portion of any transaction fees received on behalf of a co-investment fund.

Operations Consultants

Flexpoint and its affiliates engage and retain advisers, consultants, operating partners, operations consultants, executive partners and other similar professionals (collectively, “Operations Consultants”). Operations Consultants are not employees or affiliates of Flexpoint and are retained primarily to provide sales, marketing, technology, human resources, industry expertise, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to the Funds or any portfolio company or prospective portfolio company (including serving as a director on the board of directors or similar governing body of a portfolio company) or any alternative investment vehicle. The nature of the relationship with each of the Operations Consultants and the amount of time devoted or required to be devoted by them varies. In certain cases, Operations Consultants provide the Funds and/or Flexpoint with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, Operations Consultants take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances, Flexpoint has formal arrangements with Operations Consultants (which are often terminable upon notice by any party); in other cases, the relationship is more informal. There can be no assurance that any of the Operations Consultants will continue to serve in such role and/or continue their arrangement with Flexpoint and/or any portfolio company throughout the terms of the Funds.

Flexpoint typically pays Operations Consultants a retainer out of Management Fee proceeds. Operations Consultants are also entitled to receive additional compensation including, but not limited to, finder’s fees, a discretionary bonus or a success fee (in the form of cash or equity) based on pre-determined targets or milestones, directors’ fees, board fees, co-investment rights (including in Funds and/or investments in which they are not involved), equity allocations (including stock), a profits interest, options in a portfolio company or a percentage of carried interest in either a portfolio company or a Fund. Certain fees payable to Operations Consultants are associated with a particular transaction and will typically be included in the closing costs payable by the applicable portfolio company. Other fees, such as board fees, are paid directly by a portfolio company to the Operations Consultant. In the event an Operations Consultant provides work directly to a portfolio company in addition to board service, any such fees are paid by the portfolio company directly to the Operations Consultant. The determination of the appropriate form and amount of compensation for such services takes into account a variety of factors but will ultimately be at the discretion of the General Partner and/or the portfolio company, as applicable.

Operations Consultants typically incur expenses while working with Flexpoint portfolio companies or potential portfolio companies, including but not limited to, the cost of travel to portfolio companies

and other out-of-pocket costs, and such expenses are paid or reimbursed by either Flexpoint (generally in the case of work performed for the management company and, for certain Funds, travel for an unconsummated transaction), the relevant portfolio company (generally in the case of consummated transactions) or the relevant Fund (generally in the case of unconsummated transactions, excluding, for some Funds, travel), depending on the nature of the services provided. Some Operations Consultants are also investors in the Flexpoint Funds and participate as direct co-investors in the portfolio companies in which they are involved.

None of these fees, bonuses, profits interests, other compensation or reimbursements paid by the portfolio companies and received by Operations Consultants are offset against Management Fees.

Fee Receipt Allocation

From time to time, Flexpoint, a Fund or a portfolio company agrees to pay a portion of carried interest, equity grant or other fee to a third party, such as a consultant, advisor, Operations Consultant, finder, placement agent, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team receive additional cash and/or equity compensation, including bonus payments based on the applicable portfolio company meeting certain success hurdles. Such compensation, whether in the form of a profits or equity interest in a portfolio company or immediate holding company, generally has a dilutive impact on a Fund's investment and indirectly reduces the proceeds available for distribution to the relevant Fund at the time of such portfolio company's sale. None of these fees or compensation offset Management Fees payable by a Fund.

Allocation of Fees and Expenses

In good faith and in its fair and reasonable discretion, Flexpoint determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds or a portfolio company. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, Flexpoint will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by Flexpoint.

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

A portion of the profits of each Fund is distributed to its General Partner as carried interest (the "Carried Interest"). A Carried Interest allocation represents an adviser's compensation based on a percentage of net profits of the Funds it manages. The Carried Interest amount is generally equal to 20% of all realized profits after reimbursement of all relevant Fund expenses, including Management Fees. Calculated based on cumulative realized gains and income only, Carried Interest allocations are allocated to a General Partner as portfolio holdings are liquidated or otherwise monetized and are

subject to specified minimum valuation tests as well as after-tax clawbacks in the event that a Fund's General Partner is paid in excess of its entitled Carried Interest distribution. Each Fund's Carried Interest fee structure, as well as the clawback provision of each Fund, is described in detail in the relevant Governing Documents received by each investor prior to investment in such Fund. The General Partner of each Fund, in its sole discretion, is permitted to waive or reduce the amount of Carried Interest for certain Funds and certain investors in the Funds. Investors in Co-Investment Funds do not pay a Carried Interest allocation.

Flexpoint's Carried Interest allocations have been structured to comply with Section 205(a)(1) of the Advisers Act and the rules and regulations thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act.

The payment by the Funds of Carried Interest has the potential to create an incentive for Flexpoint to (i) disproportionately allocate time, services or functions to Funds paying Carried Interest, (ii) to allocate investment opportunities to such Funds or (iii) to make investments that are more speculative than would be the case in the absence of such distributions. Generally, and except as otherwise set forth in the Governing Documents of the Funds, Flexpoint believes that these potential conflicts of interest have been sufficiently mitigated by the fact that (i) the applicable Governing Documents create limitations on the ability of Flexpoint to establish new investment funds, (ii) the Funds are subject to certain contractual provisions requiring certain parallel Funds to purchase and sell investments contemporaneously if they share an investment through a contemporaneous initial investment, (iii) the General Partner makes a pro rata, but substantial, monied investment commitment to each Fund, (iv) losses on speculative investments would negatively impact overall Fund performance, thus reducing the Carried Interest payable to the General Partner, (v) Carried Interest is generally calculated only after investors have first received as distribution 100% of their capital contributions related to any such realized investment, and (vi) Flexpoint's ability to attract future investors is tied to the performance of its investments.

Flexpoint manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to Flexpoint's consideration of certain transactions among the Funds and the allocation of investment opportunities, expenses, time and attention of advisory personnel. Although Flexpoint generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund or other investment vehicle in which Flexpoint or an affiliate has a greater financial interest. To the extent that Flexpoint has Funds with varying Carried Interest terms (including amount, timing waterfall conditions or other terms) and/or Flexpoint personnel are assigned varying percentages of Carried Interest from a Fund, Flexpoint and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for a Fund from which they are entitled to receive a higher Carried Interest percentage

To help minimize such conflicts of interest, Flexpoint allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with Flexpoint's policies and procedures regarding investment allocation, applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which can include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by Flexpoint. Flexpoint's procedures are designed to ensure that all investment decisions are made in accordance with Flexpoint's fiduciary duties to its Funds and without consideration of Flexpoint's (or its affiliates' or employees') pecuniary interest. Flexpoint will not allocate investment opportunities based in whole or in part on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. Investment allocation decisions are determined by the relevant Investment Committee.

Item 7 – Types of Clients

Flexpoint provides investment advisory services directly to the Funds, subject to the direction and control of the General Partner of each such Fund. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Funds limit their investors to "accredited investors" as defined in the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") and either "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act. Interests in the Funds are not made available to the general public and are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Flexpoint and/or the Funds. Investors in the Funds are required to meet certain suitability and net worth qualifications prior to making an investment in the Funds. Investors participating in the Funds include, among others, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, fund of funds, limited partnerships and limited liability companies or other entities. In addition, employees and other persons associated with Flexpoint and/or its affiliates are investors in the Funds.

The Main Funds and Asset Funds have minimum commitment thresholds as established in each such Fund's Governing Documents. There is no minimum commitment amount for the Alternative Investment Vehicles, as these vehicles are organized primarily for tax purposes. Similarly, there is no minimum commitment amount for Co-Investment Funds, as these vehicles are established based on the funding needs of the portfolio company in which such investment is made. The General Partner of each Fund has, in its sole discretion, permitted investments below the minimum amount set forth in a Fund's Governing Documents.

On occasion, Flexpoint offers co-investment opportunities for certain investors to invest alongside a Fund in a Fund portfolio company. As referenced in Item 4 above, in certain cases co-investments have been structured either as (i) a separate and dedicated co-investment fund (such as the Co-Investment Funds managed by the Firm) or (ii) a direct investment by certain investors into a portfolio company or its holding or operating company. When structured as a dedicated co-investment fund, Flexpoint considers the investment to be a Fund client, identifies the co-investment fund in its Form ADV Part 1, Schedule D, Section 7.B.(1), obtains an audit for the Fund, may choose to assess a Management Fee and/or Carried Interest on such Fund (although no Management Fee or Carried Interest has been charged to date) and includes the amount of assets of such Funds in the Firm's regulatory assets under management. In the case of direct co-investments, Flexpoint does not consider the investment to be a Fund or a client, does not act as the investment manager to the co-investment portion of the investment, does not charge Management Fees or Carried Interest to the investment, does not have custody of the investment or include the amount of assets of the co-investment in the Firm's regulatory assets under management. In such direct co-investment opportunities, Flexpoint will perform management, advisory and other services for the portfolio companies in which these co-investors invest, generally at no cost to such co-investors except portfolio company fees and expenses (which such expenses are recorded at the portfolio company).

In its sole direction, Flexpoint permits certain investors (generally Fund investors) to invest in a single portfolio company alongside a Fund or Funds through a co-investment fund. The Firm will usually only consider a co-investment opportunity in the event a Fund investment is too large for a Fund(s) and Flexpoint believes the Fund will benefit from the participation of the co-investor(s). Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements, agreements with lenders and such other factors as Flexpoint considers in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. Certain individuals who source transactions or provide financing have in the past and expect to in the future negotiate co-investment rights or co-investment priority rights as a component of their compensation or other arrangements with the relevant Fund(s). Flexpoint's exercise of discretion in allocating co-investment opportunities will not always result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to Flexpoint's Fund(s) will be less than it would otherwise have been without the inclusion of such co-investors.

Some co-investors in a co-investment fund will potentially be provided the opportunity to sit, or have a board seat or observer rights at a Flexpoint portfolio company. Such positions on boards of directors or advisers provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not

necessarily available to other investors. Any board fees received by such co-investors are paid by the relevant portfolio company and are not subject to the offset against Management Fees.

Participation in a co-investment opportunity with a Fund generally will be allocated among electing eligible investors and third parties based on their respective allocation percentages, which are determined by Flexpoint in good faith, taking into consideration: (i) certain allocation factors included in Flexpoint's investment allocation policy; (ii) the amount requested by such eligible investor or third party in respect of a particular co-investment opportunity; (iii) the total amount requested by all eligible investors and third parties in respect of a particular co-investment opportunity; and (iv) the total capital commitments of such eligible investor in the applicable Fund.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as are offered to the corresponding Fund(s) making the investment. However, from time to time, for strategic and other reasons, an individual co-investor or co-investment fund will purchase a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by an individual co-investor or co-investment fund generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. When co-investors purchase their interest from a Fund after the Fund has consummated the investment, the price paid by co-investors is typically determined by the Fund's General Partner in its sole discretion. The price may not reflect the full cost incurred by the Fund in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the portfolio company (if applicable) or the risk borne by the Fund in connection with purchasing and warehousing the investment. In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which a Fund is throughout the investment process. The Funds will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment will acquire such interest on terms that do not reflect the then-current value of such investment. In addition, to the extent that Flexpoint engages in a secondary liquidity transaction in connection with an investment, co-investors will not necessarily receive the same liquidity options as investors in a Fund and may therefore be compelled to receive cash or continue to hold an interest in the investment, depending on the particular facts of the transaction. As fees paid by or on behalf of co-investors in portfolio companies are not subject to a Management Fee offset and are thus retained by Flexpoint, the opportunity to receive such fees could present a conflict of interest. Further, as Management Fees are offset based on each Fund's invested capital in an investment, the inclusion of co-investors presents a conflict of interest in that Flexpoint could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement. Flexpoint seeks to address any such potential conflict of interest by investing in accordance with its policies and procedures governing investment allocation and co-investments.

In the event Flexpoint is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, a Fund will consequently hold a greater concentration and have greater

exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

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

Methods of Analysis

Deal Sourcing and Idea Generation. Flexpoint believes, across both the financial services and healthcare sectors, that the most readily available investment opportunities (*i.e.*, companies for sale by intermediaries) create a level of interest among potential investors that can drive entry valuations to levels where the risk-return profiles become, in Flexpoint's judgement, unappealing. As such, Flexpoint has worked hard in several ways to source opportunities where strict price competition is more muted. Only a minority of Flexpoint's investments to date have been made as the result of Flexpoint offering the highest price in a traditional auction process.

Flexpoint proactively focuses its efforts where it believes the industry experience of its Managing Directors and other investment professionals provides it an advantage, typically becoming immersed in an industry subsector in advance of finding an investment opportunity. The Firm networks with senior managers, consultants and commercial bankers in target industries and markets to intermediaries such as investment banks and M&A advisors. Flexpoint believes that industry knowledge is valuable in the deal generation process and has found that industry knowledge combined with a distinguished investment reputation helps create preferred investor status with both intermediaries and management teams. Flexpoint believes that networking among industry executives and others who are knowledgeable or well-connected will continue to allow the Firm to develop and pursue investment theses in particular niches before such investment opportunities become more commonly recognized in the broader investor community.

A majority of Flexpoint's private equity investments have been in founder-led businesses and, as a result, the Managing Directors have significant experience successfully partnering with entrepreneurs to help scale businesses. In Flexpoint's experience, this has created another sourcing advantage as Flexpoint believes it has become known, in the subsectors in which it is focused, as a preferred partner for founder-led businesses and is often directly targeted by entrepreneurs as a capital and strategic partner.

In addition to these efforts to help Flexpoint be an "early mover" with its investment theses in attractive niche sectors, the Firm believes that its flexible approach to investment structure is a powerful tool to mitigate the dominance of entry price as the determinant of closing investment opportunities. A significant number of Flexpoint's investments have been in structures other than

majority-control buyouts. Leading with its financial services and healthcare industry experience, Flexpoint has tailored its investment structures to invest in what the Firm believes are the best opportunities available.

Underwriting and Due Diligence. As in deal sourcing and idea generation, the application of Flexpoint's financial services and healthcare industry strategy drives its due diligence process, and the belief that diligence focus and capability serves to differentiate the Flexpoint approach to investing. The Firm has often developed the preliminary framework of an investment thesis in a sector even before it has had the opportunity to diligence a particular investment opportunity. As such, Flexpoint is generally well-prepared to move quickly in its analysis and diligence on a specific company when the opportunity arises.

Drawing on industry knowledge, and supplemented with current research, Flexpoint refines an investment thesis focusing on trends and events that are expected to impact the fundamental performance and potential exit value of a target company. In some cases, the analysis will explain how our views diverge from the prevailing market sentiments that drive the price at which an investment opportunity is available. In certain cases, Flexpoint will engage consultants to assist in the gathering and analysis of data to test elements of the investment thesis. Flexpoint builds a valuation and returns model and detail the investment thesis which encompasses assessment of both the industry and the target company.

In addition to industry-specific diligence, which Flexpoint believes is critical to the development of its investment thesis, the Firm performs rigorous diligence on a variety of areas of a portfolio company's business, including accounting and financial, legal, operational, customer and supplier diligence. Flexpoint often uses outside firms and works closely with them to assist in elements of accounting and legal diligence. While financial and legal diligence are critical components of the investment process, Flexpoint places equal emphasis on using the diligence process to delve into the assumptions behind its investment thesis. Flexpoint believes that industry knowledge and experience are preconditions to developing a fully formed judgment taking these factors into account.

Deal teams are usually comprised of four to five investment professionals and are led by a Managing Director with significant industry subsector experience. The deal team is responsible for the negotiation, structuring, due diligence and execution of an investment and is then responsible for the portfolio company until exit. Following the successful close of a deal, Flexpoint works closely with the company's senior management team to develop strategies to drive shareholder value during the investment period. For those investments where the Firm has significant ownership interest, it expects that two to three team members will join the portfolio company's board of directors.

Deal Execution. Flexpoint has successfully completed investments across a broad spectrum of structures, including minority investments in private companies, and has raised a full range of debt capital to facilitate deals (including bank debt, institutional senior and subordinated debt).

Portfolio Company Management. Flexpoint and its personnel have many years of industry experience in building portfolio companies, leveraging the Managing Directors' background, knowledge and networks. The Firm often helps its portfolio companies implement the infrastructure needed to scale a business from the recruitment of senior leaders to the development of best-in-class systems and controls. Flexpoint provides guidance on a wide range of topics including business strategy, management structure, operational improvements, financial capitalization, strategic alliance, acquisitions and divestitures, expansion of products and locations and talent acquisition. Flexpoint works closely with portfolio company management on major strategic decisions to assist in company financings, to help find and execute add-on acquisitions and to recruit senior management as appropriate.

Flexpoint often leads the process of financing the portfolio companies' businesses as they grow over time. Further, Flexpoint believes experience across a wide range of businesses over many years positions Flexpoint as a trusted partner for its portfolio company management teams as they assess the many regulatory changes they inevitably face over time in their sub-sectors of the financial services and healthcare industries.

Exits. While portfolio company financial performance over time is certainly the key factor in achieving attractive equity returns, Flexpoint believes that well-timed and well-executed liquidity actions can enhance returns. The Firm has demonstrated a historical record of optimizing exit timing and value through a variety of vehicles including sales, recapitalizations, public offerings and liquidation of public positions. Flexpoint believes that its industry-focused approach provides enhanced insight into optimal exit opportunities and, as applicable, into the dynamics affecting specific potential strategic acquirers that allow the Firm to oversee a successful sale process.

Just as in other areas of the investment process, the Firm believes its industry experience contributes substantially to the sale of its investments. Flexpoint has seldom relied on third-party advisers or intermediaries to source and negotiate exit opportunities. Most importantly, the Firm believes that direct involvement with its extensive industry contacts has served to optimize exit opportunities.

Investment Strategy

Financial Services Private Equity Investment Strategy

Flexpoint targets financial services investments with differentiated business models, defensible market positions, and an ability to generate attractive growth and returns on capital through economic cycles. Flexpoint intends to continue to utilize its strong reputation, deep industry experience, and network of executives to identify and pursue partnerships with industry-leading financial services companies. Flexpoint has a record of investing across a variety of financial services subsectors, including insurance, insurance services, specialty finance, lending services, asset/wealth management, capital markets technology, payments, business services and technology. The team has the experience in these subsector categories to develop deep networks of executives and intermediaries, conduct extensive research on emerging trends within these subsectors and identify and establish relationships

with a view to future potential investment opportunities. Flexpoint believes this breadth of experience will allow the investment professionals to continue to provide differentiated market and competitive perspectives to the portfolio companies, which will help inform executive and board level decision making, particularly as it relates to corporate strategy, acquisition of companies and talent, expansion of products and locations, and capital structure optimization.

Financial services is a diverse industry that encompasses many subsectors, some with balance sheet risk and others without, but each with their own unique dynamics and regulatory frameworks. With its specialization in financial services since the founding of the Firm in 2005, its investment professionals have developed a deep understanding of the fundamental drivers of these subsectors that Flexpoint believes will provide a different perspective from which to evaluate investment opportunities. This approach, when combined with a comprehensive set of technical capabilities and relationships, has allowed the Firm to invest successfully in a diverse set of macroeconomic environments across a variety of financial subsectors. While the specific characteristics of attractive investments for each subsector do evolve across economic cycles, Flexpoint believes that the investment opportunity set across the broad financial services sector remains robust throughout an economic cycle.

Flexpoint believe that there will continue to be opportunities to invest at various stages of the lifecycle of a financial services company, including during the growth and rollout of an existing strategy, a mature phase focused on maximizing cash flow, a period of industry consolidation, or a required turn-around. Each of these stages can offer different risks and rewards, and Flexpoint has experience investing and operating across this spectrum.

Healthcare Private Equity Investment Strategy

Flexpoint targets investments in healthcare services, medical products, pharmaceutical, life-sciences and related outsourcing and technology businesses that are supported by long-term and non-cyclical demand growth drivers. The team leverages deep sector experience and understanding of the risks and opportunities presented by significant regulatory oversight and third-party payor influence over many parts of the healthcare industry. The Managing Directors' collective experience investing in healthcare businesses leads Flexpoint to believe that the best investment opportunities have arisen when they have found subsectors and platform companies where the Firm can add value through its experience and relationships with industry executives and management teams. Flexpoint intends to utilize its experience to invest in both reimbursed and non-reimbursed healthcare businesses, pursuing the most attractive opportunities.

Due to the essential nature of healthcare products and services and the unique structure of many third-party and government reimbursed healthcare systems, Flexpoint believes that healthcare businesses tend to be relatively uncorrelated with traditional economic cycles. Instead, Flexpoint believes that growth in individual healthcare businesses is driven by population growth, demographic trends, cost shifting and technological innovation that may change available profit pools or favor one particular type of healthcare service or product over another. Flexpoint believes that successful investors in

healthcare businesses must be adept at anticipating the prospects for these changes over both the short and long term and projecting likely shifts in regulation that could impact the way a business acquires customers or manages its operations.

Each targeted healthcare sub-sector shares common themes such as demographic-related volume drivers and subsectors that are (i) reimbursed by government payors (e.g. home health, certain medical products and certain pharmaceuticals); (ii) positioned as business-to-business models (e.g. contract rehabilitation, distribution and clinical trials outsourcing); and (iii) undergoing technology-driven change (e.g. practice management software, medical device manufacturing, and pharmaceutical digital marketing). The value chain for any one of these sub-sectors is complex and nuanced, and Flexpoint completes a substantial amount of industry research in these sub-sectors of focus to support investment decisions. This research includes in-depth networking with companies and executives in each step of the value chain so that Flexpoint can develop a full appreciation for the ecosystem and the competitive positioning of investment opportunities.

Flexpoint believes, through this detailed industry research, it has built an extensive network of senior executives with whom Flexpoint partners in the deal sourcing, due diligence and post-close value creation processes. These executives are often current or former chief executive officers with a long track record of leadership in the healthcare industry. During a period ranging from several months to several years, these executives work alongside Flexpoint's investment team in the target sectors to source and diligence opportunities and will frequently continue in portfolio company advisory and/or board of director roles or as operating executives in portfolio companies. Flexpoint believes that these relationships help inform its view of the companies in each sector that most closely align with its investment criteria and allows Flexpoint to have a direct dialogue with a larger pool of potential partners.

Asset Fund Investment Strategy

Flexpoint believes that one of the defining characteristics of the Firm is that, in connection with making and managing various private equity investments in the financial services sector, it has developed in-house experience to evaluate many types of what it calls "financial assets." As a result, Flexpoint developed the asset fund investment strategy, which is primarily focused on sourcing, identifying creating and structuring attractive risk-adjusted return profile from financial assets.

Flexpoint views financial assets to include loans, securities, leases, books of insurance, advance lines to commercial and consumer lenders, life settlements and other assets of financial services companies. Investments can generally be placed in three broad categories, in each case spanning a range of asset types: (1) structured asset finance, securitization and lending (typically to a special purpose vehicle for the purpose of financing a defined or revolving pool of receivables), (2) direct ownership interests in financial assets that are generally uncorrelated to broad economic indicators (levered or unlevered) and (3) tactical and structured special situations, in the form of debt or equity, where the Asset Funds are typically able to provide a highly structured instrument with asset coverage, downside protection and upside potential above a fixed yield (which we refer to as "hybrid capital").

Flexpoint believes its ability to invest across a range of asset types and transaction structures is driven by its asset underwriting capabilities and fundamental approach to risk mitigation through structure. It also believes that a common theme across the portfolio is its ability to form partnerships and funding relationships with skilled asset originators, servicers and management teams by providing structured capital to fund growth in assets on a less dilutive basis than an equity only solution.

Life Settlements

Certain Funds have invested in a more directed investment strategy related to life settlements, and it is possible that in the future such assets will be acquired by a Fund individually or in coordination with other Funds. Specifically, within the life settlements market, these Funds will acquire life settlements in (i) the secondary market from one or more licensed life settlement providers (which are the regulated entities that are authorized by state governmental authorities to purchase life insurance policies from consumers) as well as in (ii) the tertiary market directly from various sellers. The Firm's management team has studied the life settlements market and believes it has developed proprietary techniques, technology and datasets to transform market challenges into competitive advantages. The capabilities of the Firm's management team derive from their collective experience in key areas of the asset class: investment through the secondary market and tertiary market, portfolio management, underwriting, origination, premium finance and servicing spanning multiple decades. Investments in the life settlements market are expected to be relatively uncorrelated to traditional asset classes such as the U.S. stock market and U.S. credit market.

Risks (for all Funds)

Investing in securities involves a substantial degree of risk. An investment in a Fund is speculative, illiquid and long-term in nature and a Fund can lose all or a substantial portion of its investments, and investors must be prepared to bear the risk of a complete loss of their investments. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below can arise in the future and, therefore, the following list is not intended to be exhaustive. While the following discusses risks as they relate to all Funds, Co-Investment Funds will also be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy. To the extent certain Co-Investment Funds pursue investments or strategies that are not pursued by the Funds, such Co-Investment Funds will likely be subject to additional risks as described in their respective offering documents. Material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include but are not limited to the following:

Business Risks. The Funds' investment portfolios consist primarily of securities issued by privately held companies and other financial assets, and operating and/or other financial results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. In addition, all investments risk the loss of capital.

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

Concentration of Investments. Each Fund will participate in a limited number of investments and intends to make the most of its investments in a limited number of industries or a limited number of industry segments (*i.e.*, financial services companies, healthcare companies and financial assets) or within a short period of time. As a result, each Fund's investment portfolio could become highly concentrated, and the performance of a few holdings, or of a particular industry, can substantially affect its aggregate return. To the extent that a particular industry, market segment or geographic region outperforms a Fund's targeted industries, market segments and/or geographic regions, a Fund will possibly achieve lower returns than if the Fund's investment strategy were more diversified. Investments in the Co-Investment Funds are made in one portfolio company and thus are concentrated solely on that one investment.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing, buying and selling private equity and financial asset investments is highly competitive and involves a high degree of uncertainty. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers, companies, governments, private equity market participants, individuals, financial institutions and other investors, investing directly or through affiliates. Over the past several years, an ever-increasing number of private equity funds have been or are being formed, and many existing funds have grown in size. Additional funds with similar investment objectives as the Funds will likely be formed in the future by other unrelated parties. It is possible that some of these competitors have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than Flexpoint, the Funds and their affiliates.

In a highly competitive environment, valuations of potential target companies have the potential to increase. It is possible that competition for appropriate investment opportunities will require the Funds to participate in competitive auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which portfolio investments can be made.

To the extent that a Fund encounters competition for investments, the acquisition costs of such investments can increase, and returns to the investors may therefore decrease. In addition, a Fund's success will depend, in part, on the ability of the Fund to acquire investments on advantageous terms. There is no assurance that Flexpoint will be able to identify sufficient attractive investment opportunities to enable the full amount of capital committed to a Fund to be invested. However, regardless of the extent to which the commitments of investors are invested (or drawn down to be invested), investors will be required to bear Management Fees and other expenses as set forth in the Governing Documents.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. It is possible that losses on unsuccessful investments will be realized before gains on successful investments are realized. The Funds' ability to dispose of investments can be limited for several reasons. Illiquidity can result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale. Dispositions of investments can be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which the Funds invest and an active mergers and acquisitions (or recapitalizations and reorganizations) market. Public offering, merger and acquisition and recapitalization and reorganization opportunities can be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In view of these limitations on liquidity, the Funds generally will not be able to return capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment can be disposed of at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there will likely be no current return on the investment. Furthermore, at certain times the expenses of operating a Fund (including the Management Fee payable to the management company or a designated affiliate) have the potential to exceed its income, thereby requiring that the difference be paid from such Fund's capital, including unfunded capital commitments of investors.

Fund Leverage; Leveraged Investments. The Funds frequently make use of leverage by incurring, or having a portfolio company incur, debt to finance a portion of its investment or interest in a given portfolio company or other investment, including in respect of portfolio companies or investments not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss can be substantial. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) can restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of leverage by a Fund (and potentially on behalf of co-investors) will also result in interest expense and other costs to such Fund that would not be covered by distributions made to such Fund or appreciation of its investments. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets are impacted by regulatory restrictions and guidelines), which is difficult to accurately forecast. As a result, at times it will be difficult to obtain or maintain the desired degree of leverage. To the extent the Funds use their leverage to fund or bridge a co-investor's investment, the Funds have greater risk of loss until the Funds' leverage is paid down for the co-investor's portion of the leverage. The use of leverage by a portfolio company also imposes restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and will impair its ability to operate its business as desired and/or finance

future operations and capital needs. The leveraged capital structure of portfolio companies and other investments will increase the exposure of a Fund's investments to any deterioration in a portfolio company's condition or its industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies or other investments in a down market. In the event any portfolio company or other investment cannot generate adequate cash flow to meet its debt service, a Fund will likely suffer a partial or total loss of capital invested in such portfolio company or investment, which can adversely affect the returns of the Funds. Additionally, in such a situation, lenders would typically have a claim that has priority over any claim by a Fund to the assets of such portfolio holding or investment in an insolvency event or proceeding. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company or other investment, it is possible such Fund would not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds plan to invest generally will not be rated by a credit rating agency.

The Funds are also permitted to borrow money or guaranty indebtedness (such as providing a guaranty of a portfolio holding's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that a Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund (and potentially on behalf of co-investors) will also generally result in fees, interest expense and other costs to the Funds that have the potential to exceed, or otherwise not be covered by distributions made to the Fund or appreciation of its investments. The Funds are permitted to incur leverage on a joint and several basis and, in connection with incurring with such indebtedness, Flexpoint reserves the right, in its sole discretion, to cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right can otherwise be unenforceable. In addition, to the extent a Fund incurs leverage (or provides any guaranty), such amounts are permitted to be secured by the commitments made by the Fund's investors and other Fund assets. If a Fund is unable to repay any leverage secured by the commitments of the Fund's investors, a lender typically has the right to issue a capital call directly to the Fund's investors, which would require such investors' contributions to be made based on a capital call from a lender instead of the Fund. The inability of a Fund to repay any leverage secured by the commitments of a Fund's investors could also enable a lender to issue a capital call on behalf of such Fund's General Partner. A Fund's use of a revolving credit or other debt facility will be determined by Flexpoint, and a Fund's performance can be affected by how Flexpoint causes a Fund to utilize such facilities. Flexpoint can face conflicts of interest in causing a Fund to use such facilities as such use would likely delay the need for investors to contribute capital to such Fund, which can enhance the Fund's performance figures and thereby benefit Flexpoint.

Use of Credit Facility or Subscription Line. The Funds borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. A Fund's use of such facilities will be determined by Flexpoint, and the performance of a Fund can

be impacted by how Flexpoint causes a Fund to utilize such facilities. Although the use of such a facility increases a Fund's ability to swiftly invest capital, it also will cause the Fund to incur interest expense and other costs and subject investors to certain risks. For example, because amounts borrowed under a subscription line typically are secured by pledges of Flexpoint's right to call capital from investors, investors would likely 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. Moreover, any investor claim against a Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors.

Fund-level borrowing will result in incremental expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of investors and the terms of the Governing Documents, it can be higher than the interest rate an investor could obtain individually. Conflicts of interest have the potential to arise in that the use of such facilities generally will delay the need for investors to make certain contributions to a Fund, which generally would enhance the Fund's internal rate of return calculations and thereby benefit the marketing efforts of Flexpoint. To the extent a particular investor's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases a Fund's reported net returns in certain methods of calculation. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor investors generally will be compensated for providing the relevant guarantee(s) and will not always be subject to the related costs, expenses and/or liabilities.

A credit agreement typically contains other terms that restrict the activities of the Funds and investors or impose additional obligations on them. For example, a subscription line can impose restrictions on Flexpoint's ability to consent to the transfer of an investor's interest in a Fund. In addition, in order to secure a subscription line, Flexpoint is expected to request certain financial information and other documentation from investors to share with lenders. Flexpoint will have significant discretion in negotiating the terms of any subscription line and can agree to terms that are not the most favorable to one or more investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows Flexpoint to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. Furthermore, borrowings by a Fund could cause a portion of the Fund's investments to be considered debt-financed and some or all of a tax-exempt investor's distributive share of income from the Fund (including dividends, interest and capital gains) could be

unrelated business taxable income. To the extent provided in the Governing Documents, any such borrowing is permitted to remain outstanding for such time as Flexpoint deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of such Fund. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for investors that would not arise had Flexpoint called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring investors to meet the accumulated, larger capital calls at the same time.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to investors. Accordingly, borrowings by a Fund or portfolio holdings might support the distribution of proceeds to investors and increase the potential Carried Interest for a General Partner; however, the interest incurred due to such borrowing would reduce the Carried Interest received by the General Partner. Subject to the limitations in the Governing Documents, if any, this conflict of interest incentivizes Flexpoint to permanently fund the acquisition and ongoing capital needs of investments of a Fund and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis and, accordingly, capital contributions to repay such borrowings can be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

Bridge Financing. A Fund is permitted to draw on its line of credit to provide bridge financing to Co-Investment Funds or portfolio companies. In such circumstances, the Co-Investment Fund or portfolio company is not a guarantor on the line of credit although it does receive the benefit of the loan. In each such case, the applicable Co-Investment Fund or portfolio company repays the loan and all interest and fees on the loan and the relevant Fund will not incur any expenses associated with use of such Fund's line of credit or the applicable entity's portion of the loan.

Limited Transferability of Fund Interests; No Right of Withdrawal. Investor interests in the Funds generally are not permitted to be, directly or indirectly, transferred, sold, assigned, pledged, encumbered, mortgaged, granted a security interest in or otherwise disposed of without the prior written consent of the relevant General Partner, which is permitted to be withheld pursuant to the Governing Documents, and the General Partners reserve the right to restrict the volume of transfers permitted in any calendar year in order to comply with certain safe harbors under the tax regulations promulgated under the U.S. Internal Revenue Code of 1986, as amended. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations where retaining an interest in a Fund would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is

expected to develop. Interests in the Funds have not been and are not expected to be registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Investors generally will not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in the Funds for an extended period of time.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. In certain situations, it is possible some investments will be distributed in kind to the investors and in such cases it will likely be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such investors. After a distribution of securities is made to the investors, it is possible that a substantial number of investors will decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. There can be no guarantee that the price at which such securities are eventually sold by such investors will not be lower than the value of such securities determined pursuant to the applicable Governing Documents, including the value used to determine the amount of Carried Interest available to the applicable General Partner with respect to such investment.

Reliance on the General Partners and Portfolio Company Management; Dependence on the Investment Professionals. Control over the operation of a Fund is vested with its General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of the investment professionals. The composition of the professionals making up particular investment teams change over time, and there can be no guarantee that the professionals included in such teams and who have contributed to the past performance of any prior Flexpoint Funds will continue to be members of the particular team or serve in the same or similar roles thereon (and in some cases, are no longer with Flexpoint, or will leave such team or Flexpoint during the life of the Fund). The loss or reduction of service of one or more of the investment professionals could have an adverse effect on a Fund's ability to realize its investment objectives.

While the investment professionals have previous experience making and managing investments similar to those contemplated to be made by each Fund, there can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments made by the investment professionals. A Fund's investments differ from previous investments made by the investment professionals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period. Also, the Asset Funds' primary investment focus differs from that of the Main Funds and therefore returns can differ, possibly materially.

In addition, the investment professionals manage several Funds and the investment professionals are expected to devote substantial amounts of their time to the investment activities of such other Funds, which will pose conflicts of interest in the allocation of the time of the investment professionals. Investors generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of such Fund will depend on the actions of Flexpoint personnel. In addition, certain changes in personnel or circumstances relating to Flexpoint can have an adverse effect on the applicable Fund or one or more of its portfolio companies or other investments, including potential acceleration of debt facilities.

For the Main Funds, although Flexpoint will monitor the performance of its Funds' investments, it will primarily be the responsibility of each portfolio company's or other issuer's management team to operate such portfolio company or other issuer on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

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

Tax Liability Considerations. It is possible the Funds will take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by a taxing authority, an investor might be found to have a different tax liability for that year than that reported on its tax returns. In addition, a taxing authority's review of a Fund can result in a review of the returns of some or all of investors, which examination could result in adjustments to the tax consequences initially reported by such Fund and affect items not related to an investor's investment in the Fund. If such adjustments result in an increase in taxable income for any year, the Fund or one or more of investors can also be liable for interest and penalties with respect to the amount due. The legal and accounting costs incurred in connection with any taxing authority's review of a Fund's tax returns will be borne by such Fund. The cost of any review of an investor's tax return will be borne solely by the investor. The taxation of partnerships and partners is complex. Prospective investors are strongly urged to consult their own tax advisors.

Need for Follow-On Investments. Following its initial investment in a given portfolio investment, a Fund is permitted to provide additional funds to such portfolio investment or have the opportunity to increase its investment in a portfolio investment (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that such Fund will have sufficient funds

to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments can have a substantial negative effect on a portfolio company or other issuer in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments is likely to result in a lost opportunity for a Fund to increase its participation in a successful investment or the dilution of such Fund's ownership in an investment if a third party invests. The proportion of a Fund's participation in a follow-on opportunity can be affected by the ability of other co-investors to participate in such follow-on investment, as applicable, which would change the return profile among investors.

Non-U.S. Investments. The Funds will sometimes invest in portfolio investments or other issuers that are organized, or headquartered and/or have substantial sales or operations outside of the United States, its territories and possessions. Any such investments will be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations are given effect during the term of the Funds) and the application of complex U.S. and foreign tax rules to cross border investments, possible imposition of foreign taxes on the Funds and/or the investors with respect to such Funds' income, and possible foreign tax return filing requirements for the Funds and/or the investors.

Additional risks of non-U.S. investments include: (i) economic dislocations in the host country; (ii) less publicly available information; (iii) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems, including different legal systems and law relating to creditors' rights; (iv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (v) civil disturbances; (vi) government instability; and (vii) nationalization and expropriation of private assets. Moreover, non-U.S. companies are not necessarily subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Currency Risk. Certain investments by the Funds, and the income received by the Funds with respect to such investments, are denominated in various non-U.S. currencies. The books of the Funds, will however, be maintained, and capital contributions to and distributions from the Funds will be made, in U.S. dollars. Fluctuations in currency values can adversely affect the U.S. dollar value of portfolio companies and other investments, interest, dividends and other revenue streams received by the Funds, gains and losses realized on the sale of investments and the amount of distributions, if any, made by the Funds. In addition, the Funds will incur costs in converting investment proceeds from one currency to another. Where practicable, Flexpoint is permitted (but shall not be required to) to enter into hedging transactions designed to reduce such currency risks. Furthermore, the portfolio companies or other investments in which the Funds invest can be subject to risks relating to changes in currency values, as described above. If a portfolio company or other investment suffers adverse consequences as a result of such changes, a Fund can also be adversely affected as a result. There can be no guarantee that investments suitable for hedging currency or market shifts will be available at the

time when the Funds wish to use them, or that hedging techniques employed by the Funds (if any) will be effective. In addition, due to developments surrounding the regulation of over-the-counter (“OTC”) derivatives, it is possible the Funds’ ability to hedge currency risk can sometimes be limited.

Interests in the Funds are denominated in U.S. dollars, and prospective investors in any country in which U.S. dollars are not the local currency should note that changes in the exchange rate between the U.S. dollar and such local currency may have an adverse effect on the value, price or income of an investment in a Fund. Foreign exchange regulations can be applicable to investments in certain jurisdictions. Any fees, costs and expenses incurred by a non-U.S. investor in converting its local currency to U.S. dollars in order to make capital contributions to the Funds will be borne solely by such non-U.S. investor, will be in addition to the amounts required to be contributed, and will not be part of the commitment of such non-U.S. investor.

Cybersecurity Breaches and Identity Theft. Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners, may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. Flexpoint’s, the Funds’ and their portfolio companies’ and their respective service providers’ information and technology systems can be vulnerable to actual or perceived damage or interruption from computer viruses, infiltration by unauthorized persons and security breaches, and other disruptive behavior including denial-of-service attacks. Furthermore, Flexpoint, the Funds and their portfolio companies and their respective service providers can be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures and power outages. Flexpoint, the Funds and their portfolio companies and their respective service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and the investors, despite efforts to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to a Fund and the investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to systems of Flexpoint, the Funds’ portfolio companies, the Funds’ service providers, counterparties, or data within these systems. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies, their personnel, customers, third-party service providers or other users to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. To the extent that a portfolio company, a Fund or a counterparty is subject to cyber-attack or other unauthorized access is gained to a Fund’s or a portfolio company’s or a counterparty’s systems, such Fund or such portfolio company would be subject to substantial losses in the form of stolen, lost, or corrupted (i) customer data or payment information; (ii) customer, Fund or portfolio company financial information; (iii) portfolio company software, contact lists, or other databases; (iv)

Fund or portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks by any portfolio company or counterparty may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Flexpoint or one of its service providers holding its financial or investor data, Flexpoint, the Funds and/or investors may also be at risk of loss, including for example, through the use of fraudulent capital call notices to investors. Any disruption in any systems designed to manage risk or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect a Fund's investment results and its ability to make distributions to its investors. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Flexpoint's, a Fund's, a portfolio company's and/or a project'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 Flexpoint's, a Fund's, a portfolio company's and/or a project's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Enhanced Scrutiny of Private Equity Industry; Potential Regulatory Changes. Certain media, regulatory and political discourse has been and continues to be focused on enhancing governmental scrutiny of and/or increasing regulation of the private equity industry. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds. Any such changes are expected to materially impact Flexpoint, the Funds and/or the investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations.

Significant Adverse Consequences for Default. The Governing Documents provide for significant adverse consequences in the event an investor defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, it is possible a defaulting investor will be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that can be paid over a period of up to ten years, without interest. Whether and how to exercise its remedies against a defaulting investor will be in the sole discretion of Flexpoint, and Flexpoint reserves the right to require the non-defaulting investors to contribute capital to make up for the shortfall created by such defaulting investor.

Side Letter Agreements. Flexpoint has entered into side letters or other similar agreements with investors in connection with its admission to the Funds without the approval of any other investor, which has the effect of establishing rights under or supplementing the terms of the Governing Documents with respect to such investor in a manner more favorable to such investor than those applicable to other

investors and such rights have the potential to be significant. The other investors will have no recourse against a Fund or its General Partner or any of their affiliates in the event that certain investors receive additional and/or different rights and/or terms as a result of such side letters or similar agreements. As a consequence of one or more investors being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating investors could be adversely affected in a material manner by the unfavorable performance of particular investments.

Non-Controlling Investments Risk. Each Fund generally has the flexibility to hold non-controlling interests in portfolio companies and/or debt investments and, therefore, will have a limited ability to protect such Fund's position in such portfolio companies or other investments. A Fund will sometimes hold meaningful minority stakes in privately held companies and in some cases will have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times will hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, any such minority stakes that a Fund holds will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake in a privately held company, it will generally be more difficult for such Fund to liquidate its interests than it would be had such Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it can be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Co-Investment Risk. Flexpoint reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more investors and/or other persons, in each case on terms to be determined by Flexpoint in its sole discretion. Conflicts of interest have the potential to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which can be made to one or more persons for any number of reasons as determined by Flexpoint in its sole discretion, will not necessarily always be in the best interests of the Funds or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, Flexpoint reserves the right to consider some or all of a wide range of factors, which can include factors which benefit Flexpoint such as the likelihood that an investor invests in a future fund sponsored by Flexpoint or its affiliates.

In addition, a Fund is permitted to co-invest with third parties alongside financial, strategic or other third-party co-investors through partnerships, joint ventures or other entities (especially with respect to certain investments (for example, in larger companies) that can only be made by a Fund with other third-party co-investors), which can have larger or controlling ownership interests in such portfolio holding or investments. In such cases, a Fund will rely significantly on the existing management and board of directors and other shareholders of such companies, which can potentially include representatives of other financial investors with whom such Fund is not affiliated and whose interests

can at times conflict with the interests of a Fund, including the possibility that co-investor(s) have interests or objectives that are inconsistent with those of a Fund, be in a position to take actions contrary to a Fund's investment objectives or become bankrupt or otherwise default on their obligations. Investments made with third-parties in joint ventures or other entities also can involve carried interests and/or other fees payable to such third-party partners or co-venturers. In addition, each Fund can in certain circumstances be liable for actions of its third-party co-venturer or partner. Although Flexpoint generally expects that appropriate minority shareholder rights will be obtained to protect a Fund's interests to the extent possible, there can be no assurance that such minority investor rights will be available or obtained or that such rights will provide sufficient protection of a Fund's interests. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities are expected to be made from time to time by Flexpoint or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities typically will be offered to some and not to other investors. When and to the extent that related persons of Flexpoint make capital investments in or alongside a Fund, Flexpoint is subject to conflicting interests in connection with these investments. Flexpoint's allocation of co-investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations will often be more or less advantageous to some such persons relative to others.

Public Company Holdings. The investment portfolio of certain Funds will contain securities and debt issued by publicly held companies. Such investments would likely subject such Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the investment professionals and increased costs associated with each of the aforementioned risks. Furthermore, despite the heavy volume of trading in securities, the markets for some securities are thinly traded from time to time. Any lack of liquidity and market depth could disadvantage a Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Also, securities exchanges and the U.S. Securities and Exchange Commission have authority to suspend trading in a particular security without notice. In addition, Flexpoint is permitted to aggregate (or bunch) the orders of one Fund with one or more other Funds, clients or accounts for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. Flexpoint and its affiliates are permitted to combine orders on behalf of the Funds.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions. Before making investments, Flexpoint will typically conduct due diligence that it deems reasonable and appropriate based on the known facts and circumstances applicable to each investment. Due diligence generally is expected to entail some combination of an evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties are often be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and Flexpoint generally will rely on the advice received from such third parties. Such involvement of third-party advisors or consultants presents risks primarily relating to Flexpoint's reduced control of the functions that are outsourced. In addition, if Flexpoint is unable to timely engage third party providers, its ability to evaluate and acquire more complex targets will potentially be adversely affected. Investment analyses and decisions by Flexpoint will at times be undertaken on an expedited basis for a Fund to compete for investment opportunities and/or consummate investments. In such cases, the information available to Flexpoint at the time of an investment decision can be limited, and it is possible Flexpoint will not have access to the detailed information necessary for a full evaluation an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not always reveal or highlight all relevant facts necessary or helpful in evaluating such investment opportunity. Moreover, a due diligence investigation will not necessarily result in an investment being successful or even ensure a return on invested capital. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in a Fund as being speculative and having a high degree of risk.

Possibility of Fraud or Other Misconduct of Employees and Service Providers. Misconduct by (i) Flexpoint employees, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Funds and/or Flexpoint and cause significant losses to the Funds. Misconduct will include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material, non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities can result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. Flexpoint has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

Litigation. The nature of the Funds' business exposes the Funds, Flexpoint, its' affiliates, and portfolio companies to the risk of third-party litigation. In the ordinary course of its business, it is possible a Fund will be subject to litigation from time to time, and the costs associated with such litigation are paid for by the Funds (and could be material). The outcome of such proceedings has the potential to materially and adversely affect the value of a Fund and can continue without resolution for long

periods of time. Any litigation has the potential to consume substantial amounts of the investment professionals' time and attention, and that time and the devotion of these resources to litigation can, at times, be disproportionate to the amounts at stake in the litigation.

Recourse to the Fund's Assets. The Funds' assets, including any investments and any funds held by the Funds, are available to satisfy all liabilities and other obligations of the Funds. If the Funds become subject to a liability, parties seeking to have the liability satisfied have recourse to the Funds' assets generally and are not limited to the particular investment giving rise to the liability.

Director Liability. The Funds will seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests (each, a "Board Representative"). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, it is possible a Board Representative will have duties to persons and/or entities other than the Fund. Serving on the board of directors (or similar governing body) of a portfolio company will expose a Board Representative, and ultimately such Fund, to potential liability. It is possible that not all portfolio companies will necessarily obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain will not necessarily be sufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from such Fund investment activities.

Advisory Board. Each Fund's General Partner will appoint one or more investor representatives to the relevant advisory board which has the ability to review and waive compliance with certain provisions of the relevant Governing Documents, including resolving potential conflicts of interest situations, and whose approval is required or can be requested in certain circumstances, including certain approvals or consents required by the Advisers Act. The Governing Documents provide that to the fullest extent permitted by applicable law, none of the advisory board members, in respect of the activities of the advisory board, shall owe any fiduciary duties to the Funds or any other investor. In addition, representatives of the advisory board have various business and other relationships with the General Partners, the Firm and their respective partners, members, officers, directors, employees and affiliates. These relationships can influence their decisions as members of the advisory board. To the extent that an investor is not represented by a member of an advisory board to which the applicable matter is submitted for review or approval, such investor will have no influence over matters submitted to the advisory board for review or approval. Finally, advisory board members may choose to abstain from voting on certain issues, which means that certain votes and issues could be decided only by non-abstaining members and less than a complete group of advisory board members. On any issue involving actual conflicts of interest, Flexpoint will be guided by its good faith discretion. In addition, members of one Fund's advisory board will in certain circumstances also be a member of another Fund's advisory board. In such instances, a conflict of interest exists if an advisory board is requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such advisory board members serve, and such members would be unlikely to recuse themselves from any such vote.

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

Market Conditions. The state of the private equity industry, generally, and the success of each Fund's investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and socioeconomic circumstances, including a global health crisis (*e.g.*, due to COVID-19). Such factors are unpredictable and cannot be controlled by Flexpoint. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth, changes in interest rates or foreign exchange rates, and/or events similar to the ongoing COVID-19 global pandemic, the 2008 financial crisis or the downgrading of the credit rating of the United States in 2011) and/or a deterioration in the capital markets can negatively impact the availability of attractive investment opportunities for the Funds, the Funds' ability to make investments, the availability of funding to support the Funds' investment objectives, the performance and/or valuation of the Funds' investments, and/or the Funds' ability to dispose of investments. Governmental measures undertaken in response to such conditions (whether regulatory or financial in nature) can have a negative effect on market conditions. Such events can adversely affect the Funds' performance, including by impacting public market comparable earnings multiples used to value privately held investments and investors' risk-free rate of return. Movements in foreign exchange rates can adversely affect the value of investments and the Funds' performance. There is risk that volatility and illiquidity in the financial sector will have an adverse effect on the ability of a Fund to sell and/or partially dispose of its investments. Such adverse effects will, in some cases, include the requirement of a Fund to pay break-up, topping, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. Any of the foregoing events can result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure. The impact of market and other economic, political and public health,

events also has the potential to affect a Fund's ability to raise funding to support its investment objective.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Flexpoint, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Flexpoint to manage the Funds and their investments, and on the ability of Flexpoint, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of Flexpoint and/or the portfolio companies to make payroll, fulfill obligations and maintain operations. Although Flexpoint expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. In addition, in the event Flexpoint determines to change Financial Institutions, there is a risk that the transfer of cash or other assets, especially if done in an expedited manner, will result in a technical violation of Advisers Act Rule 206(4)-2 (the "Custody Rule"), even if performed in the Firm's best judgment of its efforts to fulfill its obligations and maintain operations, including its ability to close transactions, make payroll or otherwise.

Many Financial Institutions require, as a condition to using their services or otherwise, that Flexpoint and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s) (each, a "Custodian"), which heightens the risks

associated with a Distress Event with respect to such Custodians. Although Flexpoint seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Flexpoint is under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Economic Disruptions Due to Public Health Emergencies. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and the current ongoing outbreak of the novel and highly contagious coronavirus (“COVID-19”), have resulted and are resulting in market volatility and disruption, and COVID-19 and any future emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which can result in significant losses to the Funds.

Environmental, Social and Governance Matters. Flexpoint recognizes that, for many investors, environmental, social or governance (“ESG”) concerns and the societal impact of their portfolios is an important consideration which cannot be viewed in isolation from overall investment performance. Therefore, the Firm will endeavor to take certain ESG considerations into account in its investment decision process (including the decision to buy, sell or hold an investment) and will, in appropriate circumstances, incorporate similar considerations into the Firm’s ongoing management decisions with respect to certain portfolio companies. However, ESG is only one of the many factors Flexpoint will consider in making investment decisions, and unless otherwise required pursuant to a Fund’s Governing Documents, the weight placed on any such ESG considerations will be in Flexpoint’s sole and absolute discretion. Further, applying ESG standards to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Flexpoint or any judgment exercised by Flexpoint will reflect the beliefs or values of any particular investor or group of investors. Finally, an assessment of ESG factors is not necessarily determinative and Flexpoint’s investment decisions will always be subject to being made in a manner that is consistent with the Firm’s fiduciary duty to act in the best interests of the Fund’s investors.

In evaluating an investment and executing its ownership strategy, Flexpoint expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Flexpoint to incorrectly assess a company’s ESG practices and/or related risks and opportunities.

To the extent that Flexpoint engages with companies on ESG-related practices and potential enhancements thereto, there can be no guarantee that (i) such engagements will achieve either or both of the desired financial and social impact or results and/or (ii) the market or other stakeholders (community members, portfolio company employees, customers, etc.) will view any such changes as desirable (either socially or to a Fund’s financial health).

There is a risk that the Funds will underperform other funds that do not take ESG-related factors into account or conversely, could underperform specialized funds that are largely or exclusively focused on sustainable investing principles.

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

Material, Non-Public Information. During the ordinary course of business Flexpoint will, on occasion, come into possession of confidential or material, non-public information. Flexpoint and its affiliates can have access to material, non-public information that is relevant to an investment decision to be made by a Fund, and the Fund can be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, would have been undertaken. Due to these restrictions, it is possible a Fund will not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, Flexpoint will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values can differ from values that would have been determined had an active market existed for such securities and can differ from the prices at which such securities are ultimately sold, if applicable. The Firm has established a valuation policy which it will follow when performing portfolio company valuations. The exercise of discretion in valuation by the Firm could give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

In addition, on occasion the Firm reports to Fund investors and (as determined appropriate) makes reports to prospective investors or the investor community more generally regarding metrics of each Fund's performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Funds' investments, including unrealized investments. These reports are an indication of the overall performance of a Fund and are important to the Firm's efforts to attract investors to the Firm and any current or future Fund. An objective of Flexpoint's valuation methodologies and procedures is to eliminate any influence these incentives have on fair value determinations.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, it is possible a Fund will be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable investment, the condition of the applicable assets and the extent of the applicable liabilities underlying

such investment, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar investments, and can be responsible for the content of disclosure documents under applicable securities laws. They can also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements can result in contingent liabilities, which would be borne by the Funds and, ultimately, its investors, which on occasion will not be proportionate to the ownership percentage of such investment owned by the Funds with respect to the other owners of such an investment. In such a situation, investors can be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Governing Documents. Furthermore, each investor that receives a distribution in violation of the Partnership Act will, under certain circumstances, be obligated under the Partnership Act to recontribute such distribution to the Fund.

Recycling; Reinvestment. Each Fund's General Partner has the ability to recall (or retain and reinvest) distributions to the extent of capital contributions from an investment (including amounts in respect of invested capital and profits thereon). Any amount drawn down to pay such Fund's expenses will, to the extent investors receive subsequent distributions, be subject to recall by such Fund's General Partner. Amounts recalled, if any, can be used by the Funds for future investments or expenses to the extent permitted by the Governing Documents. Accordingly, in such circumstances, an investor will be required to make capital contributions to a Fund in excess of its capital commitment to such Fund, and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

The Following Additional Risks are Applicable to an Investment in Fund IV Overage Funds and Fund V Overage Funds (the "Overage Funds") Only

Limited Number and Concentration of Investments; Impact of Excuse or Exclusion. Flexpoint anticipates that the Overage Funds will make only a limited number of investments, if any. There is a risk that there will be relatively few attractive investment opportunities at certain times during the Overage Funds' investment period and there can be no assurance that the Overage Funds will succeed in obtaining a sufficient number of such investment opportunities, that the investments ultimately acquired by the Overage Funds will achieve the return objectives or that the Overage Funds will be able to invest any or all of their available capital. Since the Overage Funds will only invest alongside their respective Main Funds following their formation on an "overage" basis, the Overage Funds will only make a limited number of investments (if any) made by the respective Main Funds and accordingly, the Overage Funds will hold a more concentrated portfolio than the Main Funds.

In addition, the Overage Funds intend to make all of their investments in various segments of the healthcare and financial services industries and, as a result, the Overage Funds' investment portfolios will become highly concentrated, such that the performance of a few holdings or industry segments can substantially affect its aggregate return. Concentrating in two industries involves risks greater than those generally associated with diversified acquisition funds, including fluctuations in returns.

Furthermore, an investor's participation in the Overage Funds' investments will be limited by virtue of Flexpoint's right to exclude an investor from, or an investor's right to be excused from, participating in certain of the Overage Funds' investments as set forth in the Governing Documents, thereby increasing the participation of other investors. As a consequence of one or more investors being excused or other factors limiting investments, the aggregate returns realized by the participating investors could be adversely affected in a material manner by the unfavorable performance of even one investment by the Overage Funds. The performance of one or more substantial investments will possibly have a significant impact on the overall performance of the Overage Funds.

Uncertain Investment Activity. While Flexpoint intends for the Overage Funds to invest alongside the respective Main Funds in circumstances where a portion of any such investment remains available after the Fund IV Main Funds have taken the portion of such investment that Flexpoint has determined to be prudent, there can be no assurance of the frequency or timing of such circumstances or the amount of the investments, if any, that will be available to the Overage Funds. Since the Overage Funds do not have a right to participate in any particular transaction or transactions, there can be no assurance that the Overage Funds will be allocated a percentage of any or all of the investments made by the respective Main Funds. Additionally, it is possible that the Overage Funds will only participate in larger investment opportunities that are made available to the Main Funds, and there can be no assurance that any such investments will arise or be consummated.

Investment Decisions. The Overage Funds will not be managed in the same manner as a traditional private equity fund given that Flexpoint will not be seeking investment opportunities solely for the Overage Funds and that the Overage Funds do not have a right to make an investment in all investments made by the Main Funds. Typical investment related decisions and determinations, such as investment diversity limitations, are likely to be viewed differently given the purpose of the Overage Funds. When making such decisions and determinations, Flexpoint will likely emphasize factors in a different manner and consider different factors, in each case, as compared to such decisions and determinations relating to a traditional private equity fund.

Lack of Diversification. The Overage Funds generally invest up to 50% of the aggregate capital commitments in any single portfolio company. While Flexpoint has historically sought to balance investments across its core industry sectors as described in the Governing Documents, the Overage Funds' investment strategy does not purport to give investors a similar degree of diversification that ultimately will be achieved among the Main Funds' investments.

The Following Additional Risks are Applicable to an Investment in the Asset Funds Only

Distressed Investments. The Asset Funds are permitted to make a portion of their investments in securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies generally involve a substantial degree of risk that is generally higher than the risk involved in investing in

companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Flexpoint will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, an Asset Fund can lose some or all of its investment or be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

Credit Risks of Investments in Debt Securities. The Asset Funds invest primarily in “financial assets”, which include but are not limited to: loans, leases, books of insurance, advance lines to commercial and consumer lenders, life settlements, litigation receivables and other assets of many other kinds of financial services companies. Debt portfolios are subject to credit risk, which is the likelihood that a borrower will default in the payment of principal and/or interest on an instrument, among other covenants and requirements, and interest rate risk, which is the risk associated with market changes in interest rates. Financial strength and solvency of a borrower are the primary factors influencing credit risk. Borrowers often face intense competition, changing business and economic conditions or other developments that can adversely affect their performance and increase credit risk. In addition, subordination or lack or inadequacy of collateral or credit enhancement for a debt instrument will affect its credit risk. Credit risk is expected to change over the life of an investment. In addition, borrowers are permitted to contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce debt obligations. If any of the above occurred, an Asset Fund’s investment in such debt investments could be adversely affected.

Non-Payment of Principal and Interest; Adequacy of Collateral. Debt investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments, for example, if the borrower cannot generate adequate cash flow to meet its debt service. Such non-payment would likely result in a reduction of income to an Asset Fund and a reduction in the value of the loans experiencing non-payment. An Asset Fund could suffer a partial or total loss of capital invested in the borrower, which could adversely affect the returns of such Fund. Although the Asset Funds will generally make investments that Flexpoint believes are secured by specific collateral, there can be no assurance that the liquidation of any such collateral would satisfy the borrower’s obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of a borrower’s bankruptcy, an Asset Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment.

Under certain circumstances, collateral securing an investment will be released without the consent of an Asset Fund. Moreover, in certain situations, an Asset Fund’s security interests could be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, an Asset Fund would not have priority over other creditors as anticipated. When making a debt

investment generally, the Asset Funds intend to obtain security interests in assets of the issuer or its affiliates, but the protection obtained through such interests can be inadequate to return all capital invested by an Asset Fund, especially in cases in which the loan is primarily based on an issuer's cash flow. The companies and securities in which the Asset Funds will invest generally will not be rated by a credit rating agency.

Prepayment of Investments. While a debt investment generally has a stated maturity, the terms of such investment generally allow the borrower to prepay their loan prior to such maturity. Early prepayment, particularly by good credits, reduces an Asset Fund's opportunity to earn long-term compounded returns. Later prepayment, particularly by weaker credits, can tie up an Asset Fund's capital in investments which, by their nature, are likely to have a greater risk of default. Either way, the shortening or lengthening of the holding period could prevent an Asset Fund from realizing its projected returns.

Uncertain Exit Strategies. Although the Asset Funds will often invest with the intention of holding a loan to maturity, in some cases Flexpoint will determine it is advisable to exit a position earlier. However, due to the illiquid nature of some of the positions which an Asset Fund is expected to acquire, Flexpoint is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated will sometimes be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political or other factors.

Borrower Fraud. The Asset Funds will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to their investments will achieve their desired effect and potential investors should regard an investment in the Asset Funds as being speculative and having a high degree of risk. Of key concern in loan and other debt investing is the possibility of material misrepresentation or omission on the part of the borrower, including regarding the nature and valuation of the collateral underlying such investment and the ability of an Asset Fund to perfect or effectuate a lien on any collateral securing the loan. Such inaccuracy or incompleteness has the potential to adversely affect the valuation of an Asset Fund's investments. The Asset Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent Flexpoint principals believe to be reasonable but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to an Asset Fund can be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased by the Asset Funds will be non-performing and possibly in default at the time of such purchase. Furthermore, the obligor or relevant guarantor could also potentially be in bankruptcy or liquidation. There can be no

assurance as to the amount and timing of payments, if any, with respect to the loans in which an Asset Fund invests.

Zero-Coupon and Deferred Interest Bonds. The Asset Funds are permitted to invest in zero-coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original issue discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

PIK Interest. The Asset Funds are permitted to invest in debt that pays no current cash interest but instead “payment-in-kind” or “PIK” interest, where an Asset Fund would receive additional debt or securities instead of cash. Because investors in zero coupon or PIK bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment in such securities generally has a greater potential for a complete loss of principal compared to an investment in debt securities that makes periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

Covenant-Lite Loans. Although the managing directors generally expect the loan documentation of most of the Asset Funds’ debt investments in portfolio companies to include both incurrence and maintenance-based covenants, there will sometimes be instances in which an Asset Fund invests in loans which do not have maintenance financial covenants “Covenant-Lite Loans” in the related loan documentation. An investment by an Asset Fund in a Covenant-Lite Loan will potentially hinder the ability to re-price credit risk associated with the portfolio company and reduce the ability to restructure a problematic loan and mitigate potential loss. As a result, an Asset Fund’s exposure to losses can be increased, which could result in an adverse impact on the Asset Fund’s return to the investors.

Lower Ratings; Non-Rated Securities. The Asset Funds will, on occasion, invest in “high-yield” debt, preferred stock, convertible debt or debt securities which are rated in the lower rating categories by the various credit rating agencies or, more commonly, in non-rated securities, including those rated lower than investment grade and considered to be “junk bonds” or distressed securities. Securities in the lower rating categories securities are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings and in the case of deterioration of general economic conditions. The market for lower-rated and non-rated securities is thinner, often less liquid, and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold and even make it impracticable to sell such securities. There is no minimum credit standard that is a prerequisite to an Asset Fund’s investment in any security, and most

debt securities and preferred stock that offer potential for capital appreciation are likely to be non-investment grade.

Interest Rate Risk. Credit risk could change over the life of an instrument. Interest rates may be adjusted based on a base rate plus a premium or spread over the base rate. The base rate may be the London Inter-Bank Offered Rate (“LIBOR”), Secured Overnight Financing Rate (“SOFR”), the prime rate offered by one or more major United States banks (the “Prime Rate”) or the certificate of deposit rate (the “CD Rate”) or other base lending rates used by commercial lenders. LIBOR, as provided for in loan agreements, usually is an average of the interest rates quoted by several designated banks as the rates at which they pay interest to major depositors in the London interbank market on U.S. dollar denominated deposits. SOFR, which was introduced as a replacement for LIBOR, is a benchmark interest rate for dollar-denominated derivatives and loans. Flexpoint believes that changes in short-term LIBOR and SOFR rates are closely related to changes in the Federal Reserve federal funds rate. The Prime Rate quoted by a major U.S. bank is generally the interest rate at which that bank is willing to lend U.S. dollars to the most creditworthy borrowers, although it may not be the bank’s lowest available rate. The CD Rate, as provided for in loan agreements, usually is the average rate paid on large certificates of deposit traded in the secondary market. Interest rate changes often affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Nature of Investment in Senior Loans. The Asset Funds’ investment portfolio are likely to include first-lien senior-secured debt, including term loans and revolving loans, and as well as selected second-lien senior-secured debt, which involves a higher degree of risk of a loss of capital. The factors affecting an issuer’s first- and second lien leveraged loans, and its overall capital structure, are complex. Some first-lien loans will not necessarily have priority over all other unsecured debt of an issuer. For example, some first-lien loans will permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company) or involve first liens only on specified assets of an issuer (*e.g.*, excluding real estate). Issuers of first-lien loans can have two tranches of first-lien debt outstanding, each with first liens on separate collateral. Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity and interest rate rises for example in the event of an economic downturn or a substantial or sudden increase or decrease in interest rates, which could disrupt the market for senior loan. Although the amount and characteristics of the underlying assets selected as collateral allow the Asset Funds to withstand certain assumed deficiencies in payments occasioned by the borrower’s default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to an Asset

Fund in respect of its investment. The Asset Funds' investments can be subject to early redemption features, refinancing options, prepayment options or similar provisions which in each case could result in the issuer repaying the principal on an obligation held by an Asset Fund earlier than expected. As a consequence, the Asset Funds' ability to achieve their investment objective would be adversely affected.

Illiquid Investments in Senior Loans. There is less readily available, reliable information about most senior loans than is the case for many other types of securities or other assets. In addition, there is no minimum rating or other independent evaluation of a borrower or its securities or other assets including loans and similar types of investments limiting an Asset Fund's investments, and Flexpoint will rely primarily on its own evaluation of borrower credit quality rather than on any available independent sources. As a result, the Asset Funds are particularly dependent on the analytical abilities of Flexpoint.

Senior loans generally are not listed on any national securities exchange or automated quotation system and no active trading market exists for many senior loans. As a result, many senior loans are illiquid, meaning that the Asset Funds may not be able to sell them quickly at a fair price and/or that the redemptions may be delayed due to illiquidity of the senior loans. The market for illiquid securities is more volatile than the market for liquid securities, and illiquid securities are difficult to value.

Nature of Investment in Subordinated Loans. Subordinated investments involve a high degree of risk with no certainty of any return of capital. Although subordinated securities are typically senior to common stock and other equity securities in the capital structure, they will, in some cases, be subordinated to large amounts of senior debt and can be unsecured. Many of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Therefore, if a company does not generate adequate cash flow to service its debt obligations, the Assets Funds are likely to suffer a partial or total loss of invested capital. The ability of the Asset Funds to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under the terms of subordination agreements, senior creditors are typically able to block the acceleration of the subordinated debt or other exercises by an Asset Fund of its rights as a creditor. Accordingly, the Asset Funds would not be able to take the steps necessary to protect their investments in a timely manner or at all. In addition, the debt securities in which the Asset Funds invest are not necessarily protected by financial covenants or limitations upon additional indebtedness, have limited liquidity and not be rated by a credit rating agency.

Loan Participations and Assignments. The Asset Funds invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Under a participation, the Asset Funds generally will have rights that are more limited than the rights of lenders or of persons who acquire a senior loan by assignment. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk and the risks of being a lender. Participations in commercial loans are generally either secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and

generally are offered by banks or other financial institutions or lending syndicates. When purchasing loan participations, the Asset Funds assume the credit risk associated with the corporate borrower and can also assume the credit risk associated with an interposed bank or other financial intermediary; as a result, it is possible an Asset Fund will only be able to enforce its rights through the lender and will assume the credit risk of the lender in addition to the borrower. The participation interests in which the Asset Funds invest will generally not be rated by any nationally recognized rating service. In addition, in the event of the insolvency of the lender selling the participation, the Asset Funds can be treated as a general creditor of the lender and may not have a senior claim to the lender's interest in the senior loan. Participations in senior loans has the potential to be more illiquid than senior loans acquired by assignment. Investments in loans through a direct assignment of a financial institution's interests with respect to the loan involves additional risks. For example, if a loan is foreclosed, an Asset Fund could become part owner of any collateral and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, an Asset Fund could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Asset Funds rely on their General Partner's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect such Asset Fund.

Warrants; Equities and Other Securities. The Asset Funds expect, in certain situations, to receive warrants, and in certain circumstances prior to exit, will be required to exercise such warrants in order to hold the underlying securities. The Asset Funds intend to seek to negotiate "cashless" exercise for all warrants that it receives, whereby no investment will be required to convert. However, on occasion it is not possible to negotiate such "cashless" exercise, and the Asset Funds will be required to invest cash to convert warrants and hold underlying securities, which subsequently lose some or all of their value.

Warrants, equities and other securities can have a subordinate claim on a borrower's assets as compared with senior loans. As a result, the values of warrants, equities and other securities generally can be more dependent on the financial condition of the borrower and less dependent on fluctuations in interest rates than are the values of many debt securities. The values of warrants, equities and other securities can be more volatile than those of senior loans and thus can increase the volatility of an Asset Fund's portfolio value.

Investments in Undervalued Assets. The Asset Funds invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for attractive capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. The Asset Funds can in some instances be forced to sell, at a substantial loss, assets which it believes are undervalued, if they are not in fact undervalued. In addition, the Asset Funds will in some cases be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of an Asset Fund's funds

would be committed to the assets purchased, thus possibly preventing the Asset Fund from investing in other opportunities.

Risks Associated with Bankruptcy Cases. The Asset Funds' investments will involve companies that are experiencing or are expected to experience severe financial difficulties, and it is possible such difficulties will never be overcome and have the potential to cause a company to become subject to bankruptcy or insolvency proceedings. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of, the Asset Funds. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor. As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional and administrative costs to a company and/or an Asset Fund and is subject to unpredictable and lengthy delays. In addition, during the process a company's competitive position can erode, key management can depart and there can be no guarantee that the company will be able to invest adequately. In some cases, a company will not be able to reorganize and would be required to liquidate assets. Decisions by an Asset Fund to invest primarily in the debt of such companies will in some cases not be protective of such Asset Fund's economic interests, as the debt of companies in the process of financial reorganization generally will not pay current interest, will not accrue interest during reorganization and will be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

There exists a significant risk that an Asset Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, a class. In addition, certain administrative costs and claims (for example, claims for taxes) that have priority by law over the claims of certain creditors can be quite high.

The Asset Funds will, in certain situations, purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase will be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which would result in the rescission of the transaction or forfeiture by an Asset Fund.

Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process can differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

Participation on Creditors' Committees. The Asset Funds expect to serve on committees formed by creditors ("Creditors' Committees") to negotiate with the management of financially troubled

companies that can, in some cases, be in bankruptcy. The Asset Funds will also seek to negotiate directly with debtors with respect to restructuring issues. Even if an Asset Fund chooses to join a Creditors' Committee, there can be no assurance that such Fund would be successful in obtaining results favorable to it in such proceedings, and the Fund can incur significant legal fees and/or other expenses in attempting to do so, as Creditors' Committees generally consist of many participants, each of which attempts to obtain an outcome that is in its individual best interests. As a result of an Asset Fund's service on such Creditors' Committees, such Asset Fund would likely be deemed to have duties to other creditors represented by the Creditors' Committees, which might thereby expose the Fund to liability to such other creditors who disagree with the Fund's actions. Each Asset Fund's General Partner, on behalf of the Asset Fund, will elect to serve on Creditors' Committees, equity holders' committees or other groups to ensure preservation or enhancement of the Asset Fund's position as a creditor or equity holder. A member of any such Creditors' Committee or group typically owes certain obligations generally to all parties similarly situated that the Creditors' Committee represents. If an Asset Fund's General Partner concludes that its obligations owed to the other parties as a Creditors' Committee or group member conflict with its duties owed to the Asset Fund, it expects to resign from that Creditors' Committee or group, and the Asset Fund would not realize the benefits, if any, of its General Partner's service on the Creditors' Committee or group. Additionally, if an Asset Funds is represented on a Creditors' Committee or group, it would be restricted or prohibited under applicable law from disposing of its investments in the subject company while it continues to be represented on such Creditors' Committee or group.

Structured Finance Securities. "Structured Finance Securities" are securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from or sale proceeds of a specified pool of assets, either fixed or revolving, that by their terms convert into cash within a finite time period, together with rights or other assets designed to ensure the servicing or timely distribution of proceeds to holders of such securities. Structured Finance Securities in which the Asset Funds can invest include limited recourse collateralized loan obligation securities ("CLO Securities"). Holders of Structured Finance Securities bear various risks: credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks. Structured Finance Securities are subject to the significant credit risks inherent in the underlying collateral and to the risk that the servicer or trustee fails to perform.

Risks Associated with CLO Securities. In case of a default, CLO Securities generally are limited recourse obligations of the issuer thereof payable solely from the underlying assets of the issuer ("CLO Collateral") or proceeds thereof. Consequently, holders of CLO Securities must rely solely on distributions on the underlying CLO Collateral or proceeds thereof for payment. If distributions on the underlying CLO Collateral are insufficient to make payments on the CLO Securities, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of the issuer to pay such deficiency will be extinguished. Many subordinate classes of CLO Securities provide that a deferral of interest thereon or a write-down does not constitute an event of default and the holders of such securities will not have available to them any associated default remedies. During such periods of nonpayment or partial nonpayment, such non-paid interest will

generally be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the amount of current payments made on such CLO Securities. Additionally, it is generally the case that, following an event of default, all remedies may be exercised by the senior-most class of CLO Securities, and the remedies exercised could be adverse to the holders of subordinate classes of CLO Securities.

CLO Securities are subject to a variety of credit risks relating to the CLO Collateral. The CLO Collateral held by an issuer of CLO Securities generally consists of non-investment grade loans and, to a lesser extent, non-investment grade bonds. It may also include convertible debt, warrants and other equity securities or assets received in restructurings of troubled obligors. The obligations constituting the CLO Collateral bear the same types of risks that characterize the non-investment grade debt instruments that the Fund intends to acquire directly.

Subordinate classes of CLO Securities also effectively constitute highly leveraged investments in CLO Collateral, which can make such subordinate classes extremely sensitive to changes in various attributes of the related CLO Collateral, such as market value, credit performance in general and defaults in particular, and payments and prepayments. The terms of the CLO Securities also commonly contain a variety of overcollateralization ratio and interest coverage tests; a failure to satisfy one or more of these tests could result the use of collections on the CLO Collateral to effect a mandatory redemption of senior notes, which could adversely affect payments on subordinate classes of CLO Securities.

CLO Securities are also subject to interest rate risk and day count basis risk. The CLO Collateral underlying an issuer of CLO Securities generally bear interest at a fixed or floating rate while the CLO Securities issued by such issuer would bear interest at the opposite kind of rate. As a result, there could be an interest rate mismatch between such CLO Securities and CLO Collateral, where the CLO Collateral bears interest that is, at certain times, insufficient to adequately collateralize the CLO Securities. There can be a timing mismatch between the CLO Securities and CLO Collateral assets that bear interest at a floating rate as the interest rate on such assets bearing interest at a floating rate would adjust more frequently or less frequently and/or on different dates and/or based on different indices than the interest rates on the CLO Securities. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability to make payments on the CDO Securities. In addition, hedges would likely have been acquired to manage the interest rate risk of such CDO Securities, making such CDO Securities also subject to the credit risk of the applicable hedge counterparty.

CLO Securities are considered illiquid, meaning that it is possible an Asset Fund will not be able to sell them quickly at a fair price.

Counterparty Risk. Some of the markets in which the Asset Funds effect transactions will include the OTC or “interdealer” markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the

performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC transactions. This exposes the Asset Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing an Asset Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events can intervene to prevent settlement, or where an Asset Fund has concentrated its transactions with a single or small group of counterparties. An Asset Fund’s General Partner is not restricted from dealing with any particular counterparty or from concentrating any or all of an Asset Fund’s transactions with one counterparty. The ability of an Asset Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement will potentially increase the potential for losses by an Asset Fund. In addition, the counterparties with which the Asset Funds effect transactions will, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, the Asset Fund could be unable to enter into a desired transaction, or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, certain forward, spot and option contracts and swaps will not necessarily provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts or swaps, an Asset Fund would be required, and must be able, to perform its obligations under the contract.

Cross Collateralization. The Assets Funds are permitted to engage in financings where several investments are cross-collateralized, thereby subjecting multiple investments to the risk of loss. As a result, an Asset Fund could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments.

Limited Amortization Requirements. The Asset Funds are permitted to invest in loans that have limited mandatory amortization requirements. While these loans have the potential to obligate a company to repay the loan out of asset sale proceeds or with annual excess cash flow, repayment requirements can be subject to substantial carve outs that would allow a company to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment can increase the risk that an issuer will not be able to repay or refinance the loans held by an Asset Fund when it matures.

Certain Risks Related to Life Settlements/Policies and Mortality-Linked Investment Products

Illiquid Market for Policies. The market for investment in underlying life insurance policies and other investments where cash flow is based upon a mortality event (each a “Policy”) is relatively illiquid when compared to other asset classes, including the tertiary markets for life insurance. It could prove difficult to sell Policies at attractive prices, if at all, at any given time. The ability to sell any Policies would be made even more difficult if the characteristics of the Policies marketed (including facts about

the manner in which such Policies were originated) are disfavored by active investors at the time when they are offered for sale. In addition, although a number of institutions will be actively trading a Policy, the resale of these investments can be difficult or impossible, and it can in some circumstances require substantial time for the Funds to enter into or exit a position. Therefore, a Fund that has participated in such a Policy will bear the risks of (i) selling such Policy at a substantial discount or (ii) not being able to sell the Policy either (A) in a timely manner or (B) at all. This lack of liquidity could result in reduced or delayed cash flow to the participating Fund. Investors will potentially experience a loss if a Policy must be disposed under less than optimal market conditions.

Life Expectancy of the Insureds. The Funds will be required to pay future premiums on Policies, and the right of the Funds to receive payment of the death benefit under a Policy will be delayed the longer that the related insured lives. Accordingly, the amount and timing of payments to the Funds and ultimately to investors could be materially and adversely affected if one or more of the insureds live longer than anticipated. Moreover, in certain cases, the Policy provides that if the related insured reaches a certain pre-defined age (generally 95 or 100 years), the owner will be entitled to receive an amount less than the specified death benefit, whether only the remaining cash surrender value of such Policy (which could be zero) or no amount.

The Estimation of Life Expectancies is Inherently Inexact and Imprecise. The medical underwriting process is subjective and mortality estimates are uncertain. Future mortality does not always follow past mortality experience, and it is possible for insureds to experience lower mortality rates in the future than those historically experienced by other persons having similar traits. The process of developing an estimate of life expectancy includes, but is not necessarily limited to, subjective interpretation of lifestyle, medical history, ancestry, educational background, improvements in mortality rates, wealth and access to and impact of changes in medical techniques. In addition, advances in medical science and disease treatment can lengthen the expected mortality estimate of some or all of the insureds under the Policies. Other factors, including, but not limited to, better access to health care, better adherence to treatment plans, improved nutritional habits, improved lifestyle, an improved economic environment and a higher standard of living could also lead to increases in the longevity of the insureds under the Policies.

In connection with each investment opportunity, as well as for purposes of ongoing valuation of a Fund's investments, the Funds expect to receive one or more life expectancy reports regarding each insured that are prepared by one or more third-party medical underwriting firms. There can be no assurance that the medical underwriting firm received accurate or complete information regarding the health of an insured under a Policy, or that such insured's health has not changed since the information was received. Accordingly, the life expectancy of an insured determined by a medical underwriting firm can be inaccurate if such firm was provided with incorrect or incomplete information regarding the insured or if the insured's medical condition changed from that reflected in the medical records furnished to such firm. If one or more life expectancy providers underestimate or overestimate the life expectancy of an insured under a Policy with respect to which a Fund invests, the Fund would be required to: (a) (if underestimated) pay premiums on the Policy for a longer period of time than

expected or lapse or sell the Policy in order to properly manage the overall targeted returns of a Fund's investment portfolio, or (b) (if overestimated) receive death benefit proceeds more quickly than expected. Therefore, the amount and timing of payments to the Funds and ultimately to investors could be materially and adversely affected by inaccurate life expectancies. Different medical underwriting firms use different methods and can arrive at materially different mortality estimates for the same individual based on the same information.

No information will be available to investors to enable them to make mortality estimates or to evaluate the procedures or methodologies used by any medical underwriting firm, and investors will not have any recourse to any person or entity in the event that the mortality estimates for one or more insureds are incorrect.

Policy Origination Risks. A Policy owner, insured, insurance agent or other party will, at times, have committed fraud, or misstated or failed to provide material information to the purchaser of a Policy, including a Policy seller or its affiliates, in connection with the life settlement transaction. In particular, there can be information directly relevant to the value of the related Policy, including, but not limited to, information relating to the insured's medical or financial condition, to which the relevant seller, the Firm and/or the Funds will not have access. It is not possible to verify the accuracy or completeness of each piece of information or the completeness of the overall information supplied by such parties. Any such misstatement or omission could cause the participating Fund to rely on assumptions which turn out to be inaccurate. Additionally, there can be no assurance that the Policy seller (or any additional or intermediate seller) properly acquired the Policy from the former owner, or that a former owner, former beneficiary or other interested party will not attempt to challenge the validity of the transfer. The occurrence of any one or more of these factors could adversely affect the amount and timing of distributable proceeds to investors.

Privacy Laws and Other Factors Can Limit Information Received About an Insured. U.S. and non-U.S. privacy laws and confidentiality considerations can limit the information the participating Fund or the Firm receives about an insured under a Policy, such as the insured's medical condition. In addition, other factors, such as the unwillingness of an insured or his/her physician to cooperate with the periodic release of medical records, can limit the information that the Funds or the Firm receives.

Premium Payments. Premium payments are set by life insurance companies and are a material consideration when computing the value of Policies. It is possible that one or more carriers will raise the cost of insurance for its Policies. Any increase in the level of premium payments for one or more Policies could result in the Funds needing to draw additional capital or borrow funds on a credit facility, if possible, to pay such premiums at times and in amounts previously unanticipated. Such funds will not necessarily be readily available and could result in a lapse of one or more Policies, following which the Funds would not be entitled to any death benefits under the subject Policy. An increase in the amount of premiums required to maintain a Policy in force, when evaluated with the life expectancy of the insured under the Policy, could also lead the Funds to conclude that it would be better to surrender or lapse such Policy than to continue paying premiums thereon, in which case the

Funds would not be entitled to receive the death benefit under such Policy following the insured's death and would suffer a loss on its investment in such Policy. In addition, any such premium payment increase will potentially result in reduced or delayed cash flow and/or profits to the Funds and ultimately to investors.

Adverse Scrutiny or Publicity Related to the Funds or the Life Settlement Market. Many regulators, lawmakers and other governmental authorities, as well as many insurance companies and insurance industry organizations, are hostile to, or otherwise concerned about certain aspects of, the life settlement and premium finance markets. The life settlement industry and some of its participants have also been, and could continue to be, portrayed negatively in a number of widely read publications and other forms of media.

Delays in Payment of Death Benefits. Upon the death of an insured, the issuing insurance company is obligated to pay the death benefit under the Policy, subject to compliance with certain conditions (e.g., timely filing of acceptable Policy claim forms with due proof of death, etc.). However, there could otherwise be delays in payment of death benefits, including delays in obtaining due proof of death as well as delays caused by the issuing insurance company investigating facts surrounding one or more death claims, which could materially and adversely affect the timing of payments to the Funds and ultimately to investors.

Insurable Interest. Insurance laws generally require the person procuring a Policy to have an insurable interest in the life of the underlying insured at the time the Policy is issued. Certain U.S. states not only require an insurable interest at the time the Policy is procured, but also require an insurable interest in connection with certain types of assignments or following a Policy's issuance, such as at the time of the insured's death. A person is presumed to have an insurable interest in his/her own life. People with an insurable interest in an underlying insured also generally include immediate family members (by blood or law) or other persons with substantial economic interest in the continued life of the underlying insured (e.g., a creditor with respect to the debtor up to the amount of the loan, an employer with respect to certain key employees, etc.). An issuing insurance company can seek to rescind a Policy on the grounds that the Policy was void ab initio, or is voidable, for lack of insurable interest. In such circumstances, the insurance company is generally, but not always, required to return the premiums paid to date. Furthermore, in some states an insured's estate, spouse or children (i.e., presumptive beneficiaries) have the right to the death benefit rather than the person who, or entity that, is named as the beneficiary under the Policy if such Policy is found or determined not to have been procured or assigned with the requisite insurable interest in the life of the insured. Any delay or failure of an issuing insurance company to pay death benefits under a Policy to the participating Fund resulting from any claim, challenge or proceeding (whether of an insurance company, a presumptive beneficiary or another party) asserting a lack of the requisite insurable interest could materially and adversely affect the amount and timing of payments to the Funds and ultimately to investors.

Issuing Insurance Company Credit Risk. The Funds will be subject to the credit risk associated with viability of life insurance companies that issue the Policies. The bankruptcy of any such life insurance

company or a downgrade in the ratings of such life insurance company could have a material adverse impact on the ability to monetize the related Policies or the proceeds that would be received from monetizing the related Policies, the collectability of the related death benefits or access to cash surrender value or other amounts agreed to be paid by the life insurance company.

Contestability of Policies. Issuing insurance companies occasionally seek to rescind Policies, most often based on allegations of (i) fraud in the Policy application, (ii) lack of insurable interest at the date of issuance or (iii) violations of other laws limiting conveyance of interests in the Policy at the time of or soon after the issuance of such Policy. After such period, a Policy will generally provide that it is not contestable. However, in some U.S. states, existing case law or regulations allow an insurer to maintain a challenge to payment under the Policy for fraud or misrepresentation beyond the contestability period or individual insurance contracts can provide for such a defense even though it is not permitted under the laws of the relevant state. In most U.S. states, the expiration of the contestability period will not bar an insurable interest defense by an issuing insurance company. If an issuing insurance company successfully contests a Policy, whether within the specified contestability period or otherwise, then upon the death of the underlying insured, such issuing insurance company will not be obligated to pay the death benefit under such Policy, but instead will generally only be obligated to return the premiums previously paid for such Policy (with or without interest on such premiums and potentially subject to offset against fees of the insurer in challenging the enforceability of the Policy). As a result, if one or more of the issuing insurance companies contests a Policy, such action has the potential to result in a negative impact on the market value or liquidity of such Policy and/or can materially and adversely affect the amount and timing of payments to the Funds and ultimately to investors. No assurance can be given that an issuing insurance company will not seek to rescind a Policy or deny payment thereof on any basis.

Litigation Risk - Life Insurance Policy Assignment. The assignment of Policies can be a contentious matter in the event that an insured or a family member of an insured disputes the transfer of the Policy. Even though the Fund will be acquiring interests in Policies primarily pursuant to tertiary market transactions, the Fund will in some cases also engage in primary settlement transactions, and can be named as a defendant in a lawsuit or regulatory action stemming from the origination of one or more Policies. In the event any litigation were to occur, the Funds would bear the costs of defending against the litigation, and would be unable to predict its outcome.

It is possible that the Funds will become subject to, or will otherwise become affected by, litigation involving one or more life insurance companies (either as a plaintiff or a defendant), including claims by an insurance company seeking to rescind a Policy prior to or after the death of the related insured. Moreover, such risk is enhanced with respect to an insurance company that is experiencing financial difficulty, since a successful claim by the insurance company could reduce its financial liabilities. In the event any litigation were to occur, the Funds would bear the costs of defending against the litigation, and would be unable to predict its outcome, which could include a Fund losing its right to receive (or retain) the proceeds otherwise payable under one or more Policies.

Investments Acquired Subject to Retained Rights to Death Benefits. A Fund can acquire Policies subject to an agreement to maintain the Policies in force and pay a portion of the death benefit proceeds to a third party such as the original owner of the Policy or its designee. If any such Policy lapses, the participating Fund will not only not receive the related death benefits but can also be contractually obligated to pay the third party the portion of the death benefits that would have been payable to such party in respect of its beneficial interest in the Policy at the death of the related insured.

Conflicts of Interest

The Governing Documents for each Fund include a description of what Flexpoint believes to be the most significant conflicts of interest associated with an investment in such vehicle. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences and investors should carefully consider the conflicts of interest outlined in each applicable Fund's Governing Documents prior to investing in a Fund. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that Flexpoint, its personnel and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that Flexpoint will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. In particular, Flexpoint expects in the future to identify additional conflicts of interest that currently are not apparent to the Firm or to the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as the Firm develops new investment platforms or business lines and otherwise adapts to dynamic markets and an evolving regulatory environment. To the extent that Flexpoint identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory board or to investors more generally.

Allocation of Investment Opportunities. Until such time as Flexpoint is permitted under the relevant Governing Documents to raise a successor investment fund, the investment professionals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the most recent Fund for the benefit of such Fund, except where an investment falls within the investment objectives of both a Main Fund and an Asset Fund and subject to certain other exceptions set forth in the Governing Documents. Over time, certain investment opportunities suitable for one Fund are likely also to be suitable for other investment Funds. Flexpoint affiliates will give advice and recommend assets, instruments, loans, securities or other investments to a Fund that will potentially differ from advice given to, or assets, instruments, loans securities or other investments recommended or bought for, another Fund, even though their investment criteria, strategy, objectives and scope are the same or similar.

Flexpoint generally has discretion over how or when to allocate certain investments among each Fund. In determining which Funds should participate in such investment opportunities, subject to the

relevant Governing Documents, Flexpoint is subject to potential conflicts of interest among the investors in the Funds. Flexpoint will endeavor to allocate investment opportunities in a fair and equitable manner consistent with each Fund's investment criteria, strategy, objectives and scope. In making allocation decisions with respect to investment opportunities that could reasonably be expected to fit the investment objectives of a Fund or multiple Funds, Flexpoint anticipates that it will consider each Fund's Governing Documents, as well as factors including, but not limited to: the objectives and investment programs of such other Funds, strategy, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), diversification limits and levels, the expected duration of the investment in light of a Fund's objectives and investment program, the amount of available capital (including financing), anticipated future follow-on needs, life cycle, the magnitude of the investment opportunity, life-cycle, regulatory and tax considerations, structure, the degree of risk arising from an investment, the expected investment return, the internal source of the investment opportunity, relative liquidity or the likelihood of current income.

When and to the extent that employees and related persons of the Flexpoint affiliates make capital investments in or alongside a Fund, the Flexpoint affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that a Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Cross Investing. Subject to the terms of the applicable Governing Documents, on certain occasions a Fund will make an investment in the same portfolio company or issuer of another Fund. These and other situations will involve potential conflicts of interest. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as the other Fund, which could result in differences in price, investment terms, leverage and associated costs. Furthermore, any investment by a Fund in an entity in which another Fund has a pre-existing investment (or vice versa) could be viewed, especially in hindsight, to have been made based on a non-arms-length valuation. Similarly, Funds may later invest in entities in which another Fund has already invested, which likely would have an effect (either positive or negative) on the market price of such Fund's investments. In circumstances in which a Fund makes an investment in an entity in which another Fund has a pre-existing investment, such Fund expects to make business decisions relating to such investment (such as, for example, financing or hedging interest rate, currency or credit risk) independently of the analogous decisions made with respect to such investment by such other Fund. This has the potential to result in situations where a Fund chooses not to hedge certain risks that other Funds do hedge (or vice versa), or the possibility that a Fund is exposed to risks of financing (for example, possible margin calls) on an investment when other Funds are not (or vice versa). There can be no assurance that a Fund and the other investing Fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other investment Fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to such Fund.

Although Flexpoint will employ procedures to address such conflicts, some of which are set forth in the Governing Documents, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to a Fund and its investors. Subject to the terms of the Governing Documents, if a company as to which a Fund holds an interest becomes financially troubled, Flexpoint will make its decisions regarding the appropriate action to be taken with respect to that company, including the terms of any financial restructuring or work-out, in the collective best interests of each participating Fund as determined at such time.

Neither an advisory board nor investor consent will be required if multiple Funds are investing at substantially the same time on substantially the same terms in the same investment. In addition, neither an advisory board nor an investor consent will be required if a Fund and/or one of its portfolio companies enters into a transaction with any Fund and/or with respect to one of its investments or assets, provided that an independent third-party advisor provides a market assessment that the transaction is on arms' length terms.

Investing in Different Levels of the Capital Structure. Subject to the terms of the Governing Documents, a Fund is authorized to hold interests in an entity that are of a different class or type than the class or type of interests held by other Funds. For example, it is possible that one Fund will hold mezzanine or senior debt securities and another Fund will hold junior securities. This would potentially result in one Fund being senior to another Fund in the capital structure of such entity, which could mean that in a workout or other distressed scenario one Fund might be adverse to another Fund and might recover all or part of its investment while the other Fund might not. These and other investments have the potential to be deemed to create conflicts of interest, particularly because Flexpoint can take certain actions for some Funds with respect to one class of debt or equity that is adverse to other Funds that hold other classes of debt or equity of the same borrower or issuer. In such cases, Flexpoint will seek to act in a manner it believes to be fair to its Funds under the circumstances and consistent with the Governing Documents.

Without limiting the foregoing, investors should be aware that the Funds would have conflicting interests in negotiating the terms of an investment and investing in a company if one or more other Fund has or proposes to make an investment in the same portfolio company, particularly where the other Fund has a different interest in the portfolio company. Such negotiated terms potentially include, but are not limited to, the amount and nature of equity securities attached to the structured equity or subordinated debt investment, the interest rates to be paid on the structured equity or subordinated debt, the characterization of the structured equity or subordinated debt securities (whether as preferred stock or as subordinated debt), the fees and expenses to be charged to or by a Fund, and the nature of the covenants running in favor of a Fund. Furthermore, investors should be aware of the potential risk of equitable subordination or debt re-characterization in the event of the insolvency or bankruptcy of a portfolio company in which a Fund holds a controlling interest and one or more other Funds has a more senior debt or equity interest in such portfolio company.

Subject to the terms of the Governing Documents and applicable regulations, one Fund is authorized to buy securities from, or sell securities to, or co-invest with, other Funds.

Investor Transfer of Interest. In certain cases, Flexpoint will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, Flexpoint will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors. On occasion, Flexpoint has purchased a defaulting investor's interest or otherwise provided liquidity to an investor by purchasing their interest.

Industry Relationships. As with other private equity fund sponsors, as part of Flexpoint's business, Flexpoint and its employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional Flexpoint (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Flexpoint. Certain of these third parties are expected, from time to time, to: (i) introduce investment opportunities to Flexpoint; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Flexpoint, the Flexpoint Funds or Flexpoint Fund portfolio companies. Such third parties are also expected, from time to time, to provide goods or services to or have business, personal, political, financial or other relationships with Flexpoint investment professionals and other employees. In addition, such third parties are permitted to invest in one or more Flexpoint Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to Flexpoint, the Flexpoint Funds and/or their portfolio companies. These relationships have the potential to influence Flexpoint in deciding whether to select or recommend any such third-party to perform services for the Funds or their portfolio companies. The cost of any services provided by such third parties generally will be borne directly or indirectly by the Funds or their portfolio companies, as applicable.

Investor Participation in Portfolio Company Financing. In certain cases, certain Fund investors or their affiliates are expected to provide or seek to provide debt financing in connection with a Flexpoint portfolio company investment made on behalf of a Fund. Flexpoint pursues debt financing on terms it believes are advantageous for a Fund when weighing all the factors relevant to the transaction, including the prevailing financing rates and any original issue discount, scope of positive and negative debt financing covenants, prior experience with the applicable counterparty, and such counterparty's execution capability, reputation and expertise within the industry. On such occasions, the Firm receives competitive bids from other debt providers and ensures that the transaction is in the portfolio company's best interest. Notwithstanding the foregoing, the participation of a Fund investor and its

affiliates in multiple segments of a portfolio company's capital structure subject Flexpoint and its principals to potential conflicts of interest when negotiating the terms of the applicable debt financing as the provision of financing on favorable terms can encourage the Fund investor and its affiliates to participate in future Funds managed by Flexpoint.

Management of the Funds. Flexpoint manages a number of Funds that will, in certain cases, have investment objectives similar to each other and can, in the future attempt to establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. In addition, it is expected that Flexpoint employees responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by Flexpoint, including Funds that will potentially be raised in the future. Conflicts of interest will potentially arise in allocating time, services or functions of these officers and employees.

Portfolio Company Conflicts; Service Provider Conflicts. With the exception of the Asset Funds, as a result of the Funds' expected controlling interests in a majority of portfolio companies, Flexpoint typically will have the right to appoint portfolio company board members to each Fund's portfolio companies, or to influence their appointment and to determine or influence a determination of their compensation. Portfolio company board members typically approve compensation and/or other amounts payable to Flexpoint. Such amounts will be in addition to any Management Fees or Carried Interest paid by the Funds.

Flexpoint will, in its discretion, recommend to a Fund or to a portfolio company (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Flexpoint or a related person (including, but not limited to, a portfolio company of a Fund) and at rates determined or substantially influenced by Flexpoint or (ii) an entity with which Flexpoint or its affiliates or a member of their personnel has a relationship or from which Flexpoint or its affiliates or their personnel otherwise derives financial or other benefit. There is a possibility that Flexpoint, because of such belief or for other reasons, can (including whether the use of such persons will potentially establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Flexpoint or the Funds), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Flexpoint will not necessarily seek out the lowest cost option when incurring (or causing the Funds or their portfolio companies to incur) such expenses. Although Flexpoint generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. When making such a recommendation, Flexpoint would, because of its financial or other business interest, have an incentive to recommend the related or other person, even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Additionally, a portfolio company typically will pay or reimburse Flexpoint, Operations Consultants or service providers retained at Flexpoint's discretion for services or expenses (including, without limitation, travel expenses) incurred by Flexpoint or such service providers in connection with its performance of services for such portfolio company. When engaging a third party to provide such services, Flexpoint will select the third party it believes is the most appropriate for the situation and such selection will not necessarily be based on cost alone. This subjects Flexpoint and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these payments or reimbursements, and the amount of such payments or reimbursements could be substantial. Flexpoint determines the amount of these payments and/or reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

Certain members of a Main Fund's advisory board are, or in the future will be, officers or directors of, or otherwise affiliated with, investors in a Fund. Flexpoint, from time to time, utilized the services of investors and their affiliates on an arm's-length basis, as it deemed appropriate.

Certain Consultants; Certain Amounts Do Not Offset Management Fees. Flexpoint, the Funds and their respective portfolio companies will from time to time retain other companies and individuals as consultants, special advisors or other service providers, which are sometimes affiliates of Flexpoint; employees of such affiliates; portfolio companies of the Funds; third party consultants (including individual consultants (including Operations Consultants) and those who otherwise have a relationship with Flexpoint) and external executives; "operating partners;" "strategic partners;" "executive partners;" "special advisors" or "senior advisors" (collectively, "Special Consultants"). The Special Consultants are generally engaged to provide services to, or in connection with, the Funds in relation to their activities or one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies. The fees and compensation received by Special Consultants is described in each Fund's Governing Documents and above in Item 5.

Although Flexpoint intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors can result in limited or no cost savings from such retention. In addition, Flexpoint intends to retain only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. Flexpoint will determine or strongly influence the amount of such payments or compensation that it or its affiliates receive, and it will potentially be substantial. Such amounts received by Flexpoint and its affiliates will likely create a conflict with respect to the interests of the Fund if such fees are not sufficiently supported by benefits received by portfolio companies. Certain decisions made by the investment professionals will likely be influenced by this conflict of interest, including decisions with respect to the amount of such fees. In addressing such conflicts, Flexpoint seeks to act in a fair and equitable manner consistent with its fiduciary duties to the Funds.

In addition, Flexpoint also is expected, from time to time, to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds; conversely, former Flexpoint personnel or executives can sometimes serve in significant management roles at portfolio companies or service providers recommended by Flexpoint. Similarly, Flexpoint and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Flexpoint and/or the Funds. Flexpoint has a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio company owned by the Funds if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds Flexpoint advises, will provide Flexpoint information about markets and industries in which it operates (or is contemplating operations) or will provide other services that are beneficial to Flexpoint. Flexpoint typically has a conflict of interest in making such recommendations, in that Flexpoint has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds, while the products or services recommended would not necessarily be the best available to the portfolio companies held by the Funds.

Tax Considerations; Diverse Membership. The investors in the Funds are expected to include U.S. taxable and tax-exempt entities and institutions from jurisdictions outside of the United States. Such investors will potentially have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments, and the timing of the disposition of investments. As a consequence, conflicts of interest will arise in connection with decisions made by Flexpoint or its affiliates, including with respect to the nature or structuring of investments that would potentially be more beneficial for one investor than for another investor, especially with respect to investor's individual tax situations. In selecting and structuring investments appropriate for a Fund, Flexpoint and its affiliates will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Expense Allocations. Subject to any relevant restrictions or other limitations contained in the Governing Documents, Flexpoint will allocate fees and expenses in its sole discretion in a manner that it believes in good faith is fair and equitable to the applicable Fund(s) under the circumstances and considering such factors as it deems relevant. In exercising such discretion, Flexpoint can be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Fund(s). In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Flexpoint or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. Investors are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which will be calculated based on capital commitments, invested capital, available capital or other

metrics as determined by the General Partner in its sole discretion. The allocations of such expenses are not always proportional.

Flexpoint and its affiliates will from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by each Fund that participated or was expected to participate in such investment. To the extent a Co-Investment Fund was formed and such co-investors were contractually committed to participate in such co-investment, such co-investors will bear their share of broken deal expenses incurred in connection with such Co-Investment Fund; to the extent there is no contractual commitment by co-investors, broken deal expenses will be borne by the relevant Fund. Co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will lower the risk of incurring broken deal expenses or similar expenses incurred by such Fund (and indirectly, by such Fund's investors) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest. The Funds will typically bear a portion of any such fees, costs and expenses in proportion to the size of its actual or proposed investment, or in such other manner as Flexpoint considers, in good faith, to be fair and equitable.

There are occasions when one Fund (the "Payor Fund") pays an expense common to multiple Funds (the "Allocated Funds"). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. There are also occasions where the Firm or a Payor Fund pays an expense on behalf of a portfolio company. On such occasions, the portfolio company will reimburse the Firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information Flexpoint obtains in connection with a Fund's research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at Flexpoint's expense will be the intellectual property of Flexpoint and not the Fund.

A conflict of interest could arise in Flexpoint's determination of whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, or whether such expenses should be borne by Flexpoint or the manner in which Flexpoint allocates expenses among the Funds. The Funds will be reliant on the determinations of Flexpoint in this regard. Because the allocation process can be subjective, from time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Flexpoint to be the most appropriate corrective measure to ensure allocations are equitable on an overall basis in Flexpoint's good faith judgment.

Other Benefits. In connection with its services to the Funds and their investments, Flexpoint and personnel expect to receive certain tangible and intangible benefits. For example, in the course of Flexpoint's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Flexpoint and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to the Funds' and/or their portfolio companies (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Flexpoint Information"). In many cases, Flexpoint Information will include tools, procedures and resources developed by Flexpoint to organize or systematize Flexpoint Information for ongoing or future use. Although Flexpoint expects that the Funds and their portfolio companies generally will benefit from Flexpoint's possession of Flexpoint Information, it is possible that any benefits will be experienced solely by future funds and/or portfolio companies and not by the Funds or their portfolio companies. Flexpoint Information will be the sole intellectual property of Flexpoint and solely for the use of Flexpoint. Flexpoint reserves the right to use, share, license, sell or monetize Flexpoint Information, without offset to the Management Fee, and none of the Funds or their portfolio companies will receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or their portfolio companies are expected to be charged using credit cards or other widely available third party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or the investors. No such rewards will offset the Management Fee.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements. The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among Flexpoint, the investors, the Fund, the General Partner and other entities and individuals. Questions can 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 operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While Flexpoint will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations Flexpoint adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

Employee Investors. Certain of Flexpoint's employees invest in the Funds as part of the applicable General Partner's commitment to a Fund. Subject to applicable law, the terms of an investment by an employee differ from, and are more favorable than, those of an investment by an external Fund investor. For example, employee investors receive information regarding investments at different times than other investors and may benefit from different credit facility arrangements than a Fund.

Each employee is responsible for financing their own investment contributions to the General Partner, although the Firm has organized credit facilities to enable individuals to elect to borrow a percentage of their capital commitment. In certain instances, and in its sole discretion, Flexpoint has made carried interest loans to employee investors in the General Partner.

Other Potential Conflicts. The Governing Documents of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner's share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates in kind, while disposing of investors' share of such securities and distributing the net cash proceeds of such sale of securities to the investor. This ability creates conflicts of interest between the General Partners and the investors of the applicable Fund because the General Partner could have an incentive to cause such Fund to exit an investment at a time that results in investors receiving a lesser return on such investment than would be the case if the General Partner were prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as investors).

Due in part to the fact that potential investors in a Fund (including a purchaser of an investor's interests in a secondary transaction) can ask different questions and request different information, Flexpoint expects to provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or investors.

Additional Potential Conflicts Relating to the Overage Funds

Nature of Fund IV Overage Funds and Fund V Overage Funds. The Overage Funds have been organized and formed as "overage" funds to invest alongside their respective Main Funds in certain investments that require equity in excess of the appropriate allocation for the Main Funds. Many of the actual and potential conflicts of interest described herein will potentially arise between the Overage Funds and the Main Funds. Flexpoint has discretion over how or when to allocate certain investments among the Main Funds and the Overage Funds, subject to certain limitations set forth in the Governing Documents for each of the Main Funds and the Overage Funds as well as certain factors described in its policies and procedures. Since the Overage Funds do not have a right to participate in any particular transaction, there can be no assurances that the Overage Funds will be allocated any portion of an investment made by the Main Funds and certain conflicts of interest can arise in decisions relating to the allocation of such investment between the Main Funds and the Overage Funds. Furthermore, there could be an incentive for Flexpoint to allocate investments between the Main Funds and the Overage Funds in a manner that maximizes the Carried Interest that would be payable by the Overage Funds to the General Partner or by the Main Funds to the General Partner based on the investment performance of the Main Funds and the Overage Funds at such time. Also, because the Overage Funds' Management Fees are based upon the Overage Funds' capital contributions for investments (including during the investment period when the Main Fund charges fees based on capital

commitments), there could be an incentive for Flexpoint to allocate investments to an Overage Fund (as compared to the Main Fund) to increase the overall amount of Management Fees.

Because the Overage Funds generally will invest in parallel with its respective Main Funds, the terms and conditions of the Governing Documents will govern each investment. Accordingly, Flexpoint will have control over decisions such as the rate at which capital is invested, the size of each position relative to the other investments of the Overage Funds or the types and geographic locations of portfolio companies, subject to the limitations set forth in the Governing Documents. In addition, certain conflicts of interest will arise between the Overage Funds and the Main Funds regarding the disposition of an investment held by the Overage Funds and the Main Funds, including the appropriate time, manner and terms on which to effect such disposition.

Additional Potential Conflicts Related to Life Settlements/Policies and Mortality-Linked Investment Products

Conflicts of Interest in Valuing Life Settlement Assets. For some life settlement policy investment pools, Flexpoint will rely on independent third parties to provide a valuation while for other investments, Flexpoint will perform the valuations internally, even if such investments are similar. When estimating fair value, Flexpoint will apply a methodology it determines to be appropriate based on guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values can differ from values performed by third parties or that would have been determined had an active market existed for such securities. The exercise of discretion in valuation by the Firm could give rise to conflicts of interest in that it is possible that Flexpoint will arrive at a different valuation than a third party valuing the same investment or that Flexpoint's valuation will prove to be inaccurate.

Item 9 – Disciplinary Information

Like other registered investment advisers, Flexpoint is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of Flexpoint or the integrity of Flexpoint's management. No events have occurred at Flexpoint that are applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Flexpoint nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity trading advisor or a registered representative or associated person of the foregoing, and Flexpoint does not anticipate such affiliations in the future.

Flexpoint has no arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or

financial planner, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer or an entity that creates or packages limited partnerships that are material to Flexpoint's advisory business, the Funds or their investors. Flexpoint has and will continue to maintain and develop relationships with professionals that provide services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage, information technology, compliance and other services. Some of these professionals provide services to the principals, employees, the Funds or their portfolio companies. Additionally, some of these professionals are investors in certain Funds, either personally or through their company.

The General Partners of certain Funds qualify, and have filed for, an exemption from registration as a commodity pool operator with the National Futures Association and Commodity Futures Trading Commission ("CFTC") pursuant to CFTC Regulation 4.13(a)(3) (*de minimis* amount of commodity interest trading). Similarly, certain General Partners also qualify, and have filed for, an exemption from registration as a commodity trading advisor with the CFTC pursuant to CFTC Regulation 4.14(a)(8) (trading is *solely incidental* to investment advisory business).

As described in Item 4, each of the General Partners are deemed registered with the SEC under the Advisers Act pursuant to Flexpoint's registration. These General Partner entities operate as a single advisory business together with Flexpoint and serve as General Partners of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants, Operations Consultants or persons occupying similar positions. The General Partners do not have employees of their own.

Flexpoint does not recommend or select other investment advisers for the Funds.

From time to time, Flexpoint receives training, information, promotional material, meals, gifts, entertainment or other prerequisites from vendors and others with whom it does business or to whom it makes referrals. At no time will Flexpoint accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual Fund transactions to a specific security, product or provider. Similarly, Flexpoint employees have in the past, and expect in the future, to speak at and attend conferences and other industry events for potential investors interested in investing in private funds and other industry events that are sponsored by the Firm's service providers. Through such events, prospective investors have the opportunity to meet with Flexpoint. Neither Flexpoint nor any Fund compensates any third parties for organizing such events or for investments ultimately made by prospective investors attending such events.

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

Code of Ethics

Flexpoint has adopted a written Code of Ethics which is designed to comply with Rule 204A-1 under Advisers Act, and establishes guidelines for professional conduct and employee personal trading procedures, including certain pre-clearance and reporting obligations. The Code of Ethics requires all supervised persons to place client interests ahead of the Firm's interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws. With respect to third parties that are not subject to the trading restrictions under Flexpoint's Code of Ethics and that may otherwise obtain sensitive and nonpublic information relating to a Fund deal (*e.g.*, Operations Consultants, co-investors, legal, financial, diligence, public relations and other similar service providers), such persons typically are subject to contractual provisions in confidentiality agreements or professional obligations that prohibit the misuse of any such information.

Flexpoint employees are required to certify to their compliance with the Code of Ethics upon hire and on an annual basis. Flexpoint employees who violate the Code of Ethics are subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Employees are also required to promptly report any violation of the Code of Ethics of which they become aware.

A copy of the Code of Ethics is available to existing investors upon written request to: Flexpoint Ford, LLC; Attention: Chief Compliance Officer; 676 N. Michigan Avenue, Suite 3300; Chicago, IL 60611.

Participation or Interest in Client Transactions

Certain employees and affiliates of Flexpoint and their family members have invested in and alongside the Funds through the General Partners and/or as direct investors. Flexpoint does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of investors in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. Flexpoint will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser, such as a Fund General Partner). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners or controlling persons) own, in the aggregate, 25% or more of

either fund. In the context of Flexpoint's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or Flexpoint or a Fund General Partner purchasing the interest of an existing investor.

Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more different funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of Flexpoint's business, across transaction would occur when selling a portfolio company, investment or other asset from one Fund to another. Agency cross transactions can arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to Flexpoint.

In the event Flexpoint were to recommend a principal transaction or cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of the participating Funds; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory board or investors, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

Conflicts of Interest

Flexpoint's Code of Ethics requires Firm employees to place the interests of the Funds first, and on an annual basis each employee must certify that he or she has read and understands the Code of Ethics and has complied with its provisions. If any matter arises that Flexpoint determines in its good faith constitutes an actual conflict of interest, Flexpoint will take such actions as it deems necessary or appropriate, within the context of any applicable Fund's Governing Documents, to address the conflict. The Governing Documents of each Fund include a description of what Flexpoint believes to be the most significant conflicts of interest associated with an investment in that Fund. Some of these conflicts are summarized in Item 8 above.

In the case of all conflicts of interest, Flexpoint's determination as to which factors are relevant, and the resolution of such conflicts, will be made using Flexpoint's best judgment, and also in its sole discretion. In resolving conflicts, Flexpoint will consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless Flexpoint believes that such investment is an appropriate investment, considered solely from the viewpoint of such Fund;

- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant Governing Documents for the Funds;
- Generally, the Funds, with the exception of the Alternative Investment Vehicles and Co-Investment Funds, have established an advisory board consisting of representatives of investors not affiliated with Flexpoint. Such advisory boards meet, as required, to consult with Flexpoint as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, Flexpoint will be guided by its good faith discretion; and
- Where Flexpoint deems appropriate, unaffiliated third parties can be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price.

Personal Trading

The Code of Ethics, which is acknowledged as received and understood by each Flexpoint employee, establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations for Flexpoint employees and their covered family members. Flexpoint supervised persons purchase investments for their own accounts, subject to the terms of the Code of Ethics.

Flexpoint supervised persons will occasionally carry on investment activities for their own account and for family members, friends or others and in connection therewith, can potentially give advice and recommend securities which differs from advice given to or securities recommended or bought for or outside the investment mandate of the Funds even though their investment objectives can be the same or similar. Supervised persons are permitted to buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds. All such employee private investments are subject to pre-approval and review by the Chief Compliance Officer.

During the ordinary course of business Flexpoint expects that, on occasion, supervised persons will have access to material nonpublic information regarding publicly-traded securities. Flexpoint supervised persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information or communicating material non-public information to others. The Firm maintains a restricted list regarding issuers about whom it has or may have material non-public information. Pre-clearance is required by Flexpoint supervised persons for certain personal securities transactions, including trading in restricted list securities, initial public offerings, pre-listed special purpose acquisition companies (SPACs) and limited offerings. In addition, supervised persons are required to file certain reports and link certain brokerage accounts to the Firm's compliance software to enable monitoring of personal trading by the Chief Compliance Officer or his designee.

Item 12 – Brokerage Practices

Selection of Brokers and Dealers

While Flexpoint focuses primarily on transactions in private companies and purchases and sells such companies through privately negotiated transactions, the Funds on occasion engage broker-dealers and investment bankers to perform various services for the Funds and portfolio companies, such as assisting in the purchase or sale of a private portfolio company, assisting in the purchase or sale of shares of securities of a public portfolio company or purchasing or selling publicly traded securities. For each of the Funds, Flexpoint has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer or investment banker, Flexpoint will seek “best execution” of the transaction. “Best execution” is a qualitative assessment that takes into account the full range and quality of a broker-dealer’s services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all the factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible commission rates.

In determining whether a particular broker-dealer or investment banker is likely to provide best execution in a particular transaction, Flexpoint’s investment team takes into account all factors that it deems relevant to the broker-dealer’s and investment banker’s execution capability, including, by way of illustration: (i) Flexpoint’s prior experience with the broker-dealer or investment banker; (ii) the broker-dealer or investment banker’s execution capability, financial responsibility, reputation and expertise within the industry; (iii) the broker-dealer or investment banker’s responsiveness to the Firm; (iv) the broker-dealer or investment banker’s expertise in dealing with investments that are restrictive or illiquid in nature; (v) the type and size of the transaction involved; (vi) the value of any research services provided; and (vii) commission rates, among other factors the Firm deems relevant to the specific transaction. When purchasing or selling over-the-counter securities with market makers, Flexpoint generally seeks to select broker-dealers it believes to be actively and effectively trading the security being purchased or sold regardless of the most favorable commission rate.

Although Flexpoint generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker can thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services. Flexpoint believes the commissions charged are competitive with those that other broker-dealers and investment bankers charge.

Flexpoint does not receive “soft dollars” in connection with securities transactions for the Funds, does not receive referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage.

Aggregation of Trades

In pursuing the Funds' investment objectives, Flexpoint can cause one or more of the Funds to purchase and sell publicly traded securities through broker-dealers. If Flexpoint has determined to sell or purchase a publicly traded security for more than one Fund at the same time, the Firm will generally place combined orders for all such vehicles while assigning pre-order allocations. If an order for more than one Fund for a publicly traded security cannot be fully executed, Flexpoint will generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction on a pro rata basis.

Item 13 – Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly, Flexpoint's review of them is not directed toward a short-term decision to dispose of securities. The Investment Committee provides oversight over each Fund's portfolio. A team of Flexpoint investment professionals, typically those responsible for making the original investment, continues to closely monitor and provide oversight over each portfolio company through to exit. It is not uncommon for the relevant investment professionals for an investment to be in regular, as often as weekly, contact with the portfolio company's senior management team. Moreover, partners of Flexpoint monitor portfolio company performance through regular management meetings, as well as detailed reviews of specific portfolio companies that occur as needed. Decisions as to when to purchase or sell a portfolio company are made by the Investment Committee.

Reporting

The Firm provides to investors on behalf of each of its Funds the following written reports (i) audited financial statements prepared in accordance with GAAP, accompanied by a report of its independent certified public accountants, within 90 days of calendar year-end, (ii) semi-annual valuation reports, including each portfolio investment, within 60 days after the first semi-annual period of each fiscal year, (iii) quarterly unaudited financial statements prepared in accordance with GAAP, within 60 days after the first semi-annual period of each fiscal year and a capital account statement and (iv) annual tax information necessary for the completion of tax returns (K-1). All reports are delivered electronically.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to Flexpoint's investments. Flexpoint responds to these requests, and in answering such requests provides information that is not generally made available to other investors who have not requested such information. While Flexpoint does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations (such as agreed to in a side letter), certain investors receive additional

information and reporting that other investors do not receive. The fact that Flexpoint provides such information upon request to one or more investors does not obligate Flexpoint to affirmatively provide such information to all investors. As a result, certain investors have more information about a Fund than other investors, and Flexpoint has no duty, and does not intend, to ensure that all investors seek, obtain or possess the same information regarding a Fund and its investments and/or portfolio companies.

Item 14 – Client Referrals and Other Compensation

As described in Item 5 above, in connection with investments made by the Funds, Flexpoint is permitted to receive certain supplemental fees from portfolio companies in which one or more of the Funds invest or propose to invest. Subject to the terms of the Governing Documents and as described above, any such fees received by Flexpoint are generally offset 100% against the Management Fees of the relevant Fund. To date, no transaction fees have been taken by Flexpoint on behalf of the Funds, except for the transaction fees on the Co-Investment Funds that are mentioned in Item 5 above.

These types of fee arrangements present potential conflicts of interest, as discussed in Item 8 above, and provide Flexpoint with an incentive to recommend investments based on compensation received rather than the best interests of a Fund. To help mitigate this potential conflict of interest, Flexpoint offsets the receipt of such fees against Management Fees payable by the relevant Fund, to the extent provided in each Fund's Governing Documents.

When raising capital for a new Fund, Flexpoint engages the services of a registered broker-dealer to serve as a placement agent for Fund partnership interests. Placement agent fees are payable by the Funds and offset dollar-for-dollar against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund as part of its organizational expenses.

Item 15 – Custody

Flexpoint is deemed to have custody over its Funds' assets because the General Partners are not operationally independent from Flexpoint. Each Fund's General Partner generally has full discretion and control over Fund investments and cash, including the ability to deduct fees from Fund accounts. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), Flexpoint has elected to undergo a GAAP financial statement audit by an independent public accountant registered with, and subject to inspection by, the Public Company Accounting Oversight Board ("PCAOB") for each of the Funds over which it is deemed to have custody, copies of which are delivered to the Funds and their investors within 90 days of the fiscal year end. In addition, upon the final liquidation of a Fund, Flexpoint will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors in the Funds should carefully review such financial statements.

Flexpoint does not accept physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund's bank account maintained with a qualified custodian and public securities are held with broker-dealers or transfer agents who act as custodians for such securities. Flexpoint receives monthly statements from each of its qualified custodians on behalf of its Funds. For more information about the Funds' qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

Item 16 – Investment Discretion

Flexpoint generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. Investment advice is provided directly to the Funds, subject to the direction and control of the General Partners, and not individually to the investors in the Funds. The terms upon which Flexpoint serves as an investment manager are established at the time each vehicle is established and services are provided in accordance with the Governing Documents of the applicable vehicle.

To become an investor in a Fund, an investor must execute certain Governing Documents, including a subscription agreement which includes a power of attorney applicable to the execution of a limited partnership agreement with such Fund. Once an investor executes these Governing Documents, with limited exceptions discussed elsewhere in this Brochure, Flexpoint is not required to contact such investor prior to transacting business in a Fund. Fund investors can seek to impose limitations on Flexpoint's authority through a side letter agreement and Flexpoint can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon Flexpoint's investment authority with respect to an investor's investment must be presented to Flexpoint in writing and agreed to by Flexpoint and such investor. Other investors are often provided with notification of such side letter agreements but are not provided with consent rights.

Item 17 – Voting Client Securities

By virtue of each Fund's Governing Documents, Flexpoint has the authority to vote client proxy statements on behalf of its Funds. However, given the nature of Flexpoint's advisory business, the Funds seldom hold multiple public securities; the majority of "proxies" received by Flexpoint will be written shareholder consents or similar instruments for private companies. Specifically, from time to time, portfolio companies request Flexpoint (usually through the General Partner of the applicable Fund) to consent to certain issues pertaining to the portfolio company's business and requiring equity owner approval. In these cases, Flexpoint considers factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio companies.

Flexpoint has established written policies and procedures pursuant to Advisers Act Rule 206(4)-6 setting forth the principles and procedures by which it votes or gives consent with respect to securities owned by the Funds. The guiding principle by which Flexpoint votes is to do so in the best interests

of each Fund by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant vehicle's investment horizon, the contractual obligations under the relevant Governing Documents and all other relevant facts and circumstances at the time of the vote. Flexpoint does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is Flexpoint's general policy to vote or give consent on all matters presented to security holders in any vote. However, the Firm reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of its Chief Compliance Officer or the relevant investment professional, the costs associated with voting such vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and is in the best interests of the relevant Funds.

Flexpoint will generally vote in accordance with management's recommendations, unless the Firm determines that voting in such a manner is in conflict with the best interests of its investors. In these cases, Flexpoint will evaluate and vote the proxies on a case-by-case basis. The Firm can decide to take a proxy voting conflict to its advisory board for assistance with the resolution. In general, investors cannot request that Flexpoint vote in a particular way on any specific proposal. Flexpoint does not consider service on portfolio company boards by Flexpoint personnel or its receipt of nominal board fees, if any, to create a conflict of interest in voting proxies with respect to such companies.

Copies of relevant proxy logs identifying how proxies were voted in connection with a Fund and copies of Flexpoint's proxy voting policy are available to existing investors upon written request to: Flexpoint Ford, LLC; Attention: Chief Compliance Officer; 676 N. Michigan Avenue, Suite 3300; Chicago, IL 60611.

Item 18 – Financial Information

Flexpoint does not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance, and thus is not required to provide a copy of a balance sheet for the most recent fiscal year. Additionally, Flexpoint has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy petition.