



Cloverlay Investment Management, LLC

161 Washington Street, Suite 1650

Conshohocken, PA 19428

484-262-5020

www.cloverlay.com

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This Brochure provides information about the qualifications and business practices of Cloverlay Investment Management, LLC (“Cloverlay” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 484-262-5020 or info@cloverlay.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Cloverlay is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

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

Item 2 – Material Changes

Cloverlay is required to identify and discuss any material changes made to its Brochure since the last annual update in March 2022, pursuant to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). There are no material changes at this time.

Additional information about us is also available via the SEC's website www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Cloverlay Investment Management, LLC (“Cloverlay”) is a Delaware limited liability company that was founded in June 2015. Cloverlay Partners Management Company, LLC (“CPMC”) is the sole member of Cloverlay. Jeffrey Collins holds greater than 25% interest in CPMC and is the principal owner of Cloverlay through his indirect ownership of CPMC and affiliated entities.

Cloverlay provides investment advisory services as the investment manager (the “Investment Manager”) to private funds (each, a “Fund” and collectively, the “Funds”) that invest in tangible and intangible asset-focused opportunities directly or indirectly alongside specialty private equity managers in the form of co-investments, platforms, direct equity investments, joint ventures, primary fund commitments, secondary fund purchase, fund restructuring, etc. Each Limited Partner will receive limited partnership interests and will be a “Limited Partner” in each relevant Fund. While Cloverlay serves as Investment Manager of the Funds, each Fund has a general partner that is responsible for the daily operations of such Fund (the “General Partner”). Each General Partner is an affiliate of the Investment Manager.

Cloverlay’s advisory services include the identification, evaluation and selection of investment opportunities; performance of due diligence in connection with such potential investments; negotiation of investment terms; and monitoring the performance of each Fund’s portfolio. Cloverlay manages the Funds on a discretionary basis, in accordance with the terms of each client’s governing documents or advisory agreement. Because Cloverlay provides advisory services to the Funds, such services are generally not tailored to the needs of individual investors. Investors in the Funds participate in the overall investment objective for the applicable fund and are generally not permitted to impose restrictions on investing in certain securities or types of securities, but may be excused from a particular investment due to legal, tax, regulatory or other applicable constraints.

Cloverlay provides investment advisory services to the Funds on a discretionary basis, and in certain cases on a non-discretionary basis, in accordance with the investment objectives, policies and guidelines set forth in the relevant Fund offering, operating documents and side letters (the “Governing Documents”).

Overall, Cloverlay’s investment objective is to achieve attractive long-term returns on invested capital. For each of the Funds it manages, Cloverlay attempts to achieve its investment objective primarily by making private equity investments into certain investment sectors. The General Partner and Investment Manager will implement the

investment program in accordance with each Fund's Governing Documents, which is tailored to the outlined investment objectives of the clients. Cloverlay typically offers different types of investment vehicles for investors to choose from depending on their taxable, tax-exempt, ERISA plan asset and/or non-U.S. status.

Cloverlay endeavors to employ a consistent investment philosophy among the Funds, and each Fund is managed in accordance with the underlying guidelines of such account or vehicle. Therefore, certain accounts and vehicles may not always participate in the same investments, or in the same proportion as another account or vehicle managed by Cloverlay. As discussed below, Cloverlay takes a number of factors into consideration when determining the suitability of an investment for each of the accounts and vehicles that it manages.

As of December 31, 2022, Cloverlay has approximately \$1.42B in regulatory assets under management for the Funds, of which approximately \$687M is on a non-discretionary basis.

Item 5 – Fees and Compensation

Cloverlay receives from the Funds various fees that are negotiated at the time of formation of the Funds. The specific manner in which Cloverlay charges fees for a Fund is established in the relevant Fund's Governing Documents. Cloverlay and/or its affiliates will generally earn the following compensation from the Funds: (1) a management fee as set forth in the applicable Governing Documents; and (2) performance-based compensation calculated upon a specified percentage of the Fund's return on its invested capital.

The commitment-based management fee (the "Management Fee") is paid to Cloverlay periodically in accordance with the terms of the applicable Fund's Governing Documents and generally ranges from 0.70% to 1.25% of either a) commitments or b) net invested capital. Management fee rates typically decrease after each relevant vehicle's investment period expires. The Management Fee payable for any payment period that is less than a complete calendar quarter or year, as applicable, shall be calculated on a pro rata basis to reflect the actual number of days during such payment period to which the Management Fee relates. The Management Fee generally shall be assessed in addition to the amount committed by a Limited Partner in a Fund. Cloverlay may decrease, or waive in whole or in part, the Management Fee for any Limited Partner.

In certain circumstances, Governing Documents of certain Funds permits Cloverlay to waive the management fee. Certain waived portions of the Management Fee will be treated

by the Fund as a deemed capital contribution by the General Partner or its affiliate, which will be effectively invested in the Fund and reduce the amount of capital such General Partner or its affiliate would otherwise be required to contribute. The Limited Partners of the Fund may be required to make a pro rata contribution to the Fund that would otherwise be required of the General Partner or its affiliate in connection with such waiver.

All fees are subject to negotiation, and existing and future Limited Partners may have differing fee arrangements. It is critical that potential Limited Partners refer to the relevant Fund's Governing Documents for a complete understanding of how Cloverlay is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Organizational Fees and Expenses

Each Fund shall be assessed charges payable to the General Partner as reimbursement for organizational fees and expenses incurred in connection with the creation of the Fund and, in certain cases, any affiliated entities. Each Fund is responsible for the organizational fees and expenses incurred in connection with the creation of such Fund, and the marketing and offering of interests in any such Fund and related General Partner and other affiliated entities, including all legal, accounting and filing expenses, printing costs, placement fees, travel and accommodation expenses (including placement agent travel expenses), and other related fees and expenses (the "Organizational Expenses"). Certain such expenses may be assessed in addition to the amount committed by a Limited Partner in a Fund. The General Partner may decrease, or waive in whole or in part, the Organizational Expenses for any Limited Partner.

Fund Expenses

Except as may otherwise be expressly provided in the applicable Governing Documents, each Fund shall pay its Management Fee and shall be responsible for paying or reimbursing the General Partner directly for all out-of-pocket fund expenses (the "Fund Expenses"), which the General Partner may decrease, or waive in whole or in part, for any Limited Partner. Certain such expenses may be assessed in addition to the amount committed by a Limited Partner in a Fund. Expenses and other cash outlay may be paid by an affiliate of the Investment Manager or the General Partner on behalf of the Fund, whom would then be reimbursed by the Funds and represent due to affiliate amounts. When such liabilities arise, they are generally non-interest bearing.

Unless decreased or waived by the General Partner, each Fund will be responsible for paying all of its administrative, operating, offering and organizational costs of such Fund, the Fund's General Partner and affiliated entities, including, but not limited to:

- fees, costs, and expenses necessary to register or qualify the Fund under any applicable federal, state or foreign laws, and to maintain such registrations or qualifications, or to obtain or maintain exemptions under such laws;
- taxes or governmental charges, brokerage commissions, spreads and other fees, development fees, commissions, bank charges, transfer fees, registration fees, financing fees, interest, commitment fees, custody fees, leasing and servicing fees, advisory fees, management fees, lawyers', accountants', placement agents', appraisers', consultants', experts', and other professional fees and costs, underwriting commissions and discounts, any fees assessed relating to tax preparation or review of tax materials, travel and accommodation expenses, research expenses, software related fees (including development and information services) and expenses, charges or fees incurred or payable in connection with the offering of Interests (defined below) or the identification, evaluation, acquisition, holding, sale or proposed sale, financing or refinancing of investments, whether or not consummated, entered into by the Fund directly or through an affiliated alternative investment vehicle;
- expenses incurred in the collection of amounts due to the Fund from any person;
- out-of-pocket costs and expenses, if any, incurred by or on behalf of the Fund in developing, negotiating and structuring a prospective or potential investment (whether or not such investments are consummated) which is not ultimately made, including (i) any legal, accounting, advisory, consulting, diligence or other third-party expenses in connection therewith and any travel and accommodation expenses relating to such activities, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made, and (iii) any deposits or down payments of cash or other property which are forfeited in connection with a proposed Underlying Commitment that is not ultimately made;
- cash and non-cash acquisition, commitment, arranging, disposition, monitoring, director, break-up and other similar fees in connection with the purchase, monitoring or sale of an investment or from unconsummated transactions, any legal, accounting, advisory, consulting, diligence or other

third-party expenses in connection therewith and any travel and accommodation expenses relating to such activities, all fees (including commitment fees), costs and expenses of lenders (including legal fees), investment banks and other financing sources in connection with arranging financing;

- administrative fees, including, but not limited to, all third-party accounting and other costs of preparing and maintaining records and books of account in relation to the business of the Fund;
- interest on and fees and expenses arising out of all borrowings made by or on behalf of the Fund and affiliated entities, including, but not limited to, the arranging thereof;
- the remuneration and expenses of the Fund's independent accountants and appraisers, and all other costs incurred in connection with the preparation of the financial statements, appraisals, valuations, tax returns and other statements and reports;
- costs and expenses of, or incidental to, the preparation and dispatch to investors of all checks, reports, circulars, forms and notices, and any other documents that in the opinion of the General Partner are necessary or desirable in connection with the business and administration of the Fund;
- costs and expenses of, or incidental to, the preparation and filing of any reports, forms and notices as required by applicable law;
- costs and expenses incurred as a result of dissolution, winding-up and termination of the Fund, its General Partner and related entities and the realization of investments and other assets;
- costs and expenses incurred to comply with any applicable law, rule or regulation (including regulatory filings or other expenses), and any other compliance filings, or incurred in connection with any governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith;
- costs and expenses of any litigation involving the Fund and the amount of any judgment or settlement paid;
- costs and expenses for indemnity by the Fund to any person, and all costs of any insurance maintained with respect to liabilities arising in connection with the activities of any indemnified person conducted on behalf of the Fund, the General Partner, Cloverlay or their affiliates;

- withholding or other taxes, together with any interest and penalties, to the extent such amounts are paid by the Fund, or the General Partner, Cloverlay or their affiliates on behalf of the Fund;
- travel, accommodation and out-of-pocket costs of officers and employees of the General Partner, Cloverlay or their affiliates for activities that relate to prospective or executed investments that are considered for the Fund (including conferences), whether or not consummated;
- the Fund's share of the fees and expenses related to its investment in an affiliated alternative investment vehicle;
- computer software and IT related expenses, including accounting, ledger and investor reporting systems, such as development, purchase, customization, licensing, implementation, maintenance, upgrading and consulting costs, as well as subscriptions to any news, periodicals databases, information and research services and licensing costs which benefit such Fund;
- out-of-pocket expenses of or related to such Fund's advisory board, if applicable
- investor meeting expenses, including annual or other meetings of a Fund's investors and which may include the cost of meeting materials or other items to be provided to the attendants of any such meetings and transportation, meal, entertainment and lodging expenses incurred by representatives of and underlying funds and other attendants of any such meetings;
- fees, costs and expenses incurred in connection with the protection of confidential or non-public information or data of such Fund, its investors or its general partner, including any fees, costs and expenses incurred in connection with the European Union's General Data Protection Regulation (GDPR), the Freedom of Information Act (FOIA) or any similar laws or regulations;
- mailing, telephone, filing, printing and postage expenses incurred in connection with offering or administering such Fund;
- other reasonable costs and expenses in connection with the administration of the Fund or otherwise that may be authorized by the Fund's operating agreement.

Cloverlay may have a conflict of interest in determining whether certain costs and expenses incurred in the course of operating one or more Funds should be paid by such Fund(s) (and if so, which Fund(s) and in what proportion) or by Cloverlay. While a Fund's Governing Documents identifies the costs and expenses to be paid by a Fund, questions of

interpretation inevitably arise in connection with determining whether a certain cost or expense has, in fact, been so identified as well as whether newly-arising and/or unanticipated costs or expenses (including but not limited to costs and expenses arising from newly-imposed regulations and self-regulatory requirements) fit within the categories of costs and expenses described. Most Funds have adopted detailed expense language within their Governing Documents to help mitigate these issues and Cloverlay has also adopted certain internal policies and/or procedures to attempt to help mitigate these issues.

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

In addition to the compensation discussed in Item 5 – Fees and Compensation, the General Partner, an affiliate of Cloverlay, will be eligible to receive performance-based compensation (“carried interest”) from each Fund, which will be paid in accordance with the Governing Documents and consistent with Section 205(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), or Rule 205-3 thereunder. Carried interest is calculated upon a percentage of the applicable Fund’s return on its invested capital.

The carried interest payable by a Fund to an affiliate of Cloverlay may create an incentive for Cloverlay to make riskier or more speculative investments on behalf of a Fund than would be the case in the absence of such performance-based compensation. However, this risk is mitigated to some extent due to the following: (1) generally, except in certain circumstances, the payment of carried interest is based on the success of each total Fund and not any single investment, and therefore Cloverlay’s total carried interest would be affected by any single unsuccessful investment; (2) any carried interest paid to the General Partner may be clawed back (on an after-tax basis) if clients have not received their preferred return percentage as of the claw back determination date; and (3) Cloverlay’s senior personnel have made personal capital commitments to the Funds, which aligns Cloverlay’s interests with that of its clients.

Distributions of investment proceeds made by a Fund from an investment or any portion thereof will initially be allocated pro rata among the partners of such Fund (including Limited Partners and the General Partner) in proportion to their contributions with respect to such investment; provided, however, that amounts otherwise distributable to a Limited Partner shall be reduced by the amount of Management Fee, Fund Expenses, Organizational Expenses, and other reserves paid with respect to, or otherwise allocable to, such Limited Partner. Unless otherwise set forth in the applicable Governing Document, investment proceeds which would otherwise be distributed to certain Limited Partners shall generally then be distributed in the following amounts and order of priority:

(1) *Return of Capital and Costs*. First, 100% to such Limited Partner until such Limited Partner has received distributions of investment proceeds from investments that have been disposed of equal to such Limited Partners' capital contributions for investments, Management Fee, Organizational Expenses and Fund Expenses;

(2) *Preferred Return*. Second, 100% to such Limited Partner until the distributions of investment proceeds to such Limited Partner equal a compounded annual preferred return rate, calculated from each relevant funding date, as set forth in the applicable Fund's Governing Documents;

(3) *Catch-Up to Overall Carried Interest*. Third, 100% to the General Partner until the cumulative carried interest distributions to the General Partner equal the carried interest percentage, set forth in the applicable Fund's Governing Documents, of the sum of the excess of the cumulative distributions paid to such Limited Partner pursuant to clause (1) above; and

(4) *Split*. Thereafter, the carried interest percentage to the General Partner, and the remaining percentage to such Limited Partner (the distributions to the General Partner described in clause (3) and this clause (4) being referred to collectively as "Carried Interest").

Distributions of income from temporary investments generally will be made among the Limited and General Partners in proportion to their respective ownership interests with respect to such investment, as reasonably determined by the General Partner.

Item 7 – Types of Clients

Investors in the Funds consist primarily of various types of institutions, family offices, and high net worth individuals. Such investors must meet the requirements for an "accredited investor" under the Securities Act of 1933, as amended (the "1933 Act") and a "qualified client" under the Advisers Act.

As discussed in Item 4 – Advisory Business, Cloverlay provides investment management services to the Funds, which are pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (the "Act").

In no event should this Brochure be considered to be an offer of interests in a Fund or relied upon in determining whether to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed solely to provide information about Cloverlay for the purpose of compliance with certain obligations under the Advisers Act. To the extent that there is any conflict between

disclosures herein and similar or related disclosures in any Governing Documents, the Governing Documents and other relevant organizational documents shall control.

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

The descriptions set forth in this Brochure of specific investment strategies that Cloverlay utilizes to manage the Funds is indicative and does not purport to be exhaustive. Investors should refer to each Fund's investment strategy as set forth in its applicable Governing Documents.

The foundation of Cloverlay's investment approach is to generate attractive long-term rates of return through opportunistic private market investments across a range of strategies focused on tangible and intangible assets globally. The investments will be made alongside specialist private equity managers and may take the form of primary fund commitments, co-investments, joint ventures, platforms, secondary fund purchases, fund restructurings, and other advantaged investments (collectively, the "Entry Methods"). Entry Methods are generally grouped into two general categories: Primary Commitments and Advantaged Commitments. "Primary Commitments" or "Primaries" include any commitment made by the Firm on behalf of the Fund into a blind pool investment vehicle, formed and sponsored by a third-party investment manager, with such manager being responsible for sourcing, acquiring, managing and divesting investments on behalf of such vehicle upon terms previously defined in such vehicle's relevant formation and offering documents. "Advantaged Commitments" are generally defined as co-investments, joint ventures, platforms, secondary fund purchases, fund restructurings, primary funds substantially invested and other advantaged investment structures.

Risk Factors

- *You Should Not Rely on Past Performance of the General Partner or the Investment Manager In Deciding To Purchase Interests.* The past investment performance of other entities managed by Cloverlay or principals of Cloverlay is not necessarily indicative of a Fund's future results. No assurance can be given that Cloverlay will succeed in meeting the investment objectives of a Fund. You may lose all or substantially all of your investment in a Fund.
- *Dependence on Key Personnel.* In managing the investments, Cloverlay will be relying extensively on the experience, relationships and expertise of certain key partners and principals of Cloverlay and other key employees. There can be no assurance that these individuals will remain in the employ of Cloverlay or otherwise continue to carry on their current duties through the term of the Fund.
- *No Assurance of Investment Return.* A Fund cannot provide assurance that it will be able to identify, make and realize investments. There can be no assurance that a Fund will be able to generate returns for its Limited Partners or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any Limited Partner will receive any distributions from the applicable Fund. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. The past activities of the principals of the Investment Manager provide no assurance of future success.
- *Risks Associated with Market Generally.* Investors will be relying on the ability of Cloverlay to source attractive investments for each Fund. Because such investments may occur over a substantial period of time, each Fund faces the risks of changes in long-term interest rates and adverse changes within each of the target market verticals. Even if the investments entered into by a Fund are successful, they may not produce a realized return to the Limited Partners for a period of several years.
- *Restricted Investment Liquidity in the interests of the Funds (the "Interests").* The Interests are not registered, and it is not contemplated that the Interests will ever be registered under the Securities Act of 1933, as amended, or any other securities laws. There is no public market for the Interests and one is not expected to develop. Interests may not be transferred, pledged, charged or otherwise encumbered without the prior written consent of Cloverlay. Except in extremely limited circumstances, withdrawal from a Fund will not be permitted. Limited Partners must be prepared to bear the risks of owning Interests for an indefinite period of time.

- *Absence of Recourse to the General Partner.* The Fund's Governing Documents limit the circumstances under which Cloverlay can be held liable to the Fund. As a result, Limited Partners may have a more limited right of action in certain cases than they would in the absence of such limitation.
- *Risks of Investments.* Private equity investments are subject to varying degrees of risk. The value of the investments contemplated by a Fund is affected by a number of factors, including changes in the general economic climate, industry dynamics, quality of management, competition, and changes in operating costs. Values of equity investments in companies are also affected by such factors as government regulations, interest rate levels, availability of financing and potential liability under changing environmental and other laws.
- *Lack of Liquidity of Investments.* The investments to be made (directly or indirectly) by a Fund are likely to be illiquid. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. The possibility of partial or total loss of capital will exist, and Limited Partners should not subscribe unless they can readily bear the consequences of such loss.
- *Competitive Market for Investment Opportunities.* As with any market, the activity of identifying, completing and realizing attractive investments in accordance with the guidelines of a Fund involves a significant degree of uncertainty, and such Fund will compete with other investors for investment opportunities. There can be no assurance that the Fund will be able to locate and complete investments that satisfy the Fund objectives or realize upon their values or that it will be able to invest fully its committed capital.
- *Concentration Risk.* The Fund investments may be, at times, concentrated in a particular sector and its subsectors. Concentration of the Fund's investments in any single sector or its related subsectors may involve greater exposure to certain risks than the exposure generally associated with more diversified funds, and may result in greater fluctuations in returns. Instability, volatility, or significant unforeseen events in a specific sector or any subsectors may not be readily balanced or offset by investments in other industries or markets not so affected.
- *Distressed Assets.* The Funds may invest, either directly or through a third-party manager, in U.S. or non-U.S. investments that are experiencing significant financial or business

difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. The Funds or underlying third party managers may purchase distressed investments of all kinds, subject to tax considerations, including equity and debt instruments and, in particular, loans, loan participations, claims held by trade or other creditors, bonds, notes, non-performing and sub-performing mortgage loans, beneficial interests in liquidating trusts or other similar types of trusts, fee interests and financial interests in real estate, partnership interests and similar financial instruments, executory contracts and participations therein, many of which are not publicly traded and which may involve a substantial degree of risk. Any one or all of the issuers of the investments in which the Funds may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Fund or an underlying manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful investment in a distressed company. The Funds' performance may be substantially impaired by unsuccessful investments.

- *The Funds Incur Substantial Charges.* Each Fund must pay substantial charges, and must generate profits and interest income which exceed its fixed costs in order to avoid depletion of its assets. Each Fund is required to pay management fees to the Investment Manager regardless of its performance, and each Fund may be required to pay brokerage commissions to brokers used regardless of their trading performance.
- *No Fund is required to register as a Registered Investment Company.* No Fund is required to register, and none are registered, as investment companies under the Investment Company Act. Accordingly, Limited Partners will not have the protections afforded by the Investment Company Act (which, among other matters, requires investment companies to have a majority of disinterested directors and regulates the relationship between the advisor and the investment company).
- *Operational Risks.* Cloverlay's ability to conduct its business effectively is subject to a variety of operational risks as it is dependent upon the ability to process client transactions and investor transactions and to provide reporting and other services to clients and investors. If any of Cloverlay's financial controls, investment accounting or investment operations systems, or other data processing systems fail to operate properly or if there are other failures in Cloverlay's internal processes, Cloverlay could suffer business disruption, financial loss, liability to clients, or regulatory or reputational issues.

In addition, changes in legal, fiscal and regulatory regimes may occur that may have an adverse effect on Cloverlay.

- *Legal and Regulatory Environment for Private Investment Funds and their Investment Managers.* Increased regulation and regulatory oversight of private investment funds and their investment managers may impose administrative burdens on the Investment Manager, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Investment Manager's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

Additionally, the legal and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of any Fund to pursue their investment program and the value of investments held by such Fund. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of each Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on such Fund and the investors' investments therein. In addition, the Firm may, in its sole discretion, cause a Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in such Fund's interest, even if such laws and regulations may have a detrimental effect on one or more investor.

- *Cybersecurity Risk.* Cloverlay and its Funds may be susceptible to operational, information security and related risks. In general, cyber incidents may result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting a Fund or its service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of such Fund to transact business, violations of applicable privacy and

other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting the underlying investments in which the Funds invest, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, banks, brokers, dealers, insurance companies and other financial institutions. In addition, substantial costs may be incurred in order to prevent cyber incidents in the future. While the Funds' service providers have established business continuity plans and risk management systems to prevent such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified.

- *COVID-19.* In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID- 19, was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and “shelter-in-place” or similar policies by numerous companies and national and local governments. These actions have caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of the Firm and the performance of its Funds is difficult to predict.

General market disruptions may affect the ability of certain investors to access capital and thus, fund capital commitments to the Funds. Any potential impact on the operations of the Firm and performance of its Funds will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Funds.

- *Systemic Risk.* Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Funds interact are all subject to systemic risk. A systemic failure could have material adverse consequences on the Funds and on the markets for the investments in which the Funds seek to invest.
- *Russia-Ukrainian Conflict.* The Russian invasion of Ukraine that commenced in February 2022, has resulted in complex, evolving and systemic economic effects that may influence financial benchmarks key to asset pricing, interest rates and lending availability, as well

as financial and physical market liquidity, and the price and availability of essential commodities, in an unpredictable fashion for an uncertain duration. Acute effects to particular commodity and foreign securities markets are possible. Russia and Ukraine are major participants in certain commodities sectors, such as for agricultural (e.g., wheat) and energy (e.g., oil and natural gas) products. Furthermore, this conflict has also resulted in swift multilateral sanctions targeting Russia's financial sector and access to capital markets with designations of dozens of individuals and entities, including the Russian Central Bank, several large publicly-traded Russian banks and companies, Russia's sovereign wealth funds, and Russian oligarchs and other members of the Russian elite, including Russian Federation President Vladimir Putin. The sanctions imposed are complex and the prohibitions apply to various types of debt and equity transactions involving sanctioned persons, including bonds, loans, loan guarantees, extensions of credit, letters of credit, stocks, share issuances, and depository receipts, among others. For example, U.S. persons have been, and in the future may continue to be, prohibited from transacting, financing or otherwise dealing in certain new debt and equity of certain financial institutions and companies critical to the Russian economy. In addition, certain imports, exports, the transfer of US dollar banknotes to Russia, and new investments involving the Russian energy sector have been, and in the future may continue to be, prohibited.

The unpredictable and evolving economic effects resulting from the Russia-Ukrainian conflict and the regulations, orders, and sanctions adopted by governments in response to this conflict may affect the value of a Fund's investments or a Fund's ability to acquire or dispose of such investments in an efficient manner. These factors may have negative consequences for the valuation of a Fund's portfolio that the Firm may be unable to anticipate or hedge against.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS. INVESTORS SHOULD READ SUCH ENTITY'S RESPECTIVE PRIVATE PLACEMENT MEMORANDUM AND OTHER OFFERING MATERIALS OR GOVERNING DOCUMENTS AND CONSULT WITH THEIR OWN COUNSEL AND ADVISORS BEFORE DECIDING WHETHER TO INVEST IN ANY SUCH RCP FUNDS. THE INTERESTS OF EACH FUND ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. THEY ARE SUITABLE ONLY FOR PERSONS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of whether to make an investment decision. None of Cloverlay’s affiliates, or its employees have been subject to any disciplinary action, whether criminal, civil, or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of Cloverlay have been subject to such action.

Item 10 – Other Financial Industry Activities and Affiliations

Management and employees of Cloverlay plan to dedicate substantially all of their professional efforts to Cloverlay and its affiliates, and currently have no significant outside business interests. From time-to-time, certain employees of Cloverlay may serve as board members in connection with underlying investments. Such employees will not be separately compensated for these positions.

Item 11 – Code of Ethics

Cloverlay has adopted a Code of Ethics (the “Code”) that obligates Cloverlay and its employees to put the interests of Cloverlay’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. Cloverlay strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust through its implementation of the Code.

All Cloverlay’s personnel are also required to comply with applicable federal securities laws. While “clients” in the context used herein means the Funds, a copy of the Code is available to Limited Partners and prospective investors upon request by contacting Cloverlay’s Chief Compliance Officer, Omar Hassan, by email at ogh@cloverlay.com or by telephone at (484) 262-5020. See below for a description of specific provisions of the Code relating to the pre-clearing and reporting of securities transactions by employees.

Cloverlay and its related persons do not recommend to clients, or buy or sell for client accounts, securities in which Cloverlay or its related persons have a material financial interest.

All reportable trades made by employees are generally reviewed by the Chief Compliance Officer on a case-by-case basis. Cloverlay requires its employees to pre-clear such transactions in their personal accounts with the Chief Compliance Officer who may deny permission to execute the transaction if such transaction is believed to have an adverse economic impact on one of its clients. Any approval will remain in effect for 72 hours. In addition, the Code prohibits Cloverlay or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer.

No employee may acquire new issues or securities in a limited offering without first obtaining pre-clearance and approval from the Chief Compliance Officer.

All Cloverlay's employees are required to disclose their reportable securities transactions, if any, on a quarterly basis and their reportable holdings within 10 business days of commencement of employment with Cloverlay and on an annual basis thereafter. All Cloverlay's employees are also required to provide brokerage statements quarterly and certify their transactions at least annually. Trading in employees' accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the Client Accounts and reviewed against the restricted securities list.

Affiliates, partners, principals, officers and employees of Cloverlay and its related persons and affiliates may be investors in the Funds. Certain such investors may not be charged management fees or carried interest.

The Code of Ethics also sets forth Cloverlay's policy with respect to insider trading by providing: i) a detailed explanation of the rules and regulations that govern insider trading, and ii) policies and procedures that should be carried out by Cloverlay employees in the event that there is any question as to the applicability of the insider trading rules.

Cloverlay is also committed to maintaining the confidentiality, integrity, and security of its investors' personal information. It is Cloverlay's policy to collect only information necessary or relevant to its management business and to use only legitimate means to collect such information. Cloverlay does not disclose any non-public, personal information about its investors to anyone except for servicing and processing transactions and as required by law. Cloverlay restricts access to non-public, personal information about its investors to those employees with a legitimate business need for the information. Cloverlay maintains physical, electronic, and procedural safeguards to protect each investor's non-public, personal information. Cloverlay's privacy policy is available upon request.

Principal Transactions occur when an investment adviser (or advisory affiliate of the adviser), acting for its own account, sells any security to or purchases a security from a client.

Agency Cross Transactions occur when an investment adviser (or advisory affiliate of the adviser) effects a transaction or acts as a broker for both the client and a third party. A Cross Transaction may occur when an investment adviser effects a transaction between two funds, one a buyer and the other a seller. Pursuant to Section 206(3) of the Advisers Act, such transactions are permitted if the adviser receives no compensation in connection therewith and if the adviser determines that the transaction is in the best interests of both clients.

Generally, Cloverlay and their personnel do not purchase or sell any securities for their own accounts to or from clients. Subject to applicable restrictions imposed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), as well as client investment guidelines and restrictions, Cloverlay will not direct investors subject to ERISA to buy or sell securities to or from another client through an internal cross transaction. However, from time to time, subject to each client’s investment guidelines and restrictions, Cloverlay may direct a client to buy or sell securities from another client through an internal transaction in which neither Cloverlay nor its affiliate nor a related person of Cloverlay or the applicable affiliate will receive compensation. Any such cross transaction will be affected based on the legal arrangement adopted by each Fund’s Governing Documents. To the extent that any such cross transaction may be viewed as a Principal Transaction due to the ownership interest in the Funds by Cloverlay and/or their personnel, Cloverlay will comply with the 9 requirements of Section 206(3) of the Advisers Act, including that Cloverlay will notify the Funds (or an independent representative of the Funds) in writing of the transaction and obtain the consent of the Funds (or an independent representative of the Funds).

Item 12 – Brokerage Practices

Cloverlay does not currently utilize any soft dollar arrangements. Furthermore, Cloverlay does not intend to direct trades in recognition of research provided by a broker-dealer. Cloverlay will not pay a higher dealer “spread” or otherwise utilize client funds to compensate dealers for the provision of research or trading advice.

Cloverlay has adopted a policy for the fair and equitable allocation of transactions, which generally analyzes each investment and/or underlying fund commitment on an investment-by-investment basis, taking into consideration the specifics of each investment and the guidelines of each client. To the extent that multiple Funds participate in an investment, such investment will generally be allocated among such clients, unless facts specific to the transaction and clients warrant an alternative allocation methodology. In making such determination, Cloverlay will consider, among other factors, the proposed investment size, liquidity of the investment, investment objective, risk profile, time horizon,

vintage year of the Fund, client specific concentration limits or legal restrictions, the composition of a client's portfolio and diversification considerations, nature of investment, current market conditions, timing of cash flows and each client's liquidity, among other information determined to be relevant. Allocations may also differ for tax, regulatory, or other reasons as deemed appropriate by Cloverlay. Where conflicts arise in the allocation of investment opportunities, Cloverlay will seek to resolve such conflicts fairly.

As a fiduciary, Cloverlay has the responsibility to effect orders correctly, promptly, and in the best interests of its clients. Cloverlay will use its best efforts to seek to assure that investments are executed correctly; however, to the extent that an error occurs, Cloverlay will only be responsible for losses due to errors caused by the willful misconduct or gross negligence of Cloverlay. Cloverlay is not responsible for the errors of other persons, including third-party brokers and custodians.

Item 13 – Review of Accounts

The Funds are under continuous review by Cloverlay's officers and not less frequently than monthly. Such reviews include a review of the investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. Cloverlay's officers consider, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return. Further, Cloverlay's Chief Compliance Officer periodically reviews investment decisions to ensure consistency with applicable law and regulations. Additionally, a review of a client account may be triggered by any unusual activity or special circumstances.

Generally, Limited Partners will receive quarterly statements for their investment in a Fund directly from an independent administrator. Additionally, on a quarterly basis, Cloverlay may provide Limited Partners with estimates of the Fund's performance and other information as Cloverlay may, from time to time, deem advisable and desirable.

Investors also receive annual financial statements audited by a third party independent auditor to the Funds and, if applicable, the information necessary for a Limited Partner to complete their annual federal income tax returns.

Item 14 – Client Referrals and Other Compensation

For certain Funds, Cloverlay may engage third-party solicitors (i.e. placement agents) for investor referrals. These engagements and any resulting investor solicitations will be structured to comply with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15 – Custody

The SEC takes the position that advisers to pooled investment vehicles are deemed to have custody with respect to the assets of such vehicles. Consequently, Cloverlay is deemed to have “custody” over the Funds within the meaning of Rule 206(4)-2 under the Advisers Act. To comply with this Rule, Cloverlay distributes to each investor in a Fund audited financial statements within 180 days of the Fund’s fiscal year-end under Rule 206(4)-2(b)(4). Limited Partners should review these audited financial statements carefully. If you have invested in a Fund and have not received audited financial statements in a timely manner, please contact us immediately.

Additionally, where required, cash and securities are maintained at a financial institution meeting the definition of “qualified custodian” under the Advisers Act.

Item 16 – Investment Discretion

Cloverlay provides its investment advisory services on a discretionary basis, and in certain cases on a non-discretionary basis. Cloverlay’s authority is established by the Governing Documents at the outset of the advisory relationship. The investors in the Funds generally may not place limits on Cloverlay’s investment authority beyond the agreed-upon limitations set forth in the Governing Documents of such vehicles. When selecting and determining amounts for investments, Cloverlay observes the investment policies, limitations and restrictions of the Funds which it advises.

Cloverlay’s investment decisions and advice with respect to its Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its Governing Documents.

Clients agree to inform Cloverlay promptly in writing of any change in their financial circumstances and investment objectives and to provide such other information as may be needed to manage the account.

Item 17 – Voting Client Securities

Cloverlay typically has responsibility for exercising proxy voting authority for a Fund's holdings of an individual stock. However, Cloverlay may be unable to vote proxies if a Fund's prime broker has loaned out the securities in question.

Generally, Cloverlay will vote Fund proxies in accordance with management recommendations, but Cloverlay will oppose proposals that it believes diminish the rights of shareholders or diminish management or board accountability to shareholders; and it will oppose compensation plans that it believes are excessive relative to comparable companies' compensation packages or appear unreasonable in light of the companies' performance.

Currently, Cloverlay has identified no conflicts of interest between the Funds' interests and its own interests within the proxy voting process. Nevertheless, if Cloverlay determines that it is facing a material conflict of interest in voting a Fund's proxy, it will vote in accordance with its pre-determined policy. If the pre-determined policy would not be in the best interest of the Funds, Cloverlay's Chief Compliance Officer will determine the appropriate vote.

Cloverlay's complete proxy voting policy and procedures are memorialized in writing and are available for review upon request. In addition, Cloverlay's complete proxy voting record is available to Limited Partners, and only to Limited Partners. Please contact Cloverlay if you have any questions or if you would like to review either of these documents.

Item 18 – Financial Information

Cloverlay does not require or solicit prepayment of any fees six months or more in advance and does not have any financial condition that would impair its ability to meet contractual commitments to its clients.