

**FORM ADV – PART 2A**

**ONEX FALCON INVESTMENT ADVISORS, LLC**

**21 Custom House Street  
10th Floor  
Boston, MA 02110  
(617) 412-2700  
[www.onexfalconinvestments.com](http://www.onexfalconinvestments.com)**

**March 31, 2023**

**This brochure provides information about the qualifications and business practices of Onex Falcon Investment Advisors, LLC f/k/a Falcon Investment Advisors, LLC (“Onex Falcon”). If you have any questions about the contents of this brochure, please contact us at 617-412-2700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Onex Falcon is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT ONEX FALCON OR ANY OF THE PRINCIPALS OR EMPLOYEES OF ONEX FALCON POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.**

## **Item 2. Material Changes**

This brochure updates the previous Onex Falcon brochure dated March 31, 2022. This brochure does not contain any material changes, but Onex Falcon has made routine changes and updates throughout this brochure, including updated regulatory assets under management and certain enhancements to risk disclosures.

Except as otherwise specified, all information set forth or referenced in this brochure is as of the date hereof. Subject to the requirements of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and other applicable laws, Onex Falcon is under no obligation to update any such information.

We encourage all recipients to read this brochure carefully and in its entirety.

## **Table of Contents**

ITEM 4. ADVISORY BUSINESS .....	1
ITEM 5. FEES AND COMPENSATION .....	3
ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	7
ITEM 7. TYPES OF CLIENTS .....	9
ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	10
ITEM 9. DISCIPLINARY INFORMATION .....	39
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	40
ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	44
ITEM 12. BROKERAGE PRACTICES .....	46
ITEM 13. REVIEW OF ACCOUNTS .....	48
ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION .....	49
ITEM 15. CUSTODY .....	49
ITEM 16. INVESTMENT DISCRETION .....	49
ITEM 17. VOTING CLIENT SECURITIES .....	50
ITEM 18. FINANCIAL INFORMATION .....	50
ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS .....	50

#### **Item 4. Advisory Business**

Onex Falcon Investment Advisors, LLC f/k/a Falcon Investment Advisors, LLC (“Onex Falcon”) is a Delaware limited liability company formed on June 1, 2000 and founded by Sandeep D. Alva. Onex Falcon was registered under the Advisers Act as an investment adviser on March 30, 2012. The principal owner of Onex Falcon is Onex Corporation, which indirectly acquired Onex Falcon on December 29, 2020.

Onex Falcon provides the services described below to its advisory clients, which are private investment funds (collectively, the “Falcon Funds”) and Onex Falcon Direct Lending BDC Fund (“Onex Falcon BDC”), which has elected to be regulated as a business development company (“BDC”) under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). A related person of Onex Falcon generally acts as general partner or manager of each Falcon Fund, and Onex Falcon generally acts as investment advisor to each Falcon Fund. Onex Falcon also acts as manager to Onex Falcon Direct Lending Cayman Fund, LLC (“Onex Falcon BDC Feeder”), a feeder fund established to invest in Onex Falcon BDC. References to Onex Falcon in this brochure include, as the context requires, affiliates through which Onex Falcon provides investment advisory services or that act in any capacity referenced in the previous sentence.

Onex Falcon’s investment advisory business is principally focused on the lower middle market through investments in private credit and structured equity. Onex Falcon’s private credit portfolio seeks to provide investors with current income and long-term capital appreciation through privately placed junior capital investments, consisting primarily of subordinated debt together with equity features, primarily in the United States and selectively in Canada and Europe. Onex Falcon’s structured equity portfolio seeks to achieve a targeted return commensurate with the risk incurred in privately placed non-control structured equity investments combining structured claims with covenants on any debt instruments, shareholder rights, contractual yield and upside potential. Both portfolios employ the same general strategy but the portfolio construction involves separate and distinct risk profiles. Onex Falcon has also established a direct lending strategy which seeks to provide high-value first-lien senior secured solutions to lower middle market companies primarily in the United States and selectively in Canada and Europe by investing in first-lien senior secured loans, and unsecured loans and other credit investments of such companies.

Onex Falcon tailors its advisory services to the general investment objectives of each Falcon Fund described in such Falcon Fund’s confidential private placement memorandum (its “Offering Memorandum”), subject to specific investment guidelines and restrictions set forth in the limited partnership agreement or other similar governing documents of such Falcon Fund (its “Fund Agreement”). The Falcon Funds generally enter into a management agreement or advisory agreement with Onex Falcon setting forth the management or advisory fees payable by such Falcon Fund to Onex Falcon (its “Advisory Agreement”). Investors and prospective investors of each Falcon Fund should refer to the applicable Offering Memorandum, Fund Agreement, Advisory Agreement, as well as any side letters or similar agreements with respect to the applicable Falcon Fund (collectively, the “Governing Documents”) of the applicable Falcon Fund for complete information on the

investment objectives and investment restrictions with respect to such Falcon Fund. There is no assurance that any of the Falcon Funds' investment objectives will be achieved.

As required by the Advisers Act, Onex Falcon provides this brochure to the Falcon Funds and current or prospective investors in the Falcon Funds and may also provide this brochure in its discretion to current or prospective investors in Onex Falcon BDC. Recipients of this brochure should be aware that it is designed solely to provide information about the Falcon Funds pursuant to Onex Falcon's disclosure obligations under the Advisers Act. Information regarding Onex Falcon BDC, including information regarding the investment strategy and material risk factors of Onex Falcon BDC, as well as potential conflicts of interest faced by Onex Falcon in advising Onex Falcon BDC, may be found in the offering memorandum, advisory agreement, governing documents and side letters or similar agreements with respect to Onex Falcon BDC.

The interests in the Falcon Funds are beneficially owned by a limited number of investors or solely by "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act, and therefore the Falcon Funds are not required to register as investment companies under the Investment Company Act in reliance upon certain exemptions available to private investment funds whose securities are not publicly offered.

In accordance with common industry practice, the Falcon Funds or their general partners enter into side letters with certain investors in the Falcon Funds which have the effect of establishing rights under, or altering or supplementing, the terms of the Governing Documents or an investor's subscription agreement in respect of the investor to whom such letter is addressed. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, investment limitations, co-investment rights, ability to transfer interests in a fund or compliance with specified laws or regulations (including the provision of stated co-invest opportunities or priority allocation rights to, for example, limited partners who have capital commitments in excess of certain thresholds to one or more Falcon Funds, or transfer rights, among others). Generally, any rights established, or any terms altered or supplemented, will govern only that investor and not the applicable Falcon Fund as a whole. Certain such additional rights but not all rights, terms or conditions may be elected by certain sizeable investors with "most favored nations" rights pursuant to a Falcon Fund's Governing Documents. Such side letters may also impose restrictions on participation in certain investments or types of investments made by the Falcon Funds. Such agreements will be disclosed only to those actual or potential investors in a Falcon Fund that have separately negotiated with the general partner of such Falcon Fund for the right to review such agreements.

***The information provided above about the investment advisory services provided by Onex Falcon is qualified in its entirety by reference to the Governing Documents.***

Onex Falcon does not participate in any wrap fee programs.

Onex Falcon may manage one or more additional or adjacent strategies in the future. Persons reviewing this brochure should not construe this as an offering of any of the Falcon Funds or the Onex Falcon BDC described herein.

Onex Falcon manages all assets of the Falcon Funds on a discretionary basis in accordance with the terms and conditions of the Governing Documents for each Falcon Fund. As of December 31, 2022, the amount of assets Onex Falcon manages on a discretionary basis is approximately \$4,624,372,000.

### **Item 5. Fees and Compensation**

Onex Falcon and/or affiliates acting as the general partners of the Falcon Funds generally receive management fees and performance-based compensation and could receive certain additional fees, all as further described below. The precise amount of, and the manner and calculation of, the management fees payable with respect to each client are established by Onex Falcon and are set forth in such client's Fund Agreement and Advisory Agreement. Different clients are subject to different advisory fees as compensation for the investment advisory services rendered to the applicable client, and certain clients are not subject to management fees and/or performance-based compensation, as set forth in the relevant Governing Documents. Management fees and expenses could also be paid out of reserves of the applicable Falcon Fund.

Detailed information on fees, performance compensation, expenses and any applicable offsets or caps is set forth in the Governing Documents of each Falcon Fund, which are furnished to prospective investors prior to their investment.

#### *Fee Schedules*

Investors should review the Advisory Agreement of the relevant Falcon Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Falcon Fund. Prospective investors in a new Falcon Fund should review the Offering Memorandum for such Falcon Fund for proposed fees and compensation information; however, the actual fees and compensation will be as set forth in the Governing Documents. All Falcon Funds are "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act, and therefore Onex Falcon is not required to include fee and compensation information in this brochure.

#### *Negotiable Fees*

The advisory fees payable with respect to each Falcon Fund are established through negotiations between Onex Falcon, each respective Falcon Fund and the investors therein, who may pay different fees depending upon the size of their commitments, the timing of those commitments, and other factors negotiated between the investors and Onex Falcon.

Investors and prospective investors in the Falcon Funds should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

### *Deduction of Fees*

As general partner or manager of the Falcon Funds, related persons of Onex Falcon are authorized to charge and deduct advisory fees directly from the assets of the Falcon Funds.

### *Other Fees and Expenses*

To the extent that Onex Falcon or related persons of Onex Falcon are entitled to receive fees from a Falcon Fund's portfolio company (e.g., break-up fees, director's fees, monitoring fees and transaction fees), generally 100% of such Falcon Fund's pro rata share of such fees offsets the management fees otherwise payable to Onex Falcon in accordance with the Fund Agreement of such Falcon Fund. Onex Falcon may have a conflict of interest to the extent, for example, it is incentivized to make an investment to earn a transaction fee or provide a service to a particular portfolio company to earn a director or monitoring fee. However, Onex Falcon believes that this potential conflict of interest is mitigated by the management fee offset mechanism described above and the substantial equity commitment by Onex Falcon and its principals in each of the Falcon Funds.

In addition to the advisory fees payable to Onex Falcon and/or Onex Corporation, each Falcon Fund will be responsible for charges incurred in the operation of the applicable Falcon Fund (to the extent not reimbursed by a portfolio company) and its general partner (or equivalent), as well as fees and expenses incurred by Onex Falcon and/or its affiliates on behalf of a Falcon Fund, including, without limitation, the fees and expenses relating to the applicable Falcon Fund investments (whether or not consummated), including costs or expenses (including travel and travel-related expenses) incurred in the evaluation, acquisition, holding and disposition thereof (including due diligence expenses (such as market diligence or background checks) with respect to actual or proposed investments, whether or not consummated and "broken deal" fees and expenses), and premiums for insurance protecting the applicable Falcon Fund, the general partner or certain other indemnified persons from liabilities to third parties in connection therewith (and any legal or consulting fees and expenses related to such insurance); losses or liabilities (including indemnification obligations; the advisory fee; all placement fees; expenses in connection with transactions not consummated and monitoring investments (to the extent such costs are not reimbursed by the portfolio companies); travel and travel-related expenses, administrative, consulting, legal, tax, custodial and accounting expenses (including expenses associated with the printing and preparation of the applicable Falcon Fund's financial statements, tax returns and K-1s and the fees and expenses of any independent third-party evaluator (including travel and travel-related expenses)) relating to the applicable Falcon Fund or any actual or proposed Falcon Fund investment (to the extent not reimbursed by any third party); expenses relating to any meeting of the partners or otherwise meeting with any limited partners, whether individually or as a group (including travel and travel-related expenses), all mailing, courier and special delivery charges, interest expense for borrowed money (if any) and any other fees or expenses associated with any credit facility for the applicable Falcon Fund, auditing and consulting expenses (including travel and travel-related expenses); research expenses, appraisal expenses; expenses related to organizing and maintaining entities through or in which investments will be made and the general partners (or equivalent) of such entities, including without

limitation, expenses incurred in connection with the pre-marketing, marketing and offering of interests in a Falcon Fund, legal and accounting fees and expenses, registration fees (including all fees, costs and expenses incurred in connection with the marketing and registration of a Falcon Fund and compliance with regulatory and legal regimes applicable thereto, including the initial registrations, filings and compliance contemplated by the AIFMD or any similar law, rule or regulation as well as the maintenance of any necessary registrations with regulators in order to market the Falcon Funds in certain jurisdictions) (including travel and travel-related expenses); expenses incurred in connection with the initial onboarding of investors (including “know-your-customer” and anti-money laundering compliance); reimbursement of the reasonable expenses of the advisory committee and its members including, without limitation, travel and travel-related expenses and other expenses of counsel and professional advisors to the advisory committee; taxes or other governmental charges payable by the applicable Falcon Fund; costs of reporting to the Falcon Fund partners and of the annual meeting of the partners; costs related to the applicable Falcon Fund’s compliance with U.S. and non-U.S. laws and regulations (including, without limitation, any organizational and ongoing costs resulting directly or indirectly from pre-marketing or marketing the applicable Falcon Fund in the European Union under the European Union’s AIFMD if applicable (or any similar U.S. or non-U.S. marketing, offering or lobbying law, rule or regulation), and the cost of any representative, distribution agent or payment agent required in connection with or arising directly or indirectly from the pre-marketing, marketing or sale of interests in the applicable Falcon Fund in non-U.S. jurisdictions); fees and expenses of third party administrators, including without limitation charges for office space and any travel and accommodation expenses, related to non-U.S. entities formed for tax, regulatory or similar purposes to hold investments by the applicable Falcon Fund in one or more portfolio companies reasonably necessary and/or advisable for the maintenance and operation of such entities, or other overhead expenses in connection therewith, costs of winding up and liquidating the applicable Falcon Fund. Travel and travel-related expenses include, without limitation, commercial transportation costs, accommodations and meals.

Each Falcon Fund could incur various combinations of expenses outlined in the prior paragraph which is not intended to be an exhaustive list. Investors and their counsels should read the respective Fund Agreement for complete details.

The section below titled “Brokerage Practices” describes the factors Onex Falcon considers in selecting or recommending broker-dealers, if necessary, and determining the reasonableness of their compensation.

#### *Broken Deal Expenses*

The general partners of the Falcon Funds generally have the discretion to require the Falcon Funds to pay 100% of the amount of any broken deal expenses whether or not there are co-investors that are committed to or expected to participate in such investment or transaction or a potential co-investment opportunity or a syndication to third parties or other transaction participants (including, without limitation, the borrower’s management) are contemplated in connection with such investment or transaction. In the event that any potential investment of a Falcon Fund results in broken deal expenses and all or a portion



of such broken deal expenses are not paid or reimbursed by any potential co-investment vehicles, co-investors or other third parties or transaction participants, as applicable, the Falcon Fund could be required to bear 100% of the amount of any such broken deal expenses. While certain of such broken deal expenses could be reimbursed by offsetting certain amounts payable to Onex Falcon or one or more of its affiliates, there can be no assurance that sufficient offsetting fees will be generated to reimburse all such broken deal expenses.

#### *Allocation of Shared Expenses*

Onex Falcon could, from time to time, incur fees, costs and expenses on behalf of more than one Falcon Fund. In that event, expenses will generally be allocated pro rata based on assets under management as of the beginning of the relevant period in which the expenses are incurred or paid; provided, however, that Onex Falcon has deviated and, in the future, could deviate from pro rata allocations with respect to expenses that, in Onex Falcon's view, disproportionately benefit a particular client or group of clients.

#### *Other Benefits*

Onex Falcon and/or its personnel can be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Falcon Funds that will not be subject to the management fee offset or otherwise shared with Falcon Fund investors. For example, airline travel or hotel stays incurred in connection with Falcon Fund business could result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Onex Falcon and/or its personnel even though the cost of the underlying service is borne by the Falcon Funds.

#### *Service Provider Selection*

Certain advisors and other service providers (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) to Onex Falcon, a Falcon Fund or the borrowers in which it has invested, also provide services to or have business, personal, financial or other relationships with Onex Falcon and/or its affiliates. Onex Falcon seeks to ensure service provider selection is merit-based and that any potential conflicts of interest are mitigated.

#### *Timing of Payments*

Payment of advisory fees is generally made quarterly in advance and in accordance with negotiated terms between Onex Falcon, each respective Falcon Fund and the investors therein. Please refer to the Advisory Agreement of the relevant Falcon Fund for complete information on the timing of advisory fee payments.

Onex Falcon's services may be terminated by any of the Falcon Funds at any time by prior written notice to Onex Falcon delivered within a reasonable period of time prior to such

termination. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

#### *Transaction-Based Compensation*

Neither Onex Falcon nor its supervised persons will receive any compensation with respect to the purchase or sale of securities or other investment products by any of the Falcon Funds.

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

A related person of Onex Falcon, as general partner of a Falcon Fund, will typically be entitled to receive a disproportionate share of net income (including interest payments from portfolio companies) and realized capital gains from the investments of such Falcon Fund relative to its respective capital contribution. All of the Falcon Funds pay a performance fee to a related person of Onex Falcon.

The entitlement to disproportionate distributions described above complies with Rule 205-3 under the Advisers Act. Any distribution to a general partner from a Falcon Fund is separate and distinct from the advisory fees charged by Onex Falcon to such Falcon Fund for advisory services.

The entitlement to receive disproportionate distributions could create an incentive for related persons of Onex Falcon to select investments that may be riskier or more speculative than those that would be selected under a different compensation arrangement. In addition, the timing of payments of performance fees and the percentage of performance fees allocated to certain employees of Onex Falcon could create an incentive for related persons of Onex Falcon to disproportionately allocate time, services, or functions to the applicable Falcon Funds. Onex Falcon seeks to mitigate the potential for conflicts of interest in these matters with allocation practices that provide for transactions and investment opportunities to be allocated to the Falcon Funds in accordance with the investment guidelines outlined in their respective Fund Agreement, as well as other factors that do not include the amount of performance-based compensation received by Onex Falcon's related persons.

From time to time, co-investment opportunities may arise for additional capital to be invested alongside a Falcon Fund. In certain instances, Onex Falcon is not in a position to control the assignment of capital, but may have influence over the decision. In other instances, where Onex Falcon has control, the general partner could choose to offer opportunities to co-invest with the Falcon Fund to one or more limited partners (without making such opportunities available to all limited partners) if the general partner determines in good faith that the size of the investment opportunity exceeds the amount that the Falcon Fund (and, if applicable, other Falcon Funds) desires to invest. In addition, a Falcon Fund could pursue an opportunity jointly with another private credit fund, credit fund or structured equity fund sponsor in appropriate circumstances, which could include,

for example, the size, nature, location, prior investment experience or other relevant factors relating to the target investment, the potential partner, the process or the opportunity.

Onex Falcon could raise co-investment funds or establish co-investment vehicles to participate in Falcon Fund investments on a side-by-side basis with a Falcon Fund in accordance with the Fund Agreement of such Falcon Fund.

Onex Falcon has full discretion in determining to whom and in what relative amounts to allocate co-investment opportunities, whether through Onex Falcon or one of its affiliates. In exercising its discretion, Onex Falcon may consider a variety of factors. Furthermore, as Onex Falcon allocates co-investment opportunities as Onex Falcon determines in its sole discretion, the recipients thereof from time to time include no investors in a Falcon Fund, or one or more investors in a Falcon Fund and not others (including others that are similarly situated to those receiving allocations of co-investment opportunities), clients or potential clients of Onex Corporation or its affiliates, Onex Corporation or its affiliates, the Onex founder, employees of Onex Corporation or its affiliates, or funds or accounts established for any such persons, and on such terms as Onex Falcon determines in its discretion. Such co-investors typically will invest and dispose of their investments at the same time and on the same terms as the Falcon Fund, but in certain circumstances, this will not be the case.

The economic participation of co-investors in an investment opportunity could be substantial and could involve greater risks than an investment in which there are no co-investors. In certain circumstances, co-investors will have interests that are inconsistent with those of Onex Falcon or a Falcon Fund. In addition, co-investors will, in certain circumstances, be in a position to obtain additional information regarding the applicable investment that generally will not be available to investors in the Falcon Fund. Prospective investors in a new Falcon Fund should review the Offering Memorandum for such Falcon Fund for proposed “performance-based fee” information; however, the actual fees and compensation will be as set forth in the Governing Documents.

Participation by a Falcon Fund investor in a co-investment opportunity, whether directly or through a co-investment vehicle, will be entirely the responsibility and investment decision of such Falcon Fund investor and none of Onex Falcon or its affiliates, nor any of their agents or consultants will assume any risk, responsibility or expense, or be deemed to have provided any investment advice, in connection with such participation.

The Falcon Funds generally comprise blind-pool funds with an ongoing entitlement to new investment opportunities that meet their investment objectives and parameters as set forth in the applicable Governing Documents. Investments may only be allocated outside of the existing Falcon Funds in accordance with their respective Governing Documents and Onex Falcon’ investment allocation policy and subject to the terms, conditions and limitations therein.

Because the Falcon Funds are considered to be affiliates of Onex Falcon BDC, a Falcon Fund could be prohibited under the Investment Company Act from participating in certain transactions involving Onex Falcon BDC or affiliates of Onex Falcon BDC. Onex Falcon

has been granted an exemptive order by the SEC (the “Order”) to permit Onex Falcon BDC to co-invest with the Falcon Funds and other clients advised by Onex Falcon and its related persons, subject to compliance with various conditions. The Order requires that any opportunities that are appropriate for both Onex Falcon BDC and other clients advised by Onex Falcon and its related persons will need to be offered to the Onex Falcon BDC, and any such investments, if made, will need to be conducted in compliance with the conditions of the exemptive relief and related requirements under the Investment Company Act. The Investment Company Act also restricts the ability of the Falcon Funds to invest alongside Onex Falcon BDC in certain transactions that are not covered by the Order. The Investment Company Act also prohibits certain affiliates of Onex Falcon BDC from selling securities to or buying securities from Onex Falcon BDC or a company controlled by Onex Falcon BDC absent exemptive relief from the SEC or otherwise subject to an exemption under the Investment Company Act. In general, in the event that a Falcon Fund seeks to participate in the same or similar investments as another Falcon Fund or other client advised by Onex Falcon or its related persons, Onex Falcon will seek to allocate transactions and investment opportunities among its clients in a manner it believes to be as equitable as possible over time, considering its fiduciary obligations to its clients and each client’s investment objectives, limitations and capital available for investment, among other factors, as well as applicable regulation under the Investment Company Act.

Reference is made to Items 10 and 11 below for a further discussion of potential conflicts of interest and the manner in which they are addressed by Onex Falcon.

## **Item 7. Types of Clients**

### *Types of Clients*

Onex Falcon provides advice to the Falcon Funds. The limited partners of the Falcon Funds typically include pension plans, endowments, foundations and trusts, estates or family offices of high net worth individuals. The interests in the Falcon Funds are beneficially owned by a limited number of investors or exclusively by “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act, and therefore the Falcon Funds are not required to register as investment companies under the Investment Company Act in reliance upon certain exemptions available to private investment funds whose securities are not publicly offered.

Onex Falcon also provides advisory services to Onex Falcon BDC, which has elected to be regulated as a BDC under the Investment Company Act.

Onex Falcon or its related persons could form alternative investment vehicles or special purpose vehicles (collectively, “AIVs”) formed for the purpose of facilitating certain investments by one or more Falcon Funds and/or such Falcon Funds’ investors without any additional fees or compensation charges. Please refer to the Fund Agreement of the relevant Falcon Fund for complete details on any Falcon Fund’s ability to utilize AIVs. In addition, Onex Falcon or its related persons has and could, from time to time, establish Falcon Funds and other investment vehicles to address certain tax, legal or regulatory requirements (“Feeder Falcon Funds”). Each Feeder Falcon Fund, if formed, would be a

limited partner or shareholder of a Falcon Fund or Onex Falcon BDC, as applicable, and interests in such Feeder Falcon Fund would be held by the investors who elect to participate in the Falcon Fund or Onex Falcon BDC through such Feeder Falcon Fund. Please refer to the Fund Agreement of the relevant Feeder Falcon Fund for complete details on any Feeder Falcon Fund established by Onex Falcon or its related persons.

#### *Minimum Investment Requirements*

Onex Falcon and its related persons generally require that each limited partner or shareholder in each of the Falcon Funds and Onex Falcon BDC, as applicable, be an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or a non-“U.S. Person” as defined in Regulation S under the Securities Act. In addition, Onex Falcon and its related persons generally require that each limited partner in each of the Falcon Funds be a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act.

In general, the minimum investment commitment required of an institutional limited partner to participate in a Falcon Fund is \$5,000,000; however, the general partner of each Falcon Fund has discretion to increase, reduce or waive the minimum investment commitment. The minimum purchase amount for a shareholder to participate in Onex Falcon BDC is \$35,000.

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

#### *Methods of Analysis*

Onex Falcon’s investment strategy with respect to the Falcon Funds and Onex Falcon BDC is focused on private credit and structured equity investments in the lower middle market. Investments and potential investments are analyzed by Onex Falcon based upon (i) the business strategy and focus of the portfolio company, (ii) demonstrated historical financial metrics, (iii) collateral that may be available and (iv) the relevant experience of the portfolio company’s officers and directors.

Onex Falcon’s principal sources of information include referrals from investment banks or other financial advisors, private offering memoranda received by Onex Falcon, quarterly and annual reports of target investments, personal interviews with directors and officers of such entities, visits to the offices and facilities of such entities, SEC filings (if available) and general industry knowledge.

As discussed in the section titled “Advisory Business,” Onex Falcon’s investment portfolios consist of investments in private credit and structured equity focused on the lower middle market. Onex Falcon’s private credit portfolio seeks to provide investors with current income and long-term capital appreciation through privately placed junior capital investments, consisting primarily of subordinated debt together with equity features, primarily in the United States and selectively in Canada and Europe. Onex Falcon’s structured equity portfolio seeks to achieve a targeted return commensurate with the risk incurred in privately placed non-control structured equity investments combining

structured claims with covenants on any debt instruments, shareholder rights, contractual yield and upside potential. Onex Falcon has also established a direct lending strategy which seeks to provide high-value first-lien senior secured solutions to lower middle market companies primarily in the United States and selectively in Canada and Europe by investing in first-lien senior secured loans, and unsecured loans and other credit investments of such companies.

### *Material Risks*

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Onex Falcon will be able to choose, and the Falcon Funds will be able to make and/or realize any particular investment or that the Falcon Funds will be able to generate returns for their investors. In addition, there can be no assurance that the investment objectives of the Falcon Funds will be achieved or that any investor will receive any distribution from a Falcon Fund. Investing in the Falcon Funds involves a risk of loss that investors should be prepared to bear. Investors in the Falcon Funds should carefully consider, among other factors, the following material risks involved with Onex Falcon's investment strategies. Please refer to the Offering Memorandum of the relevant Falcon Fund for more complete information on investment strategies employed by the Falcon Fund and the corresponding risks associated with such investment strategies.

Prior to committing to any Falcon Fund, potential investors are furnished with an Offering Memorandum which sets forth in detail the material risks associated with such investment and cautions that returns can be unpredictable, that the possibility of a partial or total loss of capital will exist and that investors should not commit unless they can readily bear the consequences of such loss. All investors are required to represent in their subscription materials that they have carefully read the risk factor disclosure and understand all such risks. Prospective investors are also advised in the Offering Memorandum that the risk factors and other investment considerations described therein are not necessarily a complete list or explanation of all risks involved and are advised to consult their own counsel and other advisors.

The following summary identifies the material risks related to Onex Falcon's significant investment strategies with respect to the Falcon Funds and should be carefully evaluated before making an investment with Onex Falcon; however, the following does not intend to identify all possible risks of an investment with Onex Falcon or provide a full description of the identified risks associated with an investment in a Falcon Fund. Not all of these risks apply to each strategy. Without limiting the foregoing or (i) the disclosure set forth in the Governing Documents and (ii) the acknowledgements made by investors in their subscription agreements or otherwise, the discussion below summarizes certain material risks associated with investments in the Falcon Funds:

- *An Investment in a Falcon Fund Will Not Be Suitable to All Investors* – An investment in the Falcon Funds requires a long-term commitment with no certainty of return. Further, the terms of any realization transaction will necessarily be affected by economic and other market conditions at the time.

An investment in a Falcon Fund is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment, who understand that they could lose all or a significant portion of their invested capital and have the wherewithal to fund amounts due over time in respect of their capital commitments. Investors must be willing to bear the economic risk of an investment in a Falcon Fund for an indefinite period of time. Any investor interested in an investment in a Falcon Fund should conduct its own investigation and analysis of the product and consult its own professional advisers as to the risks involved in making such an investment.

- *Restrictions on Transfer and Withdrawal; Lack of Liquidity for Interests* – There are restrictions both at law and in the Fund Agreements on the transferability of Falcon Fund interests, and investors generally may not withdraw capital from a Falcon Fund. Consequently, investors will likely not be able to liquidate their investments prior to the end of a Falcon Fund’s term.
- *Changes in Environment* – The investment program of each Falcon Fund is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which a Falcon Fund operates could undergo substantial changes, some of which could be adverse to such Falcon Fund. The general partner or manager of a Falcon Fund will have the exclusive right and authority (within limitations set forth in the Fund Agreement of such Falcon Fund) to determine the manner in which a Falcon Fund responds to such changes, and investors in a Falcon Fund will have no right to withdraw or to demand specific modifications to a Falcon Fund’s operations except in exceptional circumstances. Investment sourcing, selection, management and liquidation strategies and procedures exercised by the Onex Falcon investment team may not be successful, or even practicable, throughout a Falcon Fund’s term. Within the limitations set forth in the Fund Agreement of a Falcon Fund, the general partner or manager of such Falcon Fund will have the right and authority to determine such Falcon Fund’s investment sourcing, selection, management and liquidation strategies and procedures.
- *Prior Investment Performance Not Indicative of Future Results* – The performance of prior investments by Onex Falcon or its affiliates is not necessarily indicative of future results. On any given investment, total loss of the investment is possible.
- *Dependence on Key Personnel* – The success of the Falcon Funds depends in substantial part upon the skill and expertise of Onex Falcon’s investment professionals and the other individuals employed to assist them. There can be no assurance that these individuals will continue to be employed or engaged by Onex Falcon or its affiliates. The loss of their services could have a material adverse effect on the success of the Falcon Funds.

- *Market Risks* – The profitability of a significant portion of the investments depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Onex Falcon will be able to accurately predict these price movements. Although Onex Falcon could attempt to mitigate market risk through the use of long and short positions (in those portfolios permitted to short) or other methods, there may be a significant degree of market risk.
- *Portfolio Company-Specific Changes* – Changes in the financial condition of a portfolio company or counterparty, changes in specific economic or political conditions that affect a particular type of investment or portfolio company, and changes in general economic or political conditions can increase the risk of default by a portfolio company or counterparty, which can affect a securities or other instrument's value. The value of securities or loans of smaller, less well-known portfolio companies can be more volatile than that of larger portfolio companies. Smaller portfolio companies can have more limited product lines, markets, or financial resources.
- *Interest Rate Risks* – Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.
- *Hedging* – There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while Onex Falcon may enter into hedging transactions to seek to reduce risk, such transactions could result in poorer overall performance and increased (rather than reduced) risk for Onex Falcon's investment portfolios than if Onex Falcon did not engage in any such hedging transactions.
- *Inflation* – Certain global economies have experienced and continue to experience substantial, and in some periods extremely high, rates of inflation, which could continue in the future. Inflation and rapid fluctuations in inflation rates have had and continue to have negative effects on the economies and securities markets (both public and private) in which the Falcon Funds may invest and could materially and adversely affect the Falcon Funds' investment results.
- *Leverage* – Performance can be more volatile if a Falcon Fund employs leverage. Leverage is inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Leveraged capital structures of investments will increase the exposure of certain investments to adverse economic factors such as rising interest rates, downturns in the economy or



deterioration in the condition of the investment. Ultimately, these factors could adversely affect the Falcon Funds' returns on investment.

- *Available Opportunities and Competitive Marketplace* – The Falcon Funds compete for investment opportunities with a significant number of other credit funds as well as with institutional and other investors. As a result of this competition, there can be no assurance that a Falcon Fund will be able to source suitable investment opportunities, to acquire them on appropriate terms, to achieve its targeted rate of return, or to fully invest its committed capital.
- *Accuracy of Third-Party Information* – Investments are selected in part on the basis of information and data made available directly or indirectly by third parties or filed by third parties with various government regulators. The relevant Falcon Fund's general partner and Onex Falcon are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.
- *Financial Fraud* – Instances of fraud and other deceptive practices committed by senior management of portfolio companies in which a Falcon Fund invests could undermine Onex Falcon's due diligence efforts with respect to such companies and, if such fraud occurs, negatively affect the valuation of a Falcon Fund's investments. In addition, when discovered, financial fraud could contribute to overall market volatility that can negatively impact a Falcon Fund's investment program.
- *Expedited Transactions* – Investment analyses and decisions by Onex Falcon could be undertaken on an expedited basis in order for a Falcon Fund to take advantage of investment opportunities. In such cases, the information available to a Falcon Fund at the time of an investment decision may be limited, and that Falcon Fund may not have access to the detailed information necessary for a full evaluation of the investment opportunity.
- *Uncertainty of Financial Projections* – Projected operating results will typically be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results could vary significantly from the projections. General global economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.
- *Early Termination of a Falcon Fund* – It is possible that a Falcon Fund could be dissolved and terminated prematurely, and as a result, may not be able to accomplish its objectives and could be required to dispose of its investments at a disadvantageous time or make an in-kind distribution

(resulting in investors not having their capital invested and/or deployed in the manner originally contemplated).

- *Investments Longer than Term* – A Falcon Fund could make investments that are not advantageously disposed of prior to the date such Falcon Fund will be dissolved, either by expiration of such Falcon Fund’s term or otherwise. There can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur.
- *Secondary Transactions* – Onex Falcon could propose to a Falcon Fund’s advisory committee or investors one or more transactions that would enable such investors to monetize or restructure all or a portion of their interests in a Falcon Fund, including through the use of a continuation vehicle (each such transaction, a “Secondary Transaction”). The sale of an investment to a continuation vehicle could result in certain investors, the general partner and/or members of Onex Falcon (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all investors of such Falcon Fund and otherwise taking actions with respect to such investments that are different than the actions taken by other investors in such Falcon Fund. Onex Falcon could be subject to other conflicts of interests in connection with a Secondary Transaction, including with respect to investment valuations, allocation of fees and expenses and the offering of investment opportunities to the Falcon Funds and co-investors.
- *Distributions in Kind* – Although, under normal circumstances, the Falcon Funds intend to make distributions in cash, cash equivalents or marketable securities, it is possible that under certain circumstances (including upon the dissolution of a Falcon Fund) distributions could be made in kind and could consist of securities for which there is no readily available public market.
- *Reinvestment* – Under certain circumstances, proceeds distributable (or previously distributed) to the investors that constitute a return of capital contributions may be retained and reinvested (or recalled for reinvestment) by a Falcon Fund or used (or recalled for use) by a Falcon Fund for any other proper purpose. Amounts available for recall will be restored to the investors’ respective unfunded capital commitments. Accordingly, investors could be required to contribute capital for investment, management fees or other expenses during a Falcon Fund’s life in an aggregate amount that significantly exceeds such investors’ capital commitment to such Falcon Fund.
- *Recourse to a Falcon Fund’s Assets* – A Falcon Fund’s assets, including its investments and any capital held by such Falcon Fund, are generally available to satisfy all liabilities and other obligations of that Falcon Fund. If a Falcon Fund itself becomes subject to liability, parties seeking to have

the liability satisfied could have recourse to that Falcon Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

- *Indemnification* – Pursuant to the terms of the Fund Agreements, Onex Falcon and certain of its affiliates and related persons will generally be entitled to indemnification from a Falcon Fund, which might ultimately have to be funded by Falcon Fund investors and could even result in an obligation to return distributions.
- *Risks Relating to Admission of Benefit Plan Investors to the Falcon Funds* – It is possible that the assets of a Falcon Fund could be deemed to constitute “plan assets” of investors which are subject to the fiduciary provisions of the U.S. Employee Retirement Income Security Act or the prohibited transaction rules of Section 4975 of the Internal Revenue Code. In that case, the operations of a Falcon Fund could be materially affected and transactions into which that Falcon Fund might enter in the ordinary course of business could be deemed to constitute prohibited transactions under such laws.
- *Lack of Portfolio Diversification* – Falcon Funds may not be diversified among a wide range of types of securities, countries or industry sectors. Because a Falcon Fund may only make a limited number of investments and since a Falcon Fund's investments generally will involve a high degree of risk, poor performance by one or more of a Falcon Fund's investments could materially affect the total returns to investors. On any given investment, loss of all or a portion of the investors' capital is possible. Investors have no assurance as to the degree of diversification in a Fund's investments.
- *Lack of Business Diversification* – The companies in which the Falcon Funds invest are expected to be mostly companies in the lower middle market which often rely upon concentrated business strategies, products or services for their economic viability. A Falcon Fund's investment performance could be adversely affected by the failure of any or all of these potentially concentrated business strategies, products or services.
- *Non-North America Investments* – A Falcon Fund can make investments outside North America in accordance with the Fund Agreement for such Falcon Fund. Investments outside North America or denominated in non-U.S. currencies pose currency exchange risks (including restrictions on repatriation of proceeds of investments, exchange rate fluctuation, devaluation and non-exchangeability), as well as a range of other potential risks that may include (depending on the country involved) expropriation, confiscatory taxation, political or social instability, illiquidity, difficulty in taking legal action and market manipulation. A Falcon Fund's exposure to such investments is limited to a certain extent by the Fund Agreement of

such Falcon Fund which, by its terms, may limit investments in securities of companies formed in jurisdictions outside North America to not more than a certain percentage of such Falcon Fund's committed capital.

- *Failure to Make Capital Contributions* – If a Falcon Fund investor fails to satisfy its contractual funding obligations, the Falcon Fund's ability to complete its investment program or otherwise continue operations may be impaired or otherwise affected. Further, the defaulting investor could suffer meaningful adverse consequences as set forth in the Fund Agreements.
- *Mandatory Withdrawal* – A Falcon Fund investor could be required to withdraw from a Falcon Fund prior to the termination and liquidation of that Falcon Fund if Onex Falcon determines that continued participation could materially adversely affect that Falcon Fund or in certain other circumstances as further described in the relevant Fund Agreements (for example, by causing a Falcon Fund to be registered as an investment company under the Investment Company Act or causing a Falcon Fund's assets to be treated as plan assets). Falcon Fund investors required to withdraw early under these circumstances could suffer a diminution of return or material loss on their investments.
- *Public Disclosure Obligations* – Certain affiliates of Onex Falcon and/or portfolio companies of a Falcon Fund may be publicly-traded companies. Public company status could give rise to disclosure obligations in respect of a Falcon Fund or its operations or investments, which could result in the disclosure of information that would otherwise be considered confidential. There could be additional disclosure obligations imposed by applicable law or regulation in respect of Onex Falcon, the Falcon Funds, their affiliates, or Falcon Fund investors that could be viewed by any particular Falcon Fund investor as adverse.
- *Freedom of Information Act* – The general partners of the Falcon Funds or Onex Falcon could withhold all or any part of the information otherwise to be provided to a Falcon Fund investor under certain circumstances in order to prevent public disclosure of such information under the Canadian Access to Information Act, the U.S. Freedom of Information Act ("FOIA"), any governmental public records access law, any state, provincial or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement.
- *Loss of Limited Liability* – Falcon Fund investors could lose limited liability in certain circumstances if they are deemed to have taken part in the control or management of the business of a Falcon Fund. Limited liability could also be lost as a result of false statements in documents filed under, or other non-compliance with, legislation governing limited partnerships and in jurisdictions where there is a risk of non-recognition of the protection of

limited liabilities with respect to creditors of the Falcon Funds whose claims derive from liabilities incurred in such jurisdictions.

- *Liability for Return of Distributions* – Under applicable law, Falcon Fund investors could be required to return distributions previously made by a Falcon Fund if it is determined that such distributions were wrongfully made or in certain other circumstances set forth in the Fund Agreements.
- *Legal, Tax and Regulatory Risks* – The regulatory considerations affecting the ability of a Falcon Fund to achieve its investment objectives are complicated and subject to change and can result in significant compliance costs and expenses. In addition to the risks and complications arising under applicable tax laws and other laws specifically addressed in the Falcon Funds’ Offering Memorandum or Fund Agreements, further legal, tax and regulatory circumstances could arise during the term of a Falcon Fund that could adversely affect a Falcon Fund or its investors.
- *Investment Company Act Regulation* – The Investment Company Act imposes numerous constraints on the operations of Onex Falcon BDC, which could hinder its ability to take advantage of attractive investment opportunities and to achieve its investment objective. Furthermore, any failure to comply with the requirements imposed on Onex Falcon BDC by the Investment Company Act could result in regulatory scrutiny and sanction and/or expose Onex Falcon or Onex Falcon BDC to claims of private litigants. With respect to Onex Falcon BDC, if it determines to withdraw its BDC election, or if it otherwise fails to qualify, or maintain its qualification, as a BDC, it could be subject to substantially greater regulation under the Investment Company Act which would significantly decrease Onex Falcon BDC’s operating flexibility, and could significantly increase its costs of doing business. In addition, the board of Onex Falcon BDC is not controlled by Onex Falcon and the board could choose not to renew the investment advisory agreement with Onex Falcon. In addition, from time to time, the independent directors are required to approve co-investments, and such directors could choose to decline to participate in the proposed investment opportunities even if Onex Falcon believes the investment opportunity is attractive.
- *Other Regulatory Concerns* – The Falcon Funds are not required to be, and are not, registered as investment companies under the Investment Company Act; thus, its provisions are not applicable. Onex Falcon intends that the Falcon Funds and their activities will not become subject to that statute but should that nonetheless occur, the activities and performance of the Falcon Funds could be materially adversely affected. Neither Onex Falcon nor its counsel can assure investors that the Falcon Funds may not become subject to such regulation. In addition, Section 13 of the Bank Holding Company Act of 1956, as amended (together with the rules, regulations and published guidance thereunder, the “Volcker Rule”), generally prohibits certain

“banking entities” from engaging in proprietary trading, or from acquiring or retaining an ownership interest in, sponsoring or having certain relationships with “covered funds”, unless pursuant to an exclusion or exemption under the Volcker Rule. Each purchaser of the interests of the Falcon Funds must make its own determination as to whether it is subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain any such interests. Investors in the interests of the Falcon Funds are responsible for analyzing their own regulatory position and none of the Falcon Funds or any of their affiliates make any representation to any prospective investor or purchaser of such interests regarding the treatment of the Falcon Funds under the Volcker Rule, or to such investor’s investment in the interests of the Falcon Funds on the date of issuance or at any time in the future.

- *Regulatory Status* – Onex Falcon is registered as an investment adviser pursuant to the Advisers Act and, as such, is subject to the provisions of the Advisers Act. Failure to comply with the requirements imposed on Onex Falcon as a consequence of its current registrations or requirements that could be imposed as a result of future registrations could have a significant adverse effect on Onex Falcon’s ability to perform its duties to the Falcon Funds. Onex Falcon’s ability to source and execute transactions for the Falcon Funds could also be adversely affected by negative publicity arising from any regulatory compliance failures or other inappropriate behavior attributed to or any other publicity related to Onex Falcon, any affiliate of Onex Falcon or any of their respective investment professionals.
- *Changes in Applicable Law* – The Falcon Funds must comply with various legal requirements, including requirements imposed by laws governing anti-money laundering, bribery and corruption, securities, commodities, tax and pensions. A failure to satisfy the requirements of those laws or changes in the applicable law over the life of a Falcon Fund or of any of its investments could have material adverse consequences on that Falcon Fund and/or its investors. In recent years, the SEC has increased its scrutiny of the private fund industry, including conducting numerous examinations and bringing a number of enforcement actions against private fund managers. Changes in law or regulations could adversely affect the value of investments held (directly or indirectly) by clients, could affect the ability of clients to pursue their investment strategies, or could restrict or prevent Onex Falcon from continuing to perform services for clients in the manner currently contemplated.
- *Withdrawal of the United Kingdom from the European Union* – The United Kingdom (“UK”) withdrew from the European Union (“EU”) on January 31, 2020 (“Brexit”). In connection with Brexit the UK and the EU agreed to the Trade and Cooperation Agreement (“TCA”) which took effect from January 1, 2021, that governs the future trading relationship between the UK and the EU in specified areas. Notably, the TCA does not include an

EU-wide cooperation arrangement for financial services, with UK firms instead having to negotiate individual EU member state regulations and cooperation/recognition arrangements.

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

- *Effect of Fees and Expenses on Returns* – A Falcon Fund will pay management fees and will bear expenses as described in Item 5 above and in each Falcon Fund’s Fund Agreements, which could reduce the actual returns to investors. Such management fees and expenses are payable whether or not the investments of the Falcon Funds are profitable.
- *Global Economic Conditions; Market Dislocation* – General global economic conditions may affect the Falcon Funds’ activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other investors in the financial markets may affect the value of investments made by the Falcon Funds. Market conditions affecting, for example, liquidity and volatility, credit availability and financial conditions generally, could change at any time. These changes could have a material adverse effect on the ability of Onex Falcon to complete the Falcon Funds’ investment programs and to realize on investments, on the terms of those investments, or on the business, operations, condition or prospects of the portfolio companies. National and global market and economic conditions could deteriorate during the term of the Falcon Funds, and such conditions could deteriorate materially and for an extended period of time.
- *Banking System Volatility* – In March of 2023, the failure of Silicon Valley Bank (“SVB”) and Signature Bank prompted the U.S. Federal Deposit Insurance Corporation (the “FDIC”) to take swift measures with respect to receivership and subsequent sales of their respective assets. At the time of their failures, SVB and Signature Bank were, respectively, the second and third largest bank failures in U.S. history. Shortly after these events, Credit Suisse experienced significant declines and announced it would undergo an emergency take-over by UBS. Following these high-profile events, the share prices of several other U.S. and non-U.S. banks experienced

significant declines or sell-offs, with several being placed on “watch lists,” suffering ratings downgrades and/or receiving emergency funding from governments. At this time, it is not clear if there will be additional bank failures.

The closing of SVB and Signature Bank will negatively impact the availability of certain financial services to their respective former clients, which includes certain of Onex Falcon, Falcon Fund general partners, a Falcon Fund, a portfolio company, an obligor of an investment made by a Falcon Fund, or service providers and may require former clients to establish new bank relationships. These closures, and any additional closures that may occur within the banking system, may significantly impact Onex Falcon's, Falcon Fund general partners' and the Falcon Funds' costs, negatively impact a Falcon Fund's ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert Onex Falcon's time, attention and resources away from the pursuit of a Falcon Fund's investment strategy. In the event of failure of any of the financial institutions where Onex Falcon, a Falcon Fund general partner, a Falcon Fund or any portfolio company maintains its respective cash and cash equivalents, there can be no assurance that each would be able to access uninsured funds in a timely manner or at all. Ordinarily, Onex Falcon, the Falcon Fund general partner, the Falcon Fund and the portfolio companies will be unsecured creditors with respect to cash and cash equivalents held with such institutions in excess of insured deposit limits, and therefore may be exposed to a credit risk. Furthermore, the Falcon Fund may be unable to call capital from its limited partners until it sets up a new deposit account at a different institution (which could be a time-consuming process and may be prohibited by the terms of such Falcon Fund's then-existing credit facilities). If Onex Falcon, the Falcon Fund general partner, the Falcon Fund or the portfolio companies have credit facilities and deposit accounts provided by the same financial institution, and such institution fails, the Falcon Fund could be required to make more frequent capital calls to limited partners and Onex Falcon, the Falcon Fund and portfolio companies could face significant difficulties in funding any near-term obligations they have. Furthermore, these closures, and any additional closures that may occur within the banking system, may also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and their major customers that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, the closing of SVB and Signature Bank may significantly exacerbate the normal risks associated with a Falcon Fund and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. Furthermore, the closing of SVB and Signature Bank may lead to financial system and participant regulatory



reform, and such increased regulatory oversight may impose additional administrative burden on Onex Falcon, the Falcon Fund general partners and the Falcon Funds. The foregoing could materially adversely impact a Falcon Fund's operations and its ability to realize its investment objectives in a timely manner, and it is currently unclear what the ultimate effect of the situation will be on the private equity industry and global markets as a whole.

- *The Eurozone* – There are significant and persistent concerns regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro to function as a single currency given the diverse economic and political circumstances in individual Eurozone countries. The risks and prevalent concerns about a credit crisis in Europe could have a detrimental impact on global economic recovery as well as on sovereign and non-sovereign debt in the Eurozone countries. There can be no assurance that the market disruptions in Europe will not spread to other countries, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize affected countries and markets in Europe or elsewhere. These and other concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences with respect to a Falcon Fund, its investors and their investments in Europe could be determined by laws in effect at such time. These potential developments could negatively impact the ability of a Falcon Fund to make investments in Europe, the value of a Falcon Fund's investments in Europe and the general availability and cost of financing permitted investments.
- *Market Discussion and Economic Outlook* – The market outlook, trends, opportunities and other matters presented in the relevant Offering Memorandum are based on various estimates and assumptions, including about future events. There can be no assurance that such market outlook, trends, opportunities and other matters will materialize.
- *Disease, Epidemics and Pandemics* – The impact of disease and epidemics, or fear of the impact of disease and epidemics, could have a negative impact on Onex Falcon, the Falcon Funds, Falcon Fund investments and/or the performance and financial position of any of the foregoing. COVID-19 (*i.e.*, the novel strain of coronavirus which surfaced in December 2019) , renewed outbreaks of other epidemics or the outbreak of new epidemics have or could result in health or other government authorities requiring the closure of offices or other businesses and have or could result in general economic decline. For example, such events could adversely impact economic activity through disruption in supply and delivery chains. Moreover, the operations of any of the foregoing persons could be

negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses could have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence could negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on any of the foregoing persons. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated.

- *Business Continuity Plans* – In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, Onex Falcon, in conjunction with the broader Onex organization, will initiate its business continuity plan to safeguard that its employees have the resources and technology necessary to continue their responsibilities and investment and investor needs. Onex Falcon is not able to predict the level of disruption that such catastrophic events may have on its operation or the ability of its plan to succeed in a time of crisis. Thus, its business continuity plan could be insufficient to continue operating Onex Falcon’s business as usual in light of such unforeseen circumstances. Any insufficiency in the business continuity plan could cause interruptions in the operations of Onex Falcon, the Falcon Funds and their investments.
- *Russia-Ukraine* – There is currently an ongoing military conflict between Russia and the Ukraine which, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. The future impact of the Russia-Ukraine conflict and its ultimate effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of a Fund or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict. This impact could include reductions in future revenue and growth of portfolio companies, unexpected operational losses and liabilities and reductions in the availability of capital. It could also limit the ability of a Falcon Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) could cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Falcon Fund intends to pursue, all of which could adversely affect a Falcon Fund’s ability to fulfill its investment objectives.
- *Climate Change Laws and Regulations Restricting Emissions of Greenhouse Gases* – In response to published findings that emissions of

carbon dioxide, methane and other greenhouse gases (“GHGs”) present an endangerment to public health and the environment, the Environmental Protection Agency (“EPA”) has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, establish Prevention of Significant Deterioration (“PSD”) construction and Title V operating permit reviews for certain large stationary sources that are potential major sources of GHG emissions. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet “best available control technology” standards that will be established by the states or, in some cases, by the EPA on a case-by-case basis. These EPA rulemakings could adversely affect a portfolio company’s operations. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States on an annual basis.

In January 2021, the Biden administration issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies and any similar agency actions promulgated during the prior administration that could be inconsistent with the administration’s policies. In March 2022 the SE proposed significant rulemaking intended to enhance and standardize climate-related disclosures by public companies, including disclosure of GHG emissions. In addition, Congress has considered legislation to restrict or regulate emissions of greenhouse gases. While it remains unclear whether Congress will be able to agree on comprehensive climate legislation in the near future, energy legislation and other initiatives could seek to address GHG emissions issues. In the absence of federal climate legislation, almost half of the states, either individually or through multi-state regional initiatives, have begun to address GHG emissions, primarily through the planned development of emission inventories or regional GHG cap and trade programs. Although it is not possible at this time to predict how legislation or new regulations that could be adopted to address GHG emissions would impact the Fund’s investment program, and any such laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, a portfolio company’s operations could require it to incur costs to reduce or report emissions of GHGs. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth’s atmosphere could produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events; if any such effects were to occur, they could have an adverse effect on the operations of Onex Falcon, the Falcon Funds, and their portfolio companies.

- *Regulatory Changes* – A company in which the Falcon Funds invest could be materially and adversely affected as a result of new laws or regulations, or statutory or regulatory changes or changes in judicial or administrative interpretations of existing laws and regulations that impose more

comprehensive or stringent requirements on such company, the markets in which such company operates or such company's industry generally. Such changes could materially and adversely affect the performance of one or more of the Falcon Funds' investments. Moreover, additional regulatory approvals and permits, including renewals, extensions, transfers, assignments, reissuances or similar actions, could become applicable in the future due to a change in laws and regulations, a change in the companies' customer(s), or for other reasons. Changes in laws and regulations could result in increased compliance costs, additional capital expenditures or unanticipated liabilities. An investee also could be materially and adversely affected by regulations that have been vacated, remanded or otherwise limited by court decisions, which creates considerable uncertainty as to how these regulations will be modified and/or ultimately implemented. Any such modifications could alter the competitive landscape and/or the nature of the markets in which an investee operates in a material and adverse manner to such investee.

- *Investors Will Not Participate in Management of the Falcon Funds* – Investors in the Falcon Funds generally will not have the right to participate in the management of the Falcon Funds or in decisions made by Onex Falcon with respect to a Falcon Fund on its behalf. As a result, investors will have almost no control over their investments in a Falcon Fund or their prospects with respect thereto.
- *Limited Access to Information* – Investors' rights to information regarding the Falcon Funds will be specified, and strictly limited, in the Fund Agreements, although certain investors have the right to additional information pursuant to rights in side letters or similar agreements. In particular, it is anticipated that Onex Falcon and its affiliates will obtain certain types of material information related to a Falcon Fund's investments and prospective investments that will not be disclosed to investors because such disclosure is prohibited by contractual, legal or other obligations or Onex Falcon determines not to disclose such information for other reasons. Decisions to withhold information could have adverse consequences for investors in a variety of circumstances. Additionally, it is expected that investors who designate representatives to participate on an advisory committee to certain funds could, by virtue of such participation, have more information about a Falcon Fund and investments in certain circumstances than other investors generally and may be disseminated information in advance of communication to other investors generally. In addition, due to the fact that potential investors in a Falcon Fund could ask different questions and request different information, Onex Falcon could provide certain information to one or more prospective investors that it does not provide to all prospective investors.

- *Unspecified Use of Proceeds* – The Falcon Funds and their investors will be dependent upon the judgment and ability of Onex Falcon in investing and managing the capital of the Falcon Funds.
- *Lack of Registration under the U.S. Securities Exchange Act of 1934* – Onex Falcon is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended, or with the Financial Industry Regulatory Authority and is consequently not subject to the recordkeeping and specific business practice provisions of those statutory regimes to the extent they vary from the applicable provisions of the Advisers Act.
- *Difficulty in Valuing Investment Portfolio* – The valuation of a Falcon Fund’s portfolio of investments, which will affect the Falcon Fund’s performance results, involves uncertainties and subjective determinations. As a result, valuation of a Falcon Fund’s investments may not reflect the price at which a Falcon Fund could dispose of its investments at any given time. The process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values could differ from values that would have been determined had a ready market existed for such investments and could differ from the prices at which such securities could ultimately be sold. Because Onex Falcon determines in its discretion the value of certain Falcon Fund assets, potential conflict of interest exists in making valuation determinations given the potential impact of such valuations on a Falcon Fund’s performance, particularly with respect to an account that pays performance fees.
- *Anti-Corruption Laws* – Onex Falcon, the Falcon Funds and/or portfolio companies could be subject to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the Canadian Corruption of Foreign Public Officials Act and other anticorruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations (collectively, the “Anti-Corruption Laws”). Any determination that Onex Falcon, the Falcon Funds and/or any portfolio company has violated any Anti-Corruption Law could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct and/or securities litigation, any one of which could adversely affect Onex Falcon, the Falcon Funds and/or the portfolio companies.
- *Applicability of EU law in the UK* – As a result of a withdrawal from the EU by the UK, and subject to agreement on the terms of any future UK-EU relationship, EU law (or its incorporated equivalent) may cease to apply in the UK in the future. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. As a result, depending on the terms of the UK’s future relationship with the EU, substantial amendments to English law may occur. At this time it is not possible to predict the

consequential impact of such changes on the Falcon Funds or their investments, business, financial condition, results of operations or prospects, or whether such consequential impact will be materially detrimental to investors.

- *The AIFMD and the UK AIFMR* – The Directive on Alternative Investment Fund Managers, together with any supplementary regulation implemented in the UK following Brexit (“UK AIFMR”), or subordinate legislation or guidance thereto implemented in any relevant jurisdiction (the “AIFMD”), imposes requirements on AIFMs (as defined in the AIFMD) that market AIFs (as defined in the AIFMD) to professional investors who are domiciled or have a registered office within the European Economic Area (the “EEA”) or the UK, as applicable. The UK AIFMR currently imposes compliance obligations that are broadly similar to those described below in connection with a non-EEA AIFM marketing a non-EEA AIF.

For these purposes certain of the Falcon Funds are non-EEA and non-UK AIFs and Onex Falcon is a non-EEA and non-UK AIFM. As a non-EEA entity, Onex Falcon is required to comply with the national private placement regimes in those EEA member states that allow private placement and in which interests in a Falcon Fund are marketed and sold. Compliance with these requirements could result in significant additional costs over the life of the Falcon Funds and could reduce returns to investors. Onex Falcon and its affiliates and agents have endeavored to comply with these rules as interpreted but there is not absolute certainty as to their successful compliance. In the event that Onex Falcon or any of its affiliates or agents is found to have breached the provisions of the AIFMD (inadvertently or otherwise), such parties (and/or a Fund indirectly) could face regulatory sanctions and/or EEA investors could seek to rescind their interests, which would result in significant costs and ultimately materially and adversely affect such Fund.

- *Data Privacy Risk* – The General Data Protection Regulation (“GDPR”) governs the processing of personal data and is directly applicable in all EEA member states. The GDPR has been imposed into UK law as the UK General Data Protection Regulation (“UK GDPR”) and sits alongside the UK Data Protection Act 2018 (together the “UK DP Laws”). To the extent that Onex Falcon actively offers investment opportunities to, or monitors the behavior of, natural persons located in the EEA and the UK, Onex Falcon will be: (i) deemed to be a “controller”; (ii) required to comply with the GDPR, UK DP Laws and any applicable local derogations; and (iii) subject to certain rules with respect to cross-border transfers of personal data from the EEA and the UK.

For non-compliance, the GDPR imposes fines of up to €20 million (£17.5 million) or 4% of a company’s total worldwide annual turnover of the preceding financial year, whichever is higher. In relation to any alleged non-

compliance, Onex Falcon could therefore incur additional costs, become subject to regulatory investigations or fines, face civil claims (including representative actions and class action type litigation) and experience serious reputational damage, all of which could affect how Onex Falcon conducts its business reducing capital and time that can be deployed for making investments.

- *Cyber Security Incidents* – Cyber security incidents and breaches and cyber-attacks have been occurring globally at a more frequent and severe level, and are expected to continue to increase in frequency and severity in the future. Information and technology systems of Onex Corporation, Onex Falcon, a Falcon Fund, the portfolio companies of the Falcon Funds and any service providers for the foregoing may be vulnerable to damage or interruption from computer viruses, ransomware, other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and other security breaches, usage errors by their respective professionals or service providers, power, communication or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes, earthquakes or terrorist incidents. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Onex Falcon, a Falcon Fund and/or its portfolio company will likely have to make a significant investment to fix or replace them or remedy effects of such failures. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Onex Falcon's, the Falcon Funds' and/or its portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of information, including sensitive, personal and non-public information relating to investors (and the beneficial owners of investors), intellectual property and trade secrets. Further, if unauthorized parties gain access to information and technology systems, or if personnel abuse or misuse their access privileges, they may be able to steal, publish, delete or modify such information.

Cyber incidents such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified in a timely manner or at all, even with sophisticated prevention and detection systems. This could potentially result in further harm and prevent such incidents from being addressed appropriately. Although Onex Falcon has implemented various measures to manage risks relating to cyber incidents, Onex Falcon does not control the cyber security measures, plans and systems put in place by third-party service providers, and such service providers may have limited indemnification obligations to Onex, Onex Falcon, a Falcon Fund, the Falcon Fund portfolio companies, the Falcon Fund investors and/or their respective affiliates, each of whom could be negatively impacted as a result. Cyber incidents and system failures could harm Onex Falcon's, the Falcon Funds' or its portfolio company's

reputation, subject them and their respective affiliates to legal claims, regulatory action or enforcement arising out of applicable privacy, security or other laws, lead to adverse publicity and otherwise affect their business and financial performance. Although Onex Falcon takes various measures and has made, and will continue to make efforts to ensure the integrity of information systems and to safeguard against such failures or security breaches, there can be no assurance that these measures and efforts will provide adequate protection. Despite security measures, information technology networks may be vulnerable to attacks by third parties or breached due to employee error, malfeasance or other disruptions.

- *Environmental, Social & Governance (“ESG”) Matters* – ESG matters have been the subject of increased focus by regulators in the United States and EU, among other jurisdictions. In March 2018, the European Commission published an Action Plan on Financing Sustainable Growth (the “Action Plan”), setting up the sustainable finance strategy for the EU to transform the entire financial system and reorient capital flows towards sustainable investment. It is difficult to predict whether the Action Plan will succeed in reorienting capital flows and, if it is successful, the impact it will have on the returns to investors. There is a risk that the value of investments made by Onex Falcon in pursuing its investment strategies could be adversely affected over the life of the Falcon Funds by changes to economic conditions brought about by the Action Plan initiatives.

As part of the Action Plan, the European legislators have adopted legislative reforms, which include, without limitation: (a) Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (the “SFDR”), which took effect on March 10, 2021 and (b) Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the “EU Taxonomy”) which started applying in January 2022. These regulations introduce measures to, among others, clarify the responsibilities of alternative investment fund managers in relation to the integration of ESG factors and risks into their investment processes, and standardize their transparency obligations and ESG reporting in relation to funds that are marketed to investors in the European Union.

The scope of the SFDR is extremely broad, covering a very wide range of financial products and financial market participants. It seeks to achieve more transparency regarding how financial market participants integrate sustainability risks into their investment decisions and consideration of adverse sustainability impacts in the investment process. Data constraint is one of the biggest challenges when it comes to sustainability-related information to end investors, and there are limitations on sustainability and ESG-related data provided by market participants in relation to comparability. Disclosures in this brochure may develop and be subject to change due to ongoing improvements in the data provided to, and obtained from, financial market participants and financial advisers to achieve the



objectives of the SFDR in order to make sustainability-related information available.

Sustainability-related practices differ by region, industry and issue and are evolving accordingly, and an investment's sustainability-related practices or assessment of such practices may change over time. Similarly, new sustainability requirements imposed by jurisdictions in which Onex Falcon does business and/or in which the Falcon Funds are marketed may result in additional compliance costs, disclosure obligations or other implications or restrictions on the Falcon Funds or on Onex Falcon. Under such requirements, Onex Falcon may be required to classify itself or the Falcon Funds against certain criteria, some of which can be open to subjective interpretation. Onex Falcon's view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. A change to the relevant classification may require further actions to be taken, such as requiring further disclosures or new processes to be set up, which may lead to additional cost.

Onex Falcon will continue to monitor any developments to these regulations. As this area is still developing, it is also difficult to assess the full costs of compliance with the SFDR and the EU Taxonomy by the Falcon Funds and other Onex Falcon entities. Resources will need to be allocated to determine how such entities may be impacted by the new regulatory framework (including, domestic regulatory initiatives implementing or supplementing those following from the Action Plan) and, to the extent applicable, creating an additional compliance burden and reporting costs. Moreover, there is a risk that for funds in scope of SFDR, the relevant funds' SFDR classification will affect the pool of investors that the fund will be able to target.

The Falcon Funds and other Onex Falcon entities may also be impacted by a series of other ongoing legislative initiatives at the EU and UK level. On 25 October 2022, the UK Financial Conduct Authority published its consultation paper on sustainability disclosure requirements (the "SDR") and investment labels, with proposals including a multi-tiered labelling system for 'sustainable' and 'responsible' investments and further entity and product level SDRs to cover environmental and societal impacts, as well as financial risks and rewards. These proposals are still being discussed and developed, and the UK regulatory framework on sustainable finance disclosures is yet to come into effect. Further, the FCA intends to follow with a separate consultation on how these proposals may be applied in respect of overseas funds marketed into the UK. There therefore remains substantial uncertainty as to the potential impact of this new regime on the Falcon Funds and other Onex Falcon entities.

Compliance with the SFDR, the EU Taxonomy and other ESG-related rules is expected to result in increased legal, compliance, reporting and other associated costs and expenses, including costs and expenses of collecting and calculating data and the preparation of policies, disclosures and reports, in addition to other matters that relate solely to marketing and regulatory matters, and such costs and expenses will reduce investor returns. Onex Falcon reserves the right to adopt such arrangements as it deems necessary or desirable to comply with any applicable requirements of the SFDR, the EU Taxonomy and any other applicable legislation or regulations related to the Action Plan.

Onex Falcon's ESG investment policy limits the types and number of investment opportunities available to the Falcon Funds and, as a result, the Falcon Funds could underperform other funds that do not have an ESG focus. The ESG investment strategy of the Falcon Funds could result in a Falcon Fund making investments that underperform the market as a whole or underperform other funds screened for ESG standards, or could cause a Falcon Fund to pass on investments that such Falcon Fund would have made absent ESG considerations. Additionally, it should not be assumed that any ESG practices or standards have applied to all of a Falcon Fund's prior investments. ESG is only one of many considerations that Onex Falcon takes into account when making investment decisions, and depending on the strategy of the fund, other considerations can be expected in certain circumstances to outweigh ESG considerations. Accordingly, certain investments may exhibit characteristics that are inconsistent with ESG standards.

- *Benchmark Risk* – Products in which a Falcon Fund may invest may issue obligations and may be backed by loans or other instruments that pay interest based on the London Interbank Offered Rate (“LIBOR”). LIBOR and certain other “benchmarks” have been the subject of national, international, and other regulatory guidance and reform. The phasing out and eventual discontinuation of LIBOR, or the replacement of LIBOR with an alternative reference rate such as the Secured Overnight Financing Rate (“SOFR”), may adversely affect the Falcon Funds' credit arrangements and may negatively impact the expected return on a Falcon Fund's portfolio and/or the availability of instruments designed to hedge a Falcon Fund's exposure to LIBOR, and such impacts may be material. Although it is expected that certain loan obligations that bear interest based on LIBOR will migrate to a new benchmark, there is no guarantee that (i) such transition will occur, and if it occurs, when such transition will occur, (ii) SOFR will replace LIBOR as the benchmark for such loan obligations and (iii) any spread adjustment adopted in connection with such transition will be representative of LIBOR as of the date of determination of such benchmark. When LIBOR is discontinued as a benchmark rate, it may cause an increase in the volatility of LIBOR and SOFR prior to the consummation of any such change. There is no certainty as to what rate or

rates may become market-accepted alternatives to LIBOR or how those alternatives may impact investment returns. There may not be any alternative benchmark that reflects the composition and characteristics of LIBOR, and there may be dramatic shifts in debt investments and the debt markets generally, which could negatively impact the expected return on the Falcon Funds' portfolios. On March 5, 2021, the United Kingdom Financial Conduct Authority (the "FCA") announced that all LIBOR settings will either cease to be provided by any administrator, or no longer be representative immediately after December 31, 2021 for all GBP, EUR, CHF and JPY LIBOR settings and one-week and two-month USD LIBOR settings, and immediately after June 30, 2023 for the remaining USD LIBOR settings, including one-month and three-month USD LIBOR (the "Announcement"). Concurrent with the Announcement, the Federal Reserve Board, the Office of the Comptroller of the Currency and the FDIC released a statement that (i) encouraged banks to cease entering into new contracts that use U.S. dollar LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021, (ii) indicated that new contracts entered into before December 31, 2021 should either utilize a reference rate other than U.S. dollar LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after the discontinuation of U.S. dollar LIBOR and (iii) explained that extending the publication of certain U.S. dollar LIBOR tenors until June 30, 2023 would allow most legacy U.S. dollar LIBOR contracts to mature before LIBOR begins experiencing disruptions. Although it is expected that floating rate obligations that bear interest based on LIBOR will migrate to a new benchmark prior to June 30, 2023, there is no guarantee that (i) such transition will occur, and if it occurs, when such transition will occur, (ii) SOFR will replace LIBOR as the benchmark for such Floating Rate Obligations or (iii) any spread adjustment adopted in connection with such transition will be representative of LIBOR as of the date of determination of such benchmark.

As a result of the expected transition, interest rates on loans, deposits, derivatives, and other financial instruments tied to LIBOR rates, as well as the revenue and expenses associated with those financial instruments, may be adversely affected. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have a material adverse effect on the Falcon Funds' business, result of operations, and financial condition.

- *Natural Disasters, Geopolitical Events and Similar Dislocations* – Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country could not efficiently and quickly recover from such event, which can have a materially adverse effect on borrowers and other developing economic enterprises in such country. Also, geopolitical events and the fear of a prolonged global conflict can result in increased

short-term economic volatility. Consumer, corporate and financial confidence could be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, major disruptions in credit markets and uncertainties relating to sovereign debts and economic stability or other sources of political, social or economic unrest. Such erosion of confidence could lead to or extend a localized or global economic downturn. A climate of uncertainty could reduce the availability of potential investment opportunities, result in longer holding periods for investments and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. The effects geopolitical events, military action or similar events on global and domestic economies and securities markets cannot be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation and other factors relating to a Falcon Fund's investments.

- *General Partner Carried Interest* – The existence of incentive fees, carried interest or performance allocations with respect to the Falcon Funds could create an incentive for Onex Falcon or its affiliates to make riskier or more speculative investments on behalf of the Falcon Funds than they might otherwise make in the absence of these arrangements. In addition, the terms applicable to incentive fees, carried interest distributions or performance allocations could incentivize Onex Falcon and its affiliates to make decisions regarding the timing and structure of realizations of investments that may not be in the best interests of the Falcon Funds. Further, Onex Falcon or its affiliates could be incentivized to hold on to investments that have poor prospects for improvement in order to receive, potentially, a more likely or larger carried interest distribution if such asset's value appreciates in the future. Under the recent U.S. tax reform bill, in order for gains that are attributable to Onex Falcon or an affiliate's incentive fee or carried interest distribution to qualify as long-term capital gain, the holding period for the asset giving rise to such gains generally must exceed three years. For the investors in a Falcon Fund, gains in respect of assets held for more than one year may qualify as long-term capital gain. Long-term capital gain recognized by non-corporate U.S. taxpayers may be subject to U.S. federal income tax at preferential rates. These disparate holding period requirements could give rise to conflicts of interest. Onex Falcon could have an incentive to take actions intended to maximize the amount of gains from assets held for more than three years, even though Falcon Fund investors may not derive any additional U.S. federal income tax benefit from the longer holding period.
- *Use of Subscription Lines* – The Falcon Funds may fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments. The interest expense and other costs of any such

borrowings will be borne by the applicable Falcon Fund and, accordingly, could decrease net returns of such Falcon Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the applicable Falcon Fund. In light of the foregoing, Onex Falcon has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the Fund Agreements of each Falcon Fund. In addition, because amounts borrowed under a subscription line typically are secured by pledges of the relevant general partner's right to call capital from the limited partners, limited partners could be obligated to contribute capital on an accelerated basis if a Falcon Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder.

- *Allocation of Personnel* – Conflicts could arise in the allocation of time, services and function among the Falcon Funds and such other persons to which Onex Falcon, the Principals or their affiliates provide services.
- *Tax Liability* – Although the relevant Offering Memorandum seeks to address the reasonably identifiable and material tax considerations for potential Falcon Fund investors, it is possible that investors may have unexpected or unwelcome tax obligations as a result of a Falcon Fund's activities or their status or actions in respect thereof.
- *Limited Partner Advisory Committee* – Each Falcon Fund has an advisory committee, which acts as a representative of the investors in that Falcon Fund in respect of certain matters, including reviewing valuations of a Falcon Fund's assets and addressing potential conflicts of interest (including being authorized to provide consent on behalf of a Falcon Fund in connection with certain affiliate transactions, Advisers Act "assignments" or as otherwise requested by Onex Falcon). The advisory committees may not have the same interests as investors in the Falcon Fund. In addition, members of the advisory committee may have conflicts of interest that do not disqualify them from voting on or consenting to matters submitted for consideration or review. Each Falcon Fund indemnifies the members of the advisory committee, except for actions taken in bad faith or the commission of a felony.
- *Material Non-Public Information* – Certain personnel of Onex Falcon could acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Falcon Funds will not be free to act upon any such information. Due to these restrictions, the Falcon Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

- *Limited Remedies Against the General Partner* – There can be no assurance that adequate remedies will be available to any investors if the general partners of the Falcon Funds, Onex Falcon or the principals of the general partners of the Falcon Funds or Onex Falcon fail to perform their respective duties, and the Fund Agreements do not afford the investors rights to remove a Falcon Fund’s general partner other than for specified cause events as described in the applicable Fund Agreement. The Fund Agreements include provisions for exculpation and indemnification of the general partners, Onex Falcon and each of their respective affiliates and the members, partners, managers, officers, directors, shareholders, employees, agents, representatives, investors, affiliates, advisors and other personnel of the general partners, Onex Falcon and their respective affiliates. Therefore, Falcon Fund investors could have more limited rights of action than they would have absent such limitation.
- *Risk Management Failures* – Although Onex Falcon attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Onex Falcon, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, Onex Falcon may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.
- *Systems and Operational Risk* – Onex Falcon relies on certain financial, accounting, data processing and other operational systems and services that are employed by Onex Falcon and by third party service providers, including prime brokers, third-party administrators, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems could be subject to certain defects, failures or interruptions. For example, Onex Falcon and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients’ operations. In addition, despite certain measures established by Onex Falcon and third-party service providers to safeguard information in these systems, Onex Falcon, clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which could result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions could lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

- *Risks of Certain Investments* – A Falcon Fund can acquire securities of companies formed for specific transactions (such as holding companies) or of companies that are highly leveraged, with significant burdens on cash flow resulting from debt service. Such companies' securities and the ability of such companies to pay their debts could be adversely affected by interest rate movements, changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or specific developments within such companies. In connection with the disposition of an equity investment in a portfolio company, a Falcon Fund could be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business or could be responsible for the contents of disclosure documents under applicable securities laws. It could also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements could result in the incurrence of contingent liabilities, which might ultimately have to be funded by investors in a Falcon Fund to the extent of their unpaid capital commitments to such Falcon Fund or through the return by investors of certain prior distributions.
- *Security Types* – Onex Falcon's investments, by the nature of the portfolio companies' leveraged capital structures, will involve a high degree of financial risk. Debt investments will typically be unsecured and/or subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. In addition, these investments may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Preferred stock and common stock investments made by Onex Falcon are more speculative than the debt investments and all of these security types often reflect a greater possibility that adverse changes in the financial condition of the underlying obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the underlying obligor to make payments of principal and interest. These investments are often issued in connection with leveraged acquisitions or recapitalizations, in which the issuer incurs a substantially higher amount of indebtedness than the level at which it had previously operated. Some issuers of a Falcon Fund's investments may be highly leveraged, and their relatively high debt-to-equity ratios increase the risk that their operations might not generate sufficient cash flow to service their debt obligations or offer any return to the preferred and/or common stock classes. Both the debt and equity securities in general are also subject to other risks including (among others): (a) limited liquidity and secondary market support, (b) the possibility that earnings of the relevant obligor may be insufficient to meet its debt service, (c) the declining creditworthiness and potential for (or actual) insolvency of the relevant obligor of such debt during periods of economic downturn, (d) that the relevant obligor is often a small or mid-

size company serving only local or regional interests, and (e) if subordinated, subordination to the prior claims of other debt or senior lenders. These instruments are generally subject to market value volatility that may not be apparent from historical volatility studies and that could be significant at times. An economic downturn could severely disrupt the market for these instruments and adversely affect the value of outstanding debt and the ability of the portfolio companies thereof to repay principal and interest or offer a return to the preferred and/or common stock securities.

- *Leveraged Loans* – Leveraged loans have historically experienced greater default rates than has been the case for investment grade loans. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on leveraged loans and such loans may be subject to a higher risk of default. The ultimate amount of defaults with respect to such loans and timing of the recoveries may substantially diminish the expected investment returns achieved by clients investing in such loans. In addition, leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk in the leveraged loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance such leveraged loans if alternative financing were available at a lower cost.
- *Preferred Stock and Other Equities* – The Falcon Funds may invest in preferred stock which may have characteristics of both debt and equity. Dividend payments to preferred stockholders may be suspended or cancelled if the issuer experiences liquidity difficulties and the principal paid for preferred stock is generally subordinate to the debt obligations of the issuer. Preferred stocks are not generally entitled to meaningful covenant protection. Additionally, some preferred stocks may be non-cumulative, which means that the issuer does not ever have to declare or pay dividends on the stock or make-up any missed dividends. Also, when the Falcon Funds invest in senior secured loans or mezzanine loans, equity securities may be acquired as part of the transaction. The Falcon Funds may also invest directly in equity securities, typically with a goal of ultimately disposing such equity interests and realizing gains upon disposition. However, the equity interests may not appreciate in value and, in fact, may decline in value. Accordingly, the Falcon Funds may not be able to realize gains from equity interests, and any gains that are realized on the disposition



of any equity interests may not be sufficient to offset any other losses experienced.

- *Second Lien Loans and Unsecured Loans* – Second lien loans are subordinate to the senior secured debt of the related borrower in right of payment from the proceeds of the liquidation of the property securing such second lien loans. Therefore, second lien loans are subject to additional risks that the cash flows of the property securing such second lien loans may be insufficient to make the scheduled payments after giving effect to any senior secured debt of the related borrower. Such lien subordination is also expected reduce the liquidity of second lien loans vis-à-vis senior secured loans. Unsecured loans are not secured obligations and do not have the benefit of a pledge of property. The absence of a security interest may make unsecured loans more illiquid investments than either senior secured loans or second lien loans and is likely to result in lower recoveries following a default.
- *Covenant-Lite Loans* – Loans that Onex Falcon invests in on behalf of its clients could include loans that are considered “covenant-lite” loans, meaning they lack the protective covenants usually found in more traditional loan facilities and are generally subject to less restrictions on collateral, payment terms and level of income. A covenant-lite loan borrower is not typically subject to maintenance covenants requiring such borrower to comply with one or more financial covenants whether or not such borrower has taken any specified action. Ownership of covenant-lite loans may expose Onex Falcon’s clients to different and increased risks, including with respect to liquidity, price volatility, and the ability to restructure such loans when compared to ownership of loans that are subject to maintenance covenants and other protective covenants.
- *Future Investment Techniques and Instruments* – Subject to the Falcon Funds’ investment restrictions and other guidelines, the Falcon Funds can employ other investment techniques and invest in other instruments that Onex Falcon believes will help achieve the Falcon Funds’ investment objectives, whether or not such investment techniques or instruments are specifically described in this Brochure or the Governing Documents. Such investments could be more speculative than existing investment strategies and techniques employed by Onex Falcon on behalf of the Falcon Funds and could involve material and as-yet-unanticipated risks.
- *Lender Liability Considerations* – A number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or

its other creditors or shareholders. While believed to be unlikely, because of the nature of certain of the Falcon Fund's investments, a Falcon Fund could become subject to lender liability claims. Any such claim, if determined adversely to a Falcon Fund, could have a material adverse effect on such Falcon Fund's returns to investors.

- *Allocation of Investment Opportunities* – Onex Falcon manages multiple portfolios concurrently with separate risk profiles. Onex Falcon's investment committee and allocation committee govern the investment allocation process across all portfolios. Investment opportunities are allocated based on the security composition of each transaction at the time of initial investment. Onex Falcon will generally allocate investment opportunities on a pro rata basis, and there will be differences among the Falcon Funds in invested positions and securities held due to differences in investment objectives and strategies, risk tolerances, tax status and other criteria. As a result, it is expected that certain Falcon Funds may be over weighted toward debt investments, while others may emphasize preferred and common stock investments. As discussed in Item 6, Onex Falcon BDC must have an opportunity to review each investment opportunity within its investment mandate.
- *Active Management* – In certain cases, a Falcon Fund designates directors to serve on the boards of portfolio companies. The designation of directors and other protective provisions negotiated by a Falcon Fund could expose the assets of a Falcon Fund to claims by a portfolio company, its security holders and its creditors that such Falcon Fund is a controlling person and thus is liable for securities laws violations and other actions of the portfolio company. These protective measures also could result in certain liabilities in the event of the bankruptcy or reorganization of the portfolio company; could result in claims against a Falcon Fund if the designated directors violate their fiduciary and other duties to the portfolio company or fail to exercise appropriate levels of care under the federal securities laws, environmental laws and other legal principles; and could expose a Falcon Fund to claims that it has interfered in management to the detriment of the portfolio company.

#### **Item 9. Disciplinary Information**

Neither Onex Falcon nor its management persons have been subject to any legal or disciplinary events that would be material to Onex Falcon's business or to an investor or prospective investor's evaluation of Onex Falcon or the integrity of its professionals.

## **Item 10. Other Financial Industry Activities and Affiliations**

### *Registered Broker-Dealers*

Neither Onex Falcon nor any of its management persons are registered as a broker-dealer or a registered representative of a broker-dealer.

### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

Neither Onex Falcon nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

### *Relationships with Related Persons*

Except as described below, neither Onex Falcon nor any of its “management persons” have relationships or arrangements with related persons who are financial industry participants that are material to the business of Onex Falcon or that create a material conflict of interest with the Falcon Funds or their investors.

In December 2020, Onex Corporation indirectly acquired control of Onex Falcon. Onex Corporation has been a private equity investor since 1984. In 1999, Onex Corporation launched the first of the ONCAP funds, a series of private equity funds managed by ONCAP Management Partners L.P. and focused on investing in North American small and medium-sized businesses (the “ONCAP Funds”). The ONCAP Funds are active in the marketplace and the fourth and most recent ONCAP Fund to hold a final closing was raised in 2016. In 2003, Onex Corporation established the first of the Onex Partners funds, a platform focused on larger private equity transactions managed by Onex Partners Manager L.P., and subsequently raised four further Onex Partners funds (the “Onex Partners Funds”). In June 2019, Onex Corporation acquired control of Gluskin Sheff, a large Canadian wealth management firm serving high net worth families and institutional investors with a focus on public securities investing (in March 2023, Onex Corporation announced an agreement with RBC Wealth Management to distribute Onex products through their platform, and as part of that agreement, intends to transfer Gluskin Sheff’s wealth management and wealth planning operations to RBC). In 2023, Onex Corporation established Onex Transportation Partners, a platform focused on transportation-related assets used for land, air, marine, intermodal or industrial applications and/or operating companies that own, control, operate, manage or manufacture such assets or enable transportation through logistics, components and/or technology. Onex Corporation may in the future seek to expand its activities in real estate and credit, and may also seek to engage in additional investment or asset management businesses that are complimentary to its existing platforms..

Actual or perceived conflicts of interest could arise between Onex Falcon and Onex Corporation and its affiliates. In general, each of the affiliated advisers described above have their own dedicated investment teams and typically pursue investment opportunities that are different in nature from those sought by Onex Falcon for the Falcon Funds. In

particular, the Onex Partners Funds, the ONCAP Funds and the Onex Transportation Partners platform, and the other private equity strategies managed within Onex Corporation typically pursue differentiated investment opportunities than those pursued by Onex Falcon with regard to the investment objectives and restrictions of the Falcon Funds. Nonetheless, those affiliations and relationships, the potential avenues for the growth and development of the company business and its investment platforms, as well as the fact that more than one of the Falcon Funds could be making investments at any particular time, could lead or be perceived to lead to certain conflicts of interest around, among other things, the devotion of time and the allocation of investment opportunities. Further, it is possible that Onex Credit, OP Manager and the managers of other investment products advised by advisers controlled by Onex Corporation could seek to work together, with a view to the relevant fund from each fund family potentially investing together, in certain circumstances, as a result of, for example, industry expertise or relationships, prior investment experience or other factors in respect of the opportunity. Additionally, clients of affiliated advisers and investors in investment products advised by affiliated advisers of Onex Falcon could in the future be referred to clients advised by Onex Falcon, and Onex Falcon may from time to time refer Falcon Fund investors to investment products advised by affiliated advisers. The Falcon Funds are currently separately managed by Onex Falcon. Onex Corporation will indirectly receive management fees paid by investors in the Falcon Funds and a portion of the carried interest of Falcon Private Credit Opportunities VI, LP, which could lead or be perceived to lead to certain conflicts of interest with respect to Onex Falcon and Onex Credit.

If permitted by the applicable Fund Agreement and the relationship terms, Falcon Funds could make debt or equity investments in companies in which Onex Corporation (or its affiliates) has made or is proposing to make an equity or debt investment or to which Onex Corporation (or its affiliates) has made or is proposing to make a loan (each an “Onex Portfolio Company” or collectively, “Onex Portfolio Companies”). Investing in Onex Portfolio Companies could present certain conflicts of interest and/or present certain regulatory issues to a Falcon Fund. For example, if a Falcon Fund invests in an Onex Portfolio Company and the Onex Portfolio Company enters bankruptcy, the Falcon Fund could be deemed an “insider” for purposes of the Bankruptcy Code of the United States (the “Bankruptcy Code”). Insider status under the Bankruptcy Code could adversely affect the Falcon Fund’s ability to collect on the loan by subjecting the Falcon Fund to equitable subordination (i.e., the threshold of inequitable conduct that needs to be shown to invoke this remedy is lower when the holder of the claim is an insider and the burden of proof to show that any particular transaction was fundamentally fair will be on the Falcon Fund, not the bankruptcy trustee), increased exposure to preference suits (i.e., more transactions will be potentially avoidable as preferential as the reach-back period will be one year rather than 90 days) and other restrictions under certain circumstances. Further, due to its affiliation with Onex Corporation, Onex Falcon could become aware of material non-public information concerning certain companies and as a result of such knowledge, or as a result of certain internal policies adopted by Onex Falcon, Onex Falcon could at times be precluded from acquiring or disposing of investments it would otherwise wish to acquire or dispose. There could also be other areas of overlap between Onex Corporation’s or its affiliates’ activities or customers and the Falcon Fund or portfolio companies in which the

Falcon Fund is invested. Finally, Onex Falcon could decide not to invest in Onex Portfolio Companies or adopt procedures intended to minimize potential conflicts and/or regulatory or tax issues, which procedures could have the effect of limiting the Falcon Fund's ability to acquire or dispose of investments in Onex Portfolio Companies.

Certain of the limited partnerships or private funds for which Onex Falcon or one of its related persons serves as general partner or investment manager has and may in the future enter into agreements, or side letters, with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders are subject to terms and conditions that are more advantageous than those set forth in the Fund Agreement for the partnership or fund. For example, such terms and conditions could provide for special rights to make future investments in the partnership, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership or fund on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partner's or shareholder's investment in the partnership or fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

Additionally, certain of the limited partnerships or private funds for which Onex Falcon or one of its related persons (including without limitation Onex Credit and its related persons) serves as general partner or investment manager has and could in the future invest in the same projects or portfolio companies with other clients managed by Onex Falcon or one of its related persons. Such investments may be in different parts of the capital structure of a company in which one or more advised clients have an investment in a debt and/or equity tranche. Consequently, given the differing tranches and corresponding priorities in the capital structure of a single company, Onex Falcon and its related persons could in certain circumstances face a conflict of interest in respect of the advice they have given to, and the actions they take on behalf of, the advised vehicles, particularly in the case of financial distress of the company in which such clients have invested. Onex Falcon will determine allocations of investment opportunities and any resulting conflicts of interest in a manner that it believes is fair and equitable to the Falcon Funds consistent with Onex Falcon's obligations to each such Falcon Fund and Onex' investment allocation policy.

On any issue involving conflicts of interest, the general partner of the relevant fund and Onex Falcon will be guided by their respective good faith judgment. In certain circumstances, the general partner could present potential conflicts of interest to the applicable Falcon Fund's board of directors, advisory committee or conflicts committee, if any, for approval. By acquiring an interest in the Falcon Funds and executing the subscription agreements relating thereto, each investor expressly acknowledges the

existence of actual or potential conflicts of interest described in the applicable Fund Agreement and waives any claim with respect to any liability arising from the existence of any such conflict of interest and also any conflicts of interest on the part of the general partner of the relevant Falcon Fund, Onex Falcon or any of their affiliates arising from participation in the activities described in the Fund Agreement (to the fullest extent permissible under applicable law).

Generally, Onex Falcon addresses conflicts of interest by way of avoidance or disclosure and informed consent. The Offering Memorandum and the Fund Agreement for the Falcon Funds address in detail the conflicts of interest that could arise as a result of the affiliations and relationships described above. They also address the manner in which notification, consent or approval requirements may arise and any restrictions or prohibitions that could apply.

Onex Falcon is registered under the Advisers Act and, together with certain affiliates, serve as managers or general partners to certain pooled investment vehicles and managed accounts. Onex Falcon and its affiliates managing those funds are under common control and are subject to Onex Falcon's code of ethics and compliance program adopted pursuant to the requirements of the Advisers Act.

Employees of Onex Falcon and its affiliates serve as directors, board observers or committee members for certain portfolio companies in which the Falcon Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith, provided that such compensation will generally be used to offset the advisory or management fee payable by the relevant Falcon Fund to Onex Falcon. Employees of Onex Falcon and its affiliates may be given access to confidential information relating to companies in which the Falcon Funds invest. As a result, a Falcon Fund may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of such a portfolio company, which prohibition may have an adverse effect on such Falcon Fund.

The above individuals may spend a substantial portion of their time with these related activities.

In addition to the foregoing protections, Onex Falcon's investment personnel make significant investments in the Falcon Funds. Onex Falcon believes that this strong alignment of interests between Falcon Fund investors and those charged with investing their capital further mitigates the risks associated with any potential conflicts.

For a further discussion of Onex Falcon's allocations and conflicts of interests policies, see Item 11 below.

#### *Selection or Recommendation of Other Advisers*

Onex Falcon does not recommend or select other investment advisers for its clients and receive compensation from such advisers in a manner that would create a material conflict

of interest. Onex Falcon does not have other business relationships with other advisers that create a material conflict of interest.

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

Onex Falcon has adopted a code of ethics under Rule 204A-1 of the Advisers Act (“Code of Ethics”) expressing Onex Falcon’s commitment to ethical conduct. Onex Falcon’s Code of Ethics describes fiduciary duties of Onex Falcon and its supervised persons and their responsibilities to Onex Falcon’s clients. Under Onex Falcon’s Code of Ethics, Onex Falcon has a duty of utmost good faith to act only in the best interests of the Falcon Funds and all Onex Falcon supervised persons are required to promptly report all suspected or apparent violations of the Code of Ethics to Onex Falcon’s Chief Compliance Officer (“CCO”). All supervised persons must acknowledge receipt of the Code of Ethics and any amendments thereto. A copy of the Code of Ethics can be obtained by a Falcon Fund investor or qualified prospective investor (if applicable) upon written request.

The Code of Ethics contains specific policies and procedures dealing with such matters as personal trading and political contributions. The Code of Ethics is accompanied by a broader compliance manual that further supports Onex Falcon’s adherence to law, and more generally to prudent and appropriate processes and conduct, in the investment, management and safeguarding of the Falcon Funds’ assets, preventing insider trading, the giving and receipt of gifts and entertainment, communications with investors and prospective investors, public and media communications, the prevention, detection and handling of concerns relating to money-laundering, bribery and corruption, and record-keeping policies and procedures.

Certain of Onex Falcon’s related persons act as a general partner to partnerships for which Onex Falcon acts as investment adviser and solicits investors. Finally, Onex Falcon could make investments for its clients in portfolio companies of the Onex Partners Funds, as described further in Item 10. These practices create a conflict of interest because Onex Falcon has an incentive to recommend securities from (or sell securities to) clients based on its, or its related persons, own financial interests, rather than solely the interests of a client.

Onex Falcon engages in transactions that are considered principal or cross transactions in which one of Onex Falcon’s clients, including clients that are owned by related persons, could sell assets to another one of Onex Falcon’s clients. All such transactions are done in compliance with the requirements of the Advisers Act.

From time to time, certain principals, employees, officers, directors and other related personnel of Onex Falcon and its affiliates could make passive investments in other private vehicles managed by other investment advisers, including investment advisers that are related persons. Such other private vehicles may compete with the Falcon Funds with respect to investment opportunities, seek to enter into or enter into transactions with the Falcon Funds or investments held by the Falcon Funds, or make investments that compete

with, are customers of, or service providers or suppliers to, investments held by the Falcon Funds. These circumstances may give rise to certain conflicts of interest.

As discussed in Item 4, the general partners of the Falcon Funds, Onex Falcon and/or their respective affiliates have in the past and may in the future enter into side letters or other agreements with a particular investor in connection with its investment without the approval of any other investor. This would have the effect of establishing rights under or supplementing the terms of the Fund Agreement in respect of such investor in a manner potentially more favorable to such investor than those applicable to other investors. Such rights or terms in any such side letter or other similar agreement could include, without limitation: (i) rights to designate a member of, to the extent applicable, an advisory committee; (ii) excuse rights applicable to particular investments (which could increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments); (iii) reporting obligations of the general partners of the Falcon Funds; (iv) waiver of certain confidentiality obligations; (v) consent to certain transfers by such investor; (vi) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor; (vii) adjustments to fees or other economics (including, without limitation, management fees, carried interest, or distributions); (viii) access to certain information; (ix) consent rights of the investor; (x) co-investment rights; (xi) tax and structuring matters; and (xii) other representations, warranties or diligence confirmations. The general partners of the Falcon Funds and Onex Falcon may not be required to notify the other investors of any such side letters or of any of the rights or terms or provisions thereof, and some or all of the other investors in that Falcon Fund may not be entitled to receive such additional benefits or other rights. The general partners of the Falcon Funds, Onex Falcon and/or their respective affiliates could enter into such side letters with any party as the relevant general partner may determine, in its sole and absolute discretion, at any time. Fund investors will not necessarily have most-favored-nation rights in respect of all or any of the more favorable terms provided to others and investors will have no recourse against the Falcon Funds, the general partners of the Falcon Funds or Onex Falcon or any of their respective affiliates in the event that certain investors receive additional benefits or other rights pursuant to side letters that are more favorable than the terms received by other investors. As a result of certain side letters, investors holding the same interests could have different returns, or receive different information, depending on any arrangements applicable to a given investor's interest in a Falcon Fund.

The Fund Agreement and any such side letters related to each Falcon Fund are detailed agreements that establish complex arrangements among Onex Falcon, the Falcon Fund, its general partner and the investors. Questions will arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, some of which the parties may not have considered while drafting and executing these agreements. In these instances, the applicable provisions of the agreements, if any, may be broad, general, ambiguous, or conflicting, and may permit more than one reasonable interpretation. At times, there may not be provisions directly applicable to the situation at hand. While Onex Falcon will construe the relevant agreements in good faith and in a manner consistent with



its legal obligations, the interpretations it adopts may not necessarily be, and need not be, the most favorable interpretations for the Falcon Funds or their investors.

In addition, Onex Falcon or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that Onex Falcon or a related person recommends to Falcon Funds. Such practices present a conflict where, because of the information Onex Falcon has, Onex Falcon or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting Onex Falcon's or its related person's objectivity, these practices by Onex Falcon or its related persons could also harm clients by adversely affecting the price at which the clients' trades are executed. Onex Falcon has adopted the following procedures in an effort to minimize such conflicts:

Before Onex Falcon makes a recommendation that a Falcon Fund buys or sells a security, Onex Falcon will determine whether its related persons' hold a direct or indirect ownership interest in such security. If Onex Falcon or its related persons holds an interest in such security, the applicable Falcon Fund advisory committee is required to approve such investment, provided that this requirement shall not apply to follow-on investments by the applicable Falcon Fund.

In addition, Onex Falcon and/or certain members, employees or related persons of Onex Falcon could, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Falcon Funds in connection with certain "warehousing" transactions, provided that the sale is consistent with Onex Falcon's fiduciary obligations to the Falcon Funds and appropriate consents are obtained. Such transactions will be fully disclosed in writing and the written consent of the appropriate Falcon Fund (which, in certain circumstances, may be provided by the advisory committee of such Falcon Fund) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act.

While Onex Falcon endeavors at all times to act in the best interests of the Falcon Funds, investors should be aware that the entitlement to disproportionate distributions from the Falcon Funds creates a potential conflict of interest with respect to such transactions.

Also see Onex Falcon's discussion of its asset allocation rules in Item 6 and Item 16.

## **Item 12. Brokerage Practices**

With respect to those limited instances in which the Falcon Funds purchase, sell or distribute publicly traded securities through a broker-dealer, Onex Falcon seeks to satisfy its best execution obligation by considering all relevant facts and circumstances, including the price and size of the order, the trading characteristics of the securities involved, which investment bank or banks have a relationship with the issuer of the securities and their knowledge of the market, the value of research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness.

Onex Falcon's policy is that the CCO or a designee evaluate, on a periodic basis as deemed appropriate by the Company, broker-dealers that provide services to Onex Falcon (or that are under consideration by Onex Falcon) to determine whether such broker-dealers continue to provide services that maximize value for Onex Falcon's clients.

#### *Research and Soft Dollar Benefits*

Onex Falcon does not generally have any soft dollar arrangements with any brokers whereby Onex Falcon can direct a broker to pay for external research services from a soft dollar account.

#### *Brokerage for Client Referrals*

Subject to Onex Falcon's obligation to seek best execution of all transactions for its clients, Onex Falcon could consider referrals of investors in determining its selection of broker-dealers or other third-party service providers. Accordingly, Onex Falcon could have an incentive to select or recommend a broker-dealer or other service provider based on its interest in receiving investor referrals, rather than on its clients' interest in receiving the most favorable execution. Any such determinations will be made in accordance with Onex Falcon's fiduciary obligations to the Falcon Funds and Onex Falcon's compliance policies and procedures.

#### *Directed Brokerage*

Onex Falcon has discretionary authority to select the brokers or dealers in connection with securities transactions of the Falcon Funds, and investors are not permitted to direct Onex Falcon to use a particular broker or dealer to execute portfolio transactions on behalf of a Falcon Fund.

#### *Trade Aggregation*

Onex Falcon will use its good faith discretion in allocating investment opportunities among the Falcon Funds, taking into account: (i) the nature and size of the opportunity (including projected follow-on financing requirements); (ii) the amount of capital the Falcon Funds have available for investment; (iii) whether a Falcon Fund has an existing investment in the applicable company (i.e., the investment opportunity is a follow-on investment) and, if so, the existing ownership percentage of the Falcon Fund in such company; (iv) liquidity needs; (v) portfolio construction and diversification; (vi) the age or life of the particular Falcon Funds; (vii) any restrictions or other investment opportunity allocation provisions in the Fund Agreement of each Falcon Fund and such other factors as the General Partner and its affiliates may determine to be relevant. Onex Falcon's investment committee and allocation committee will also consider compliance with the Investment Company Act and the terms of the Order, and specifically the requirements pertaining to certain co-investment transactions between Onex Falcon BDC and other clients of Onex Falcon and its related persons that are subject to the Order.

Onex Falcon's investment committee and allocation committee govern the investment allocation process across Onex Falcon's private credit and structured equity investment

portfolios. Investment opportunities are allocated based on the security composition of each transaction at the time of initial investment. As discussed in Item 8, Onex Falcon will generally allocate investment opportunities on a pro rata basis, and there will be differences among the Falcon Funds in invested positions and securities held due to differences in investment objectives and strategies, risk tolerances, tax status and other criteria. As a result, it is expected that certain Falcon Funds may be over weighted toward debt investments, while others may emphasize preferred and common stock investments. Further, as previously discussed in Item 6, Onex Falcon BDC must have an opportunity to review each investment opportunity within its investment mandate.

To the extent that multiple clients (e.g., more than one Falcon Fund) hold an interest in the same issuer, it is Onex Falcon's policy that disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such Falcon Funds on a basis that is fair and equitable to each Falcon Fund relative to the other Falcon Funds, taking into account all relevant facts and circumstances, including (without limitation): (i) the strategies, guidelines and restrictions of each Falcon Fund; (ii) relevant provisions in the Fund Agreement of a Falcon Fund or in other agreements related to the Falcon Funds' investment in such issuer; (iii) the ownership percentage of each applicable entity in the portfolio company; (iv) the amount of gain (or loss), realized and unrealized, on each applicable Falcon Fund's investment in the portfolio company at the time of such disposition opportunity; (v) liquidity needs for each Falcon Fund and the investment cycle of a particular Falcon Fund; (vi) respective holding periods for the investment; (vii) the nature of the disposition opportunity, including the size and source of the opportunity; (viii) current and anticipated market conditions; and (ix) tax, legal or regulatory considerations.

### **Item 13. Review of Accounts**

#### *Review of Client Accounts*

Onex Falcon's policy is that all investment decisions made or recommended for any Falcon Fund and all transactions entered into on behalf of any Falcon Fund must be appropriate for such client as a whole based upon such Falcon Fund's financial situation. In addition, Onex Falcon's investment decisions and recommendations for a Falcon Fund must be consistent with any investment policies, objectives or restrictions in the Fund Agreement of such Falcon Fund and any applicable regulatory requirements. Onex Falcon's policy is that all client accounts be reviewed regularly by the CCO.

#### *Reports to Clients*

The general partner or manager of each Falcon Fund distributes quarterly and annual written reports to the limited partners of such Falcon Fund. Annual reports generally contain a listing of investments held by the Falcon Fund at the end of the fiscal year and the audited financial statements of the Falcon Fund and are accompanied by an individual capital account statement as of the end of such fiscal year. The quarterly reports generally contain unaudited financial statements of the Falcon Fund for the fiscal quarter. In addition to the information provided to all investors, Onex Falcon provides certain investors with additional information or more frequent reports that other investors will not receive.

Please refer to the Fund Agreement of the relevant Falcon Fund for further information on the reports provided by a particular Falcon Fund to its investors.

#### **Item 14. Client Referrals and Other Compensation**

##### *Economic Benefits Received from Third Parties*

Onex Falcon does not receive any economic benefits from third parties in connection with its advisory services.

##### *Third Party Compensation for Client Referrals*

Onex Falcon and its related persons, from time to time, enter into cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to a Falcon Fund. Generally, any sales charge associated therewith will ultimately be payable by Onex Falcon and/or its related persons, either directly or through an offset of the advisory or management fee payable by the relevant Falcon Fund to Onex Falcon. An investor will not be charged any additional amount or bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

#### **Item 15. Custody**

Onex Falcon will not have physical custody of any client assets (other than certain privately offered uncertificated securities to the extent permitted by the Advisers Act). Nevertheless, Onex Falcon will generally be deemed to have custody of the assets of the Falcon Funds as a result of its position as an affiliate of the general partner or manager of each Falcon Fund. Accordingly, Onex Falcon maintains assets and securities of the Falcon Funds with qualified custodians in a separate account for the Falcon Funds under the Falcon Funds' name, or in accounts that contain only funds and securities owned by the Falcon Funds under Onex Falcon's name, as agent or trustee for the Falcon Fund or Falcon Funds. Custodians will generally be banks, trust companies or broker-dealers unaffiliated with Onex Falcon.

It is Onex Falcon's general policy to cause each Falcon Fund with assets over which Onex Falcon is deemed to have "custody" to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited by an accountant subject to regular inspection by the Public Company Accounting Oversight Board, to investors annually and no later than 90 days after the end of each fiscal year.

#### **Item 16. Investment Discretion**

Subject to the investment objectives, policies and restrictions of each Falcon Fund as set forth in the Fund Agreement of such Falcon Fund, Onex Falcon has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Falcon Fund, including the selection of, and commissions paid to, broker-dealers.

### **Item 17. Voting Client Securities**

Because Onex Falcon has, or will accept, authority to vote securities held by a Falcon Fund, Onex Falcon has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) which have been designed to ensure that Onex Falcon complies with the requirements of Rule 206(4)-6 and Rule 204-2(c)(2) under the Advisers Act, and reflect Onex Falcon’s commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of its clients.

Onex Falcon’s clients are not permitted to direct Onex Falcon’s vote in any particular solicitation.

Prior to exercising its voting authority, Onex Falcon, in consultation with Onex Falcon’s investment committee, the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest could arise due to business, personal or family relationships of Onex Falcon or its supervised persons, with persons having an interest in the outcome of the vote. If a material conflict exists, Onex Falcon takes the necessary steps to ensure that its voting decision is based on the best interests of the client and is not a product of the conflict.

Onex Falcon will deliver to each limited partner of a Falcon Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Falcon Fund.

### **Item 18. Financial Information**

Item 18A is not applicable.

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. Onex Falcon 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 proceeding.

### **Item 19. Requirements for State-Registered Advisers**

Onex Falcon is not registered with any state securities authorities.