

## Item 1. Cover Page



PNC Steel City Advisors, LLC  
Form ADV, Part 2A  
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This Brochure provides information about the qualifications and business practices of PNC Steel City Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 312.454.2928. 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 PNC Steel City Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

PNC Steel City Advisors, LLC refers to itself as a "registered investment adviser." You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This brochure of PNC Steel City Advisors, LLC dated March 29, 2023 (“Brochure”) contains no material changes from PNC Steel City Advisors, LLC’s brochure dated as of March 29, 2022. PNC Steel City Advisors, LLC routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies and procedures and to respond to evolving industry best practices, including, in this case various revisions to Item 8 relating to disclosures of potential risks posed by the effects of pandemics, the transition from LIBOR as a reference rate and financial sector volatility.

### **IMPORTANT NOTE ABOUT THIS BROCHURE**

*This Brochure is not:*

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any Loan Fund (as defined below)*
- *a complete discussion of the features, risks or conflicts associated with any Loan Fund*

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), PNC Steel City Advisors, LLC (the “Firm”) provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a Loan Fund, together with other relevant offering materials, such as the Loan Fund’s private placement memorandum (“PPM”), prior to, or in connection with, such persons’ investment in the Loan Fund. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.*

*Although this publicly available Brochure describes investment advisory services and products of the Firm, persons who receive this Brochure (whether or not from the Firm) should be aware that it is designed solely to provide information about the Firm as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials. More complete information about a Loan Fund is included in relevant offering materials for the Loan Fund, certain of which may be provided to current investors only by the Firm or by the manager or co-adviser of a Loan Fund. To the extent that there is any conflict between discussions herein and similar or related discussions in any offering materials, the relevant offering materials shall govern and control.*

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## **Item 4. Advisory Business**

### The Firm

For purposes of this brochure, the “Firm” means PNC Steel City Advisors, LLC, a Delaware limited liability company.

PNC Steel City Advisors, LLC is a wholly owned subsidiary of PNC Bank, National Association (“PNC Bank”) which, itself, is a wholly owned indirect subsidiary of The PNC Financial Services Group, Inc. (“PNC”), a publicly traded company. The Firm was founded in August 2014 and registered as an Investment Adviser with the SEC in 2014. As of December 31, 2022, the Firm has approximately \$42.1 million of regulatory assets under management on a discretionary basis.

### Advisory Services

The Firm was formed to provide advisory services to certain pooled investment vehicles that are excepted from the definition of an “investment company” under the Investment Company Act of 1940, as amended (“Investment Company Act”) and whose securities are sold pursuant to an exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”).

Each of these vehicles (each, a “Loan Fund” or “Fund”) will participate, with other lenders, in the provision of financing, which may be in the form of “unitranche” or other financing structures, as well as making traditional term loans and broadly syndicated loans, in each case to middle-market companies (“Borrowers”). The Firm currently advises one Loan Fund (i.e., the “Senior Loan Fund”).

The Firm leverages the capabilities of the Steel City Finance division (“Steel City Finance”) of PNC Bank’s PNC Business Credit segment (“PNC Business Credit”). Steel City Finance is an experienced provider of senior secured term loan-oriented financing to U.S. middle-market borrowers in both sponsored and unsponsored transactions. PNC Business Credit is a leading provider of senior secured asset-based financing in the United States.

The Senior Loan Fund is co-advised by the Firm and an unaffiliated third party adviser, Cerberus PSL Manager, LLC (“Cerberus”). The general partner of the Senior Loan Fund is an affiliate of Cerberus. The Firm and Cerberus co-advise the Senior Loan Fund on the management of loans. Together with the co-adviser, the Firm’s services to the Senior Loan Fund generally relate to the review and approval of amendments, modifications and covenant waivers (and in some cases, work-out or sales) of loans. The Senior Loan Fund was closed to new investors effective September 17, 2015, and as of March 17, 2019, the Senior Loan Fund is no longer acquiring any new loans. The services provided by the Firm to the Senior Loan Fund are described in more detail in the offering materials of the Loan Fund, including the Private Placement Memorandum (“PPM”) and the limited partnership agreement.

With respect to loans in the Senior Loan Fund, PNC Bank generally originated a revolving loan to a Borrower participating in a unitranche financing, concurrently with the Senior Loan Fund’s origination of a term “A” loan to such Borrower. In some cases, a Cerberus

affiliate or other lender unaffiliated with the Firm extended a term “B” loan to the Borrower. In some cases, PNC Bank had authority to act as administrative agent in unitranche financings for each of the lenders in the revolving loan, the term “A” loan and the term “B” loan (if any) to Borrowers. PNC Bank also had authority to extend a line of credit to the Senior Loan Fund. For an additional discussion regarding the loans made by the Senior Loan Fund and other Loan Funds (if any), including loans made as part of a unitranche financing structure, please refer to Item 8 – *Methods of Analysis, Investment Strategies and Risk of Loss*. PNC Bank does not currently act as administrative agent with respect to any loans in the Senior Loan Fund.

Investments for a Loan Fund are managed in accordance with that Loan Fund’s particular investment objectives, strategies and guidelines and are not tailored to the individualized needs of any particular investor therein. Information about a Loan Fund, and the particular investment objectives, strategies, guidelines and risks associated with an investment, is included in the offering materials of that particular Loan Fund, including the PPM and limited partnership agreement, which are made available to investors only through the Loan Fund, its manager or another authorized party.

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

### Compensation

Details of management and other fees applicable to a particular Loan Fund are set forth in the Fund’s offering materials and governing documents. For additional discussion regarding performance fees, please refer to Item 6 – *Performance-Based Fees and Side-by-Side Management*.

Management fees, performance fees and/or any other compensation directly or indirectly payable to the Firm or its affiliates by a Loan Fund and its investors are generally negotiated with the Loan Fund (or its primary investment adviser and/or investors) and will depend on, among other factors, the amount of capital committed to the Loan Fund by an investor.

The Firm will generally receive from a Loan Fund a management fee paid quarterly in advance based on a rate equal to a fixed percentage of the Loan Fund’s assets under management, as described in the Loan Fund’s offering materials and governing documents, including the PPM and limited partnership agreement. If a Loan Fund is dissolved before the end of a quarter, or the Firm otherwise no longer serves as an adviser or co-adviser to the Loan Fund, prorated management fees will be returned in accordance with the Loan Fund’s offering materials and governing documents, including the PPM and the limited partnership agreement. The general partner will not be subject to the management fee. In addition, unless otherwise determined by affiliates of the general partner, in their sole discretion, the interests held by any affiliates of the general partner or any employees of the general partner or such affiliates generally will not be subject to the management fee.

### Other Fees and Expenses

Clients of the Firm (including, indirectly, investors in a Loan Fund) will bear certain other fees, expenses and costs (in addition to the fees discussed above) which are incidental or related to the maintenance of the Loan Fund or the acquisition, origination or maintenance

of loans or other investments, including, but not necessarily limited to: (1) the fees and expenses of professional advisers such as legal counsel (including unreimbursed legal fees in connection with acquiring or originating loans or proposed loans on behalf of the Loan Fund and modifying, working out or disposing of those loans), administrators (including administrative/servicing fees paid to PNC Bank in connection with the collection and/or distribution of interest, principal and other payments from Borrowers), custodians, trustees, consultants, appraisers, bookkeepers and accountants (including audit and certification fees and the expenses associated with the preparation of the Loan Fund's financial statements and tax returns); (2) expenses relating to the formation of the Loan Fund; (3) as set forth in the Loan Fund's offering materials and governing documents, management or performance fees to any third party manager or general partner of a Loan Fund or, with respect to co-advised Funds, an advisory fee to the Fund's third party co-adviser; (4) any taxes, fees or other governmental charges levied against the Loan Fund; (5) expenses associated with the preparation, printing and distribution of reports to the limited partners of the Loan Fund and costs associated with any meeting of the Loan Fund's advisory board or investment committee or any advisory board fees; (6) fees and expenses related to credit facilities under which the Loan Fund is the borrower (including credit facilities in which PNC Bank is a lender to the Loan Fund); (7) investment banking and similar consulting and professional fees associated with the acquisition, holding and disposition of loans, including broken deal expenses, brokerage and other transaction costs, and extraordinary expenses; (8) any insurance, indemnity or litigation expenses relating to the Loan Fund's activities; and (9) all other costs incurred in connection with the administration of the Loan Fund or otherwise that are authorized by the Loan Fund's PPM or limited partnership agreement. Certain of these fees and expenses will be paid to the Firm or its affiliates, including PNC Bank. For an additional discussion regarding payments to affiliates, please refer to Item 10 – *Other Financial Industry Activities and Affiliations*. For an additional discussion regarding brokerage fees, commissions and other related transactions costs and expenses, please refer to Item 12 – *Brokerage Practices*.

#### Cash Flow Distributions

The general partner of each Fund will allocate distributable cash to the investor members in proportion to their respective interests in the Fund, and in the priority set forth in each Fund's offering materials and governing documents. Typically, the investors receive all distributions of cash flow until they have received a preferred return, an amount equal to each investor's aggregate capital contributions and a super priority return. After such payments are made, distributions from cash flow are made to the general partner of each Fund. Any surplus is then apportioned amongst the general partner and the investor members in percentages as set forth in each Fund's offering materials and governing documents.

The general partner of each Fund is generally entitled to receive quarterly tax distributions for each fiscal year of the term of each Fund to cover any federal, state and local and non-U.S. tax liabilities (excluding penalties) from any items of income, gain, expense, loss or credit arising out of the general partner's participation in each Fund, including its receipt of certain distributions from each fund. Any tax distributions made to the general partner will correspondingly reduce the amount of certain distributions that would otherwise be made to it but will not be subject to any return of distributions by the General Partner.

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

The Firm does not currently receive performance-based fees from the Senior Loan Fund, and does not anticipate receiving performance-based fees from other similar Funds that may be formed in the future. However, as set forth in each Fund’s offering materials and governing documents, performance fees will be paid by Fund investors to the general partner or manager of the Fund, but such general partner or manager is not expected to be the Firm or an affiliate. In a case where an affiliate of the Firm is a limited partner in a Loan Fund, its obligation to pay the performance fee will generally be waived.

The differing compensatory or pecuniary interests of the Firm or an affiliate of the Firm, including PNC Bank, will create conflicts of interest with respect to the allocation of time, resources and investment opportunities. For example, PNC Bank and its personnel have an incentive to directly engage in lending opportunities otherwise suitable for a Loan Fund. In addition, as noted below, although PNC Bank may refer lending opportunities to one or more Loan Funds, it has not made any commitment to do so.

The potential conflicts of interest between the Firm and its affiliates, and among Loan Funds and other clients, with respect to side-by-side management of overlapping investments and the allocation of investment opportunities, and related mitigants, are described in more detail in Item 10 – *Other Financial Industry Activities and Affiliations* and Item 12 – *Brokerage Practices*.

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

As discussed in Item 4 – *Advisory Business*, the Firm was formed to provide discretionary investment advisory services to Loan Funds, which are pooled investment vehicles that are excluded from the definition of “investment company” under the Investment Company Act. Investment advice is provided directly to a Fund and not individually to investors in such a Fund.

The Senior Loan Fund imposed investment minimums for investors, and other Loan Funds (if any) will similarly impose investment minimums, as described in more detail in a Loan Fund’s PPM, limited partnership agreement or other transaction-related document. In certain circumstances, such investment minimums can be reduced by the Fund’s general partner or manager. A Fund’s general partner or manager could also offer more favorable terms (*e.g.*, lower investment minimums, reduced or eliminated fees) to its personnel, affiliated persons or others. For example, where an affiliate of the Firm holds a minority limited partnership interest in a Loan Fund, its obligation to pay a performance fee to the co-adviser or its affiliates will generally be waived.

The Senior Loan Fund is structured to comply with the requirements of Rule 3a-7 under the Investment Company Act and in connection therewith, the Partnership is subject to certain limitations on its activities, as more fully described in the Senior Loan Fund PPM. In addition, all investors in the Senior Loan Fund are required to be: (1) “qualified

institutional buyers” (as defined in Rule 144A under the Securities Act) or (2) persons involved in the organization or operation of the Fund or an “affiliate” (as defined in Rule 405 under the Securities Act) of such a person. It is anticipated that other Loan Funds (if any) will be similarly structured, and will impose investor qualification requirements.

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

### Methods of Analysis and Investment Strategies

The Senior Loan Fund primarily engages in, and future Loan Funds, if any, will primarily engage in, the origination or acquisition of loans. This generally includes making senior term “A” loans, which are partially or fully secured by the Borrower’s non-working capital assets and a subordinated lien on the Borrower’s working capital assets. The Senior Loan Fund and future Loan Funds, if any, will lend to Borrowers in unitranche financing structures where PNC Bank and/or other lenders are providing revolving financing to the Borrower and, in certain cases, other lenders are providing term “B” financing to the Borrower. In addition, the Senior Loan Fund has purchased (and future Loan Funds, if any, may purchase) loans on the secondary market, and may acquire unsecured debt or equity in connection with a loan as a result of a reorganization or as a consequence of loan foreclosures or foreclosures on the collateral securing such loans. In evaluating loan opportunities for a Loan Fund, the Firm considers, among other things, a Borrower’s operating history, management, financial statements, capital structure and the industry in which the Borrower operates (as well as Borrower’s role and size relative to that industry). Transactions could include sponsored and unsponsored deals, including financing for working capital, bridge capital, acquisitions, refinancings and growth capital.

### Material Investment Risks

The investment activities of the Firm involve a high degree of risk with no certainty of any return of capital. While the Firm seeks to advise Loan Funds so that risks are appropriate to the return potential for the strategy, it is often not possible to fully mitigate risks. An investment in a Loan Fund contemplates the risk of loss and there can be no guarantee that a particular level of return will be achieved. Investors should be aware that Loan Funds are not diversified or intended to provide a complete investment program. Investments in a Loan Fund are not insured by the Federal Deposit Insurance Corporation or any other government agency and are not guaranteed by the Firm, PNC Bank or any other person. The Firm assumes that investors in a Loan Fund will not invest all of their assets in that Fund. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that a Loan Fund will meet its investment objective or otherwise be able to successfully carry out its investment program. The following does not purport to be a comprehensive summary of all the risks associated with an investment in a Loan Fund. Potential investors in a Loan Fund should refer to the offering materials of such Loan Fund, including the PPM and limited partnership agreement, for a description of certain additional risks associated with an investment in such Loan Fund and certain conflicts of



interest of the Firm and such Loan Fund's primary investment adviser. Clients of the Firm, as well as investors in a Loan Fund, should be prepared to incur losses.

**Investments in Private Middle-Market Companies.** In addition to limited liquidity, investments in loans issued to, and debt instruments of, private middle-market companies involve a number of risks. Generally, little public information exists about such companies, and the Funds will rely on the ability of the Firm and any co-advisers, and their personnel, as well as certain other affiliated or unaffiliated investment professionals, to obtain adequate information to evaluate the potential returns from investing in such loans or debt instruments. If the Firm and/or the other parties described in the preceding sentence are unable to uncover all material information about such companies, the Firm may not make a fully-informed investment decision, and a Fund may lose money. Private middle-market companies typically have shorter operating histories, less predictable operating results, narrower product lines, and smaller market shares than larger businesses. These characteristics tend to render these companies more vulnerable to competitors' actions and market conditions, including general economic downturns. In addition, occurrences such as disasters (whether caused naturally or by human conduct), pandemics, terrorist activities and international hostilities, could adversely impact one or more Borrowers, for example, by causing a substantial downturn in demand for the goods or services produced by the Borrower, or by substantially increasing the cost of providing those goods or services. Other indirect adverse consequences from disasters, pandemics, terrorist activities or international hostilities could result in adverse impacts to the financial markets, the economy in general or in particular regions, or key parts of the infrastructure (such as the power grid) on which Borrowers rely to conduct their businesses. Private middle-market companies are often less able to withstand a sustained economic downturn resulting from such occurrences. Private middle-market companies are also more likely to depend on the management talents and efforts of a small group of persons, the loss of which could have a material adverse impact. In addition, private middle-market companies historically are engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and most likely will require substantial additional capital to support their operations, finance expansion or maintain their competitive position. As a consequence, certain loans in which the Loan Funds invest may become nonperforming loans and Borrowers could default with respect to such loans.

**General Credit Risks.** Although the Firm anticipates that Loan Funds will primarily invest in loans and other debt instruments or obligations secured by collateral, in some cases, the loans will only be partially secured. Additionally, Loan Funds will be exposed to losses resulting from default and foreclosure of any such loans in which it has invested. Therefore, the value of underlying collateral, the creditworthiness of Borrowers and the priority of liens are each of great importance in determining the value of a Loan Fund's investments. No guarantee can be made regarding the adequacy of the protection of a Loan Fund's security in the loans or other debt instruments in which it invests. Moreover, in the event of foreclosure, a Loan Fund will assume direct ownership of any assets collateralizing such foreclosed loans. The liquidation proceeds upon the sale of such assets may not satisfy the entire outstanding balance of principal and interest on such foreclosed loans, resulting in a loss to the Loan Fund. Any costs or delays involved in the effectuation of loan foreclosures or liquidation of the assets collateralizing such foreclosed loans will further reduce proceeds associated therewith and, consequently, increase possible losses to

a Loan Fund. In addition, no assurances can be made that Borrowers or third parties will not assert claims in connection with foreclosure proceedings or otherwise, or that such claims will not interfere with the enforcement of a Loan Fund's rights.

**Ability to Lend on Advantageous Terms; Competition and Supply.** On behalf of the Loan Funds, the Firm anticipates that the Loan Funds will originate loans and also invest in loans originated by third parties. Success in this area will depend, in part, on the ability of a Loan Fund to originate and obtain loans on advantageous terms. In making loans, a Loan Fund will compete with a broad spectrum of lenders, some of which may lend money on terms more favorable to borrowers. Such competing lenders may include private investment funds, public funds, commercial and investment banks, commercial financing companies and other entities. Some competitors may have a lower cost of funds and access to funding sources that are not available to a Loan Fund. In addition, some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than a Loan Fund. A Loan Fund may also choose not to compete for investment opportunities based on interest rates. Ultimately, increased competition for, or a diminution in the available supply of, qualifying Borrowers may result in lower yields on loans to such Borrowers, which could reduce returns to a Loan Fund.

**Interest Rate Risk; Prepayment.** A Loan Fund will invest in fixed interest rate debt instruments. The value of fixed interest rate debt instruments generally has an inverse relationship with future interest rates. Accordingly, if interest rates rise, the value of such instruments is likely to decline. In addition, to the extent that the receivables or loans underlying specific financial instruments can be prepaid without penalty or premium, the value of such financial instruments will be negatively affected by increasing prepayments. Such prepayments tend to occur more frequently as interest rates decline.

**Reference Rate Risk.** The London Inter-Bank Offered Rate ("LIBOR") is used as a reference rate for loans and other instruments and transactions, including certain lending arrangements for Borrowers in the Loan Fund. In 2017, the UK Financial Conduct Authority announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. The Federal Reserve adopted a final rule effective February 27, 2023, that implements the Adjustable Interest Rate LIBOR Act (the "Act") by identifying benchmark rates based on the Secured Overnight Financing Rate ("SOFR") that will replace LIBOR in certain financial contracts after June 30, 2023. The final rule helps ensure that LIBOR contracts adopting a benchmark rate selected by the Federal Reserve will not be interrupted or terminated following LIBOR's replacement. Questions around the liquidity of the new reference rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a source of concern.

It is difficult to predict the full impact of the transition away from LIBOR on a Loan Fund or a Borrower. The transition process may involve, among other things, increased volatility

or illiquidity in markets for instruments that currently rely on LIBOR. The transition may also result in a reduction in the value of certain LIBOR-based investments or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could adversely impact the performance of a Loan Fund or the Borrowers. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time.

**Equitable Subordination.** Under the U.S. Bankruptcy Code (the “Code”), a court may use its equitable powers to subordinate the claim of a lender against a borrower that is under the protections of the Code to some or all of the other claims against the borrower under certain circumstances. If equitable subordination is imposed, the holder’s claim is subordinated to other claims. Generally, equitable subordination is imposed when a claimholder is guilty of some misconduct. This form of subordination is intended to be remedial, and not penal. In determining whether equitable subordination of a claim is appropriate in any given circumstance, courts generally look to whether the following conditions have been satisfied: (1) whether the claimant has engaged in some type of inequitable conduct; (2) the misconduct must have resulted in injury to the creditors of the bankrupt company or conferred an unfair advantage on the claimant; and (3) equitable subordination must not be inconsistent with other applicable provisions of the Code. While the stated test could be interpreted broadly, equitable subordination is usually confined to three general situations: (1) when a fiduciary of the debtor (who is also a creditor) misuses its position to the detriment of other creditors; (2) when a third party (which can include a lender) controls the debtor to the disadvantage of other creditors; and (3) when a third party actually defrauds other creditors. A Loan Fund may be subject to claims from creditors of a Borrower that debt obligations of such Borrower which are held by the Loan Fund should be equitably subordinated. Certain states have laws substantially similar to the equitable subordination provisions of the Code that may apply outside of a formal bankruptcy proceeding thereunder.

**Priority of Debt Instruments and Loans.** A Loan Fund may in certain circumstances invest in secured debt of Borrowers that have or may incur additional debt that is senior to the secured debt owed to the Loan Fund, or the debt owed to the Loan Fund may have a first priority lien in some, but not all, of each Borrower’s assets, and the additional debt may have a first priority lien in other assets. In many cases, the loans made by Loan Funds will be part of a unitranche structure in which a single lien on behalf of all the lenders in the structure will be filed against the assets of the Borrower, and the lenders holding the different tranches of debt (including a Loan Fund) will contractually agree to their respective priorities in those assets. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of any such Borrower, the owners of senior secured debt (*i.e.*, the owners of first priority liens), including in a unitranche structure through the contractual agreements between the lenders, generally will be entitled to receive proceeds from any realization of the secured collateral until they have been reimbursed. At such time, the owners of junior secured debt (which could include, in certain circumstances, a Loan Fund) will be entitled to receive proceeds from the realization of the collateral securing such debt. There can be no assurances that the proceeds, if any, from the sale of such collateral would be sufficient to satisfy the loan obligations secured by subordinate debt instruments. To the extent that a Loan Fund owns secured debt that is junior to other secured debt, the Loan Fund may lose the value of its entire investment in such secured debt.

**Recharacterization.** Under certain state laws, a court, including a federal court in a bankruptcy proceeding applying state law, may use its equitable powers to recharacterize the claim of a lender (*i.e.*, notwithstanding the characterization by the lender and borrower of a loan advance as a debt, to find that the advance was in fact a contribution of equity). Typically, recharacterization occurs when an equity holder asserts a claim that a loan was made by the equity holder to the borrower at a time the borrower was in such poor financial condition so that other lenders would not make such a loan. In effect, a court that recharacterizes a claim makes a determination that the original circumstance of the contribution warrants treating the holder's advance not as debt but rather as equity. In determining whether recharacterization is warranted in any given circumstance, courts look to the following factors: (1) the names given to the instruments (if any) evidencing the indebtedness; (2) the presence or absence of a fixed maturity or scheduled payment; (3) the presence or absence of a fixed rate of interest and interest payments; (4) the source of repayments; (5) the adequacy or inadequacy of capital; (6) the identity of interest between the creditor and the equity holders; (7) the security (if any) for the advances; (8) the borrower's ability to obtain financing from outside lending institutions; (9) the extent to which the advances were subordinated to the claims of outside creditors; (10) the extent to which the assets were used to acquire capital assets; and (11) the presence or absence of a sinking fund to provide for repayment. These factors are reviewed under the circumstances of each case, and no one factor is controlling. A Loan Fund will potentially be subject to claims from creditors of a Borrower that debt obligations of such Borrower which are held by the Loan Fund should be recharacterized.

**Fraud.** A Loan Fund's investments could be adversely affected by material misrepresentations or omissions on the part of a Borrower or counterparty or by fraudulent behavior by a joint venture partner, manager or other service provider. Inaccuracies or incompleteness of representations is likely to adversely affect the valuation of collateral underlying loans and is likely to adversely affect the ability of a Loan Fund to perfect or effectuate a lien on the collateral securing a loan. Fraudulent behavior by a counterparty could result in the misappropriation of a Loan Fund's funds or otherwise reduce the value of one or more of the Loan Fund's investments. A Loan Fund will rely upon due diligence by the Firm and any co-advisers, or their affiliates, and the accuracy and completeness of representations made by Borrowers, other counterparties, joint venture partners, managers and other service providers and cannot guarantee that it will detect occurrences of fraud. In addition, under certain circumstances, payments by Borrowers to a Loan Fund may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential distribution.

**Equity Securities Generally.** Loan Funds will at times acquire equity as a result of a reorganization or as a consequence of loan foreclosure or foreclosure on the collateral securing such loans. Equity securities in general fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments and movements in the equity markets in general. As a result, a Loan Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Firm's expectations or if equity markets generally move in a single direction and the Firm has not hedged against such a general move.

**Fund Related Risks.** In addition to the risks identified above, investors in a Loan Fund are subject to Fund-related risks, including the lack of liquidity for interests of a Loan Fund, as set forth in the applicable PPM and other offering materials of the Loan Fund. Moreover, as discussed above, the Firm expects that Loan Funds will be excluded from the definition of “investment company” provided in Rule 3a-7 under the Investment Company Act, which is subject to a number of conditions. If a Loan Fund cannot comply with Rule 3a-7 or other exemption from the Investment Company Act, the Loan Fund will be subject to a number of additional regulatory requirements. These additional regulatory requirements are likely to affect the investment strategies, performance, yield, operating expenses and continued viability of a Loan Fund.

**Cybersecurity Risk.** With the increased use of and reliance on technologies and the dependence on computer systems to perform necessary business functions, a Loan Fund, the general partner, the Firm and other parties providing services to a Loan Fund may be prone to operational and information security risks resulting from cyberattacks. In general, cyberattacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyberattacks against, or security breakdowns of, a Loan Fund, the general partner, the Firm and/or other third party service providers may adversely impact a Loan Fund and its investors. For instance, cyberattacks may interfere with the processing of transactions, cause the release of private investor information or confidential Loan Fund information, cause reputational damage and subject the Loan Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs and/or additional compliance costs. While a Loan Fund, the general partner, the Firm and their affiliates and service providers may have established business continuity plans and systems designed to guard against such cyberattacks or adverse effects of such attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified, in large part because different unknown threats may emerge in the future.

**Pandemic Risks.** While the U.S. economy has generally improved since the onset of the COVID-19 pandemic, the economic environment remains uncertain as a result of subsequent events such as high inflation, supply chain disruptions, changes in the labor markets, volatile energy prices and geopolitical tensions (including as a result of the Russia-Ukraine conflict). In addition, the expected cessation of the COVID-19 Public Health Emergency declaration (which went into effect in 2020) and the reduction or termination of certain pandemic-related governmental benefits and programs may create financial stresses on certain portions of the U.S. economy. These conditions may not abate in the near term. Such economic conditions also have led and may continue to lead to turmoil and volatility in financial markets, often with at least some financial asset categories losing value. Any of these effects would potentially adversely affect the Senior Loan Fund’s Borrowers and the industries in which they operate. The Senior Loan Fund’s results will be affected by these macro- and microeconomic factors, which remain highly uncertain and cannot be accurately predicted.

**Climate change could adversely affect business and performance.** Concerns regarding climate change have led to governmental actions to mitigate potential impacts and have led

to changes in some consumer and business behaviors. Borrowers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns, and may face cost increases, asset value reductions, operating process changes, and the like as a result of governmental actions or societal responses to climate change. The impact on Borrowers will vary depending on their specific attributes, including their reliance on or role in carbon intensive activities as well as their exposure to the effects of climate change. Among the impacts could be reductions in creditworthiness on the part of some Borrowers or in the value of assets securing loans, pressure from individuals or groups to cease doing business with certain companies or sectors, or additional regulatory restrictions or costs associated with providing products or services to certain companies or sectors. Climate change may also have indirect effects on a Fund's business through increased insurance claims and liabilities; increased insurance premiums and deductibles or a decrease in the availability of coverage; increased energy costs; or changes in the cost, availability or quality of water, food or other natural resources required to successfully operate a Borrower's business. There can be no assurance that climate change will not have a material adverse effect on the Borrowers' businesses or operations, or that losses resulting from climate change events will be covered by insurance.

**Market Disruption and General Economic Conditions Risk.** Borrowers are subject to the risk that geopolitical, global health crises and other events (e.g., wars, terrorism, natural disasters and actual or threatened epidemics or pandemics) will adversely affect global economies and markets, including supply chains for materials or services used by Borrowers, and other goods and services. Sudden or significant changes in the supply or prices of commodities or other economic inputs may have material and unexpected effects on both global markets and individual countries, regions, sectors, companies, or industries, which could limit the ability of a Borrower to achieve its business objective. To the extent a Loan Fund has focused its investments on Borrowers in a particular region, adverse political, economic and other events in that region could have a disproportionate impact on that Fund. In addition, a slowdown in the global or national economy and increases in the prices of oil and gas, raw materials and agricultural commodities may affect inflation rates and other macro-level economic drivers that affect Borrowers, which may in turn have a negative impact on a Loan Fund.

**Bank volatility.** In March 2023, the U.S. Federal Deposit Insurance Corporation (the "FDIC") was appointed receiver for Silicon Valley Bank ("SVB") and Signature Bank to protect the insured depositors of those institutions. This was followed by creation of "bridge banks" for each institution as well as the sale of major portions of each institution's assets to acquiring banks.

The aforementioned events have led to distress in other financial services institutions and the financial services industry generally as a result of increased lack of confidence in the financial sector. First, there is increased uncertainty whether certain institutions will be able to satisfy contractual obligations, such as commitments under letters of credit. In addition, there can be no assurance that uninsured cash or cash equivalents held at a distressed financial or banking institution would be accessible to depositors in a timely manner or at all. Any inability to access, or delay in accessing, these funds could adversely affect the business and financial position of parties doing business with a distressed banking institution.

The closing of SVB and Signature Bank, and any additional closures that may occur within the banking system, domestically and internationally, as well as the placement into receivership by the FDIC or other regulators, including foreign regulators, or bankruptcy, of any banks or other financial institutions, or a crisis of confidence in the industry by investors and consumers generally, in each case, may negatively impact the availability of certain financial services to market participants. Such events may significantly increase costs, negatively impact pending transactions, including with respect to the ability to draw down amounts under credit facilities. Furthermore, such events may also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and businesses that rely on such bank relationships. Depending on ongoing developments, regulatory guidance, and timing, such events may significantly exacerbate the normal investment risks associated with investment in the financial services sector and other sectors 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. In addition, such events may lead to financial system and participant regulatory reform, and such increased regulatory oversight may impose additional administrative burdens and costs on financial institutions such as the Firm and the Firm's affiliates. It is currently unclear what the ultimate effect of the situation will be on the financial sector and global financial markets as a whole.

**Legal and Regulatory Risk.** Legal and regulatory changes could occur during the term of a Loan Fund that may adversely affect such Fund, its investments or its investors.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose facts regarding any legal or disciplinary events that would be material to your evaluation of the Firm or the integrity of the Firm's management in this Item. The Firm has no legal or disciplinary events to report.

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

The Firm is part of a large financial services organization and is therefore affiliated with other entities engaged in a variety of financial services businesses. In certain circumstances, the Firm has a general incentive to operate in a manner that will benefit the organization as a whole, even, potentially, to the detriment of a client; however, the Firm has adopted procedures that are designed to mitigate these conflicts. In some cases, the Firm has business arrangements with its affiliates that are material to its advisory business or to its clients. For example, the Firm will share certain personnel with its affiliates, including PNC Bank, and has entered into certain service arrangements with its affiliates, including PNC Bank, whereby an affiliate will support the Firm in a variety of activities, including credit research, administration and legal. These activities and affiliations could cause the Firm's or a related person's interests to diverge from the best interests of a Loan Fund.

*The PNC Financial Services Group, Inc.*

PNC is a diversified financial services company. PNC is engaged in a full range of financial services, including retail banking, corporate and institutional banking, asset management, and residential mortgage banking. Through its indirect wholly owned subsidiaries, PNC is the parent company of the Firm and through an affiliate may provide a line of credit to one or more Loan Funds, including the initial Loan Fund. In addition, PNC or an affiliate will be a limited partner in a Loan Fund.

*PNC Bank, National Association*

PNC Bank, a national bank and member of the Federal Deposit Insurance Corporation, is a full service bank engaged in traditional lending, cash and/or treasury management and other services. PNC Business Credit has sourced certain loan opportunities for the Funds. In addition, for most Borrowers entering into a unitranche financing structure, PNC Bank will originate a revolving loan to the Borrower concurrently with a Fund's origination of a term loan to such Borrower. In such cases, the Firm utilized certain information independently generated by (and for) PNC Bank or PNC Business Credit during their revolving loan origination process.

For unitranche financing structures, PNC Bank was also given authority to act as administrative agent for the revolving loan lender(s) and the term loan lender(s), including the Senior Loan Fund. In its capacity as administrative agent, PNC Bank would be able to collect and distribute interest, principal and other payments from Borrowers, as well as performing a variety of other administrative functions, such as monitoring Borrower collateral. PNC Bank may also extend lines of credit to Loan Funds and, if such lines are syndicated to other lenders, act as syndication and administrative agent for the other lenders. PNC Bank may also provide other banking services to one or more Borrowers or Loan Funds. If PNC Bank provided such services, PNC Bank would receive compensation that is competitive with the compensation paid in the industry for comparable services from the Borrowers and/or Loan Funds in connection with these services. Any fees received by PNC Bank or its affiliates in connection with such services will not be shared with a Loan Fund.

*PNC Capital Advisors, LLC*

PNC Capital Advisors, LLC, a wholly owned subsidiary of PNC Bank, provides discretionary fixed income investment advisory services to institutional accounts.

*PNC Capital Finance, LLC*

PNC Capital Finance, LLC, an indirect, wholly owned subsidiary of PNC, makes subordinated debt and/or equity investments in private companies. PNC Capital Finance does business under the names "PNC Mezzanine Capital," "PNC Erieview Capital," "PNC Investment Capital" and "PNC Riverarch Capital."

*PNC Capital Markets LLC*

PNC Capital Markets LLC ("PNC Capital Markets"), an indirect, wholly owned subsidiary of PNC, offers loan syndication, public finance underwriting and advisory services,



securities underwriting and trading, private placements and asset securitizations. From time to time, PNC Capital Markets may provide equity underwriting services to a Borrower.

*PNC Investment Company, LLC*

PNC Investment Company, LLC (“PNC Investment Company”) an indirect, wholly owned subsidiary of PNC, holds alternative investments and other investments. PNC Investment Company is a special limited partner in the Senior Loan Fund.

*PNC Investments LLC*

PNC Investments LLC, a wholly owned subsidiary of PNC Bank, is a registered broker dealer and investment adviser which provides full service brokerage and wrap fee programs to its clients.

*PNC Realty Investors, Inc.*

PNC Realty Investors, Inc., an indirect, wholly owned subsidiary of PNC, provides real estate investment advisory and management services to a bank collective trust comprised of qualified retirement and pension plans.

*PNC TC, LLC*

PNC TC, LLC, a wholly owned subsidiary of PNC Bank, provides investment advisory services to privately-offered pooled investment funds which hold investments in (i) properties that are eligible for tax credits under certain U.S. Government tax credit programs; and (ii) investments in multi-family residential properties focused on the preservation of affordable housing.

Relationships with Affiliates

In addition to the above, in the ordinary course of its business, PNC or its affiliates may engage in activities in which their interests will potentially conflict or compete with those of Loan Funds and their limited partners, including investing in funds that compete with a Loan Fund or holding equity interests in a Borrower and/or providing investment banking, treasury management or other services to a Borrower. If PNC or one of its affiliates is engaged to provide investment banking, underwriting or other services to a Borrower, a Loan Fund will not receive any of the fees paid by the Borrower to PNC or such affiliate in connection with such services. Employees or directors of PNC or its affiliates may, from time to time, make personal investments in a fund that competes with a Loan Fund including a Fund that is advised or managed by the unaffiliated third party adviser of the Senior Loan Fund, but is not advised by, or affiliated with, the Firm.

The relationship between the Firm and PNC Bank could also give rise to a material conflict of interest between the Firm and a Loan Fund. As discussed above, PNC Bank and its personnel have an incentive to directly engage in lending opportunities otherwise suitable for a Loan Fund. Although it is anticipated that PNC Bank will refer certain lending

opportunities to one or more Loan Funds, it is not obligated to do so. Any such opportunities will be retained by PNC Bank for its own account or may be referred to others. In addition, most Borrowers will separately borrow from PNC Bank under a revolving facility that is part of the unitranche financing structure in which a Loan Fund is a lender. These loans present inherent conflicts of interest between PNC Bank and Loan Funds. For example, in the event of restructuring or insolvency, the holders of one tranche of debt (*i.e.*, PNC Bank) could exercise remedies and take other actions that are not in the interest of, or are materially adverse to, a Loan Fund. Similarly, because PNC or its affiliates will be a limited partner in a Loan Fund, the Firm may exercise remedies and take other actions that are more beneficial to PNC or its affiliates. Moreover, in connection with the refinancing and/or restructuring of existing loans for which PNC Bank is the lender, PNC Bank and its personnel could refinance and/or restructure the existing loan into a unitranche financing structure in which a Loan Fund is a term loan lender (and in which PNC Bank is the revolving loan lender). Under certain circumstances, the Firm is likely to recuse itself from certain decisions with respect to a Loan Fund because of, among other reasons, these real or potential conflicts of interest. Additionally, under certain circumstances, a Loan Fund's co-adviser may override certain decisions of the Firm with respect to a Loan Fund (*e.g.*, loan workouts in the event of a material default by a Borrower).

The Firm will also have an incentive to seek to influence a Borrower or a Loan Fund to retain an affiliate to provide broker-dealer or other services, or to borrow from, or otherwise transact with, an affiliate of the Firm, rather than an unaffiliated entity. However, the Firm will only recommend such transactions on terms that are believed to be commercially reasonable to such Borrower or Loan Fund and, in the case of co-advised Loan Funds, the third-party co-adviser is anticipated to have sole or joint approval authority over the engagement by a Loan Fund of, or transactions with, such affiliates.

Furthermore, by reason of the lending, investment banking and other activities of PNC and its affiliates, PNC or its affiliates will acquire confidential or material non-public information and therefore be restricted from initiating transactions in certain securities. In addition, under certain circumstances, a Loan Fund will not be given access to material non-public information in the possession of PNC or its affiliates which may be relevant to an investment decision to be made for the Loan Fund. However, PNC Bank will independently develop a credit analysis with respect to each Borrower to whom PNC Bank is the revolving lender. Although this information will generally be developed specifically for PNC Bank in connection with its own loan origination process, this information may be shared with the Firm.

PNC Bank and its affiliates and subsidiaries use some of the same service providers (*e.g.*, legal counsel, accountants and appraisal firms) as are retained on behalf of Loan Funds. In some cases, fee rates, amounts or discounts may be offered to PNC Bank, its affiliates and subsidiaries by a third-party vendor which differ from those offered to a Loan Fund as a result of scheduled or ad hoc rate changes, differences in the scope, type or nature of the service or transaction, alternative fee arrangements and negotiation by PNC Bank or its affiliates and subsidiaries other than the Firm.

In cases of a co-advised Loan Fund, the co-adviser may engage third-party service providers, including but not limited to underwriters, investment banks and other

consultants and agents, in managing the Loan Fund. Such services may, from time to time, benefit the other co-adviser and/or its affiliates while not being of any value to the Loan Fund.

While the risk of these conflicts cannot be eliminated, policies and procedures have been designed and implemented to address certain of these conflict situations.

#### Allocation and Aggregation of Trades

As discussed in Item 11 – *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, PNC Bank may, but is not obligated to, refer lending opportunities to the Loan Funds. If the Firm is advising more than one Fund, procedures will be developed as applicable for allocating opportunities among Funds.

Prospective Borrowers may decide to raise capital through an equity offering in lieu of borrowing from a Loan Fund. If PNC or one of its affiliates is engaged to provide investment banking, underwriting or other services to a Borrower, the Loan Fund will not receive any of the fees paid by the Borrower to PNC or such affiliate in connection with such services.

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

#### Code of Ethics and Personal Trading

The Firm has adopted a Code of Ethics which consists of certain general principles, including that: (1) the interest of the Loan Funds (and investors therein) must be placed first at all times; (2) all personal securities transactions must be conducted consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; (3) Firm personnel owe a fiduciary duty to the Firm's clients and should not, among other things, take inappropriate advantage of their positions; (4) Firm personnel must comply with applicable federal securities laws; and (5) Firm personnel must comply with all applicable compliance policies and procedures of the Firm. In addition, the Code of Ethics includes provisions relating to the reporting of personal securities holdings and trading activity by access persons (as defined in the Advisers Act). A copy of the Code of Ethics will be provided to any client or prospective client or investor upon request. The Firm's contact information appears on the cover page of this Brochure.

Personnel associated with the Firm are also subject to PNC policies and procedures, which cover matters including compliance with law, conflicts of interest, insider trading, outside activities, and safeguarding confidential information.

#### Side Letter Agreements

The Firm may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, however, each side letter has

provided that each investor in such Fund may avail itself of the rights or terms provided to any other investor in a side letter agreement with the Fund.

#### Participation or Interest in Client Transactions

As discussed in Item 10 – *Other Financial Industry Activities and Affiliations*, PNC Bank will typically make revolving loans, and may also provide other lending, cash and/or treasury management and other services, to borrowers, including the Borrowers. In addition, PNC Bank may, but is not obligated to, refer lending opportunities to the Fund. PNC Bank has a conflict of interest to directly engage in lending opportunities otherwise suitable for a Loan Fund, if, for example, the opportunity is viewed as having higher potential risk-adjusted returns. Moreover, in connection with the refinancing and/or restructuring of existing loans for which PNC Bank is the lender, PNC Bank and its personnel may refinance and/or restructure the existing loan into a unitranche financing structure in which a Loan Fund is a term loan lender (and in which PNC Bank is the revolving loan lender). This refinancing and/or restructuring would create a conflict of interest for PNC Bank if, for example, the reduction or elimination of PNC Bank’s credit exposure to the borrower is viewed as beneficial.

PNC Bank was also given authority to act as (1) administrative agent in unitranche financing structures for the lenders for each of the revolving loans, the term “A” loan and the term “B” loan (if any) to Borrowers (and will be compensated in such capacity); and (2) lender to the Loan Funds (and if any such loan is syndicated, syndication agent and administrative agent for the other lenders (and will be compensated in such capacity)). In the event of restructuring or insolvency, the holders of one tranche of debt (*i.e.*, PNC Bank) could exercise remedies and take other actions that are not in the interest of, or are materially adverse to, a Loan Fund. Policies and procedures have been designed and implemented to address these and related conflict situations.

## **Item 12. Brokerage Practices**

#### Broker Selection and Best Execution

The Firm (together with any co-adviser for co-advised Funds) typically originates, acquires or disposes of loans on behalf of Loan Funds through a privately negotiated transaction with the Borrower, the current lender and/or the prospective purchasers of loans (as applicable). In those cases, the Firm seeks to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to Loan Funds and its roles and responsibilities. In certain cases, a Loan Fund could acquire an equity interest in a Borrower as a result of a Borrower reorganization or as a consequence of loan foreclosure or foreclosure on the collateral securing such loans. In limited circumstances, the Firm may approve a Fund’s sale of such an equity interest through a broker or dealer. When it is appropriate to execute portfolio transactions through brokers or dealers, the Firm seeks the best overall terms available on behalf of a Loan Fund. In assessing the best overall terms available for any transaction, the Firm considers the full range and quality of a broker or dealer’s services and other considerations, including cost, expertise and reputation. In cases of a co-advised Loan Fund, the third party co-adviser or its affiliates exercises these decisions alone or in conjunction with the Firm.

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

Investment professionals of the Firm (and/or any co-adviser for co-advised Funds) will actively monitor and review each Loan Fund's investment portfolio on a periodic basis. The team generally includes senior management and other investment professionals of the Firm. During this process, the investment professionals analyze existing Borrower positions in an attempt to identify issues early on and to take any necessary actions. The Investment Committee of a Loan Fund, which for a co-advised Fund includes representatives of the Firm alongside representatives of the Fund's co-adviser, will meet at such times as necessary or appropriate, to discuss the investment portfolio of each Loan Fund and, as necessary, implement any action recommended by the investment professionals of the Firm (and/or any co-adviser for co-advised Funds).

In addition, the advisory board of a Loan Fund will consult with the general partner on various matters which may include, among other things, (1) the Fund's investment strategy, the existing Fund investments, the most recent financial statements of the Fund, the valuation of distributions made in-kind (if any) during the period of liquidation of the Fund's remaining investments; (2) review of any actual or potential conflicts of interest; and (3) consideration of any other matters required under the applicable limited partnership agreements or otherwise determined by the applicable general partner. In certain cases, a Loan Fund will also have a custodian and/or trustee who will perform certain review and reporting functions for the Fund.

The Firm (and/or any co-adviser, or their affiliates, for co-advised Funds) will provide written reports at such frequency as required by the applicable agreements with each Loan Fund, including the limited partnership agreement. The Firm (and/or any co-adviser, or their affiliates, for co-advised Funds) may also, from time to time, schedule conference calls to discuss the operations of the Loan Funds. However, the Firm (and/or any co-adviser, or their affiliates, for co-advised Funds) will generally provide, among other things, (1) audited financial statements and other information on an annual basis in accordance with generally accepted accounting principles (within 120 days after a Loan Fund's fiscal year end) and (2) unaudited summary financial and other information on a quarterly basis, to the investors in a Loan Fund.

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

A Loan Fund, its manager, or its general partner may retain the services of PNC affiliates or the affiliates of a co-adviser (if applicable) to provide certain services to or for the benefit

of a Fund, its portfolio, or borrowers, including to act as lead placement agent with respect to certain Fund issuances.

PNC Bank may pay related persons a flat rate payment and/or a performance-based fee in connection with sourcing deals on behalf of a Loan Fund.

### **Item 15. Custody**

The Loan Fund's governing documents provide that PNC Bank, a related person of the Firm, may serve as administrative agent for lenders; however, at present, PNC Bank does not serve in such capacity, nor is it expected to do so during the existence of the Senior Loan Fund. Accordingly, the Firm would not be deemed to have custody of client assets of the Senior Loan Fund within the meaning of the Advisers Act.

The investors in a Loan Fund are not the Firm's clients; however, each investor in a Loan Fund will receive audited financial statements, prepared in accordance with generally accepted accounting principles, within 120 days following the Fund's fiscal year end. Investors should review these audited financial statements carefully.

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

As discussed in Item 4 – *Advisory Business*, the Firm provides, pursuant to an Advisory Agreement, investment advisory services to a Loan Fund on a discretionary or shared-discretionary basis, subject to the oversight of the general partner, manager or co-adviser of the Loan Fund. The limits upon the Firm's investment discretion are established through negotiations with the investors in a Loan Fund and/or its general partner, manager or co-adviser. These limitations, which are negotiated on a case by case basis and will vary from time to time, are incorporated in a Loan Fund's PPM or other governing documents, including the applicable Advisory Agreement. For example, with respect to a Loan Fund, the unanimous approval of the Firm and the Fund's unaffiliated third party co-adviser is required for certain lending decisions, while for certain other lending decisions (e.g., work-outs in the event of a material default by a Borrower), the Firm will have input, but the decision of the co-adviser will control. In addition, under certain circumstances, the Firm will recuse itself from certain decisions with respect to a Loan Fund.

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

The Firm, subject to the approval of any general partner, manager or co-adviser, will exercise, on behalf of Loan Funds, any voting, consent and/or waiver rights with respect to loans or securities held by Funds if designated by written agreement with the general partner, manager or co-adviser. Although the loans and other investments that a Loan Fund typically holds do not include proxy voting rights, the Loan Fund could, from time to time and under certain circumstances, be asked to consent to certain matters or actions with respect to a loan, security or Borrower (e.g., consent to the waiver of certain loan covenants). For example, with respect to a Loan Fund, the Firm and the Fund's unaffiliated third party co-adviser generally must unanimously approve any vote, consent and/or waiver; provided, however, that, in certain instances, the decision of the co-adviser will control, as

described in the Fund offering materials, including the PPM and limited partnership agreement.

The general principle of the Firm's Voting, Consent and Waiver Policy is to exercise any such rights prudently and solely in the best long-term economic interest of a Loan Fund considering all relevant factors and without undue influence from individuals or groups who might have an economic interest in the outcome of such vote, consent or waiver.

The Firm's Voting, Consent and Waiver Policy is designed to ensure that if a material conflict of interest is identified in connection with a particular vote, consent or waiver, such vote, consent or waiver is not improperly influenced by the conflict. For example, in the event that an investment professional determines that he or she has a material conflict of interest, the investment professional will vote such matter in accordance with the recommendation of a service provider (if applicable) or as instructed by the investors in a Loan Fund or any advisory board. Written requests for copies of the Firm's Voting, Consent and Waiver Policy and information about how the Firm exercised any voting, consent and/or waiver rights should be directed to the Firm at One East Pratt Street, 3<sup>rd</sup> Floor, Baltimore, MD 21202, Attn: Chief Compliance Officer, Telephone: 410-237-5232.

## **Item 18. Financial Information**

Not applicable.