

# COLBECK

## Item 1 – Cover Page

### PART 2A OF FORM ADV: FIRM BROCHURE

**March 30, 2023**

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Colbeck Capital Management, LLC (the “Firm” or “Colbeck”). If you have any questions about the contents of this Brochure, please contact the Firm at +1 (212) 603-2800. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Colbeck also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Colbeck is **282406**.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services.

## **Item 2 – Material Changes**

This Brochure has been prepared in connection with Colbeck Capital Management LLC's annual amendment to the Form ADV for the fiscal year ending December 31, 2022. Since the last amendment to the Form ADV on March 30, 2022, there have been no material changes made to this Brochure.

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#### Item 4 – Advisory Business

- A. Colbeck Capital Management, LLC is a Delaware limited liability company that was formed in December 2009. The Firm's main office and principal place of business is located in New York, NY; the Firm also has an office in Los Angeles, CA. The Firm currently serves as an investment adviser to pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), pursuant to Section 3(c)(7) of the Investment Company Act. In addition, the Firm may also provide similar advisory services to, without limitation, separately managed accounts, proprietary accounts and other investment vehicles in the future.

The Firm's principal owner is Colbeck Partners IV, LLC, which is in turn owned by Colbeck Management Holdco, LP ("Colbeck Management Holdco"). Mr. Jason Beckman and Mr. Jason Colodne (the "Principals") are the principal owners of Colbeck Management Holdco.

- B. Colbeck is a loan origination platform whose objective is to make strategic debt investments that are targeted to private borrowers and seek to maximize risk-adjusted returns. Colbeck provides discretionary investment advisory services to pooled investment vehicles typically as part of a "master-feeder" portfolio structure by which a number of the vehicles (the "Feeder Funds") invest all of their investable assets in a central investment vehicle (a "Master Fund" and together with the Feeder Funds, each a "Fund" or "Client" or collectively, the "Funds" or "Clients").
- C. The Firm manages the Funds in accordance with the investment objectives and limitations set forth in each Fund's respective private offering memorandum and limited partnership agreement, as applicable ("Offering Documents"), and the investment management agreement between the Firm and each Fund. The descriptions set forth in this Brochure of the advisory services that Colbeck offers to the Funds, and investment strategies pursued, and investments made by Colbeck on behalf of the Funds, should not be understood to limit the Firm's investment activities. Subject to each Fund's investment objectives and guidelines as set forth in the Offering Documents, the Firm may, in its full discretion, offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Colbeck considers appropriate.

The Firm does not tailor advisory services to the individual or particular needs of the investors in the Feeder Funds. Information about the Feeder Funds, including their investment objectives and strategies, are set forth in their respective Offering Documents.

- D. The Firm does not participate in wrap fee programs.
- E. As of December 31, 2022, Colbeck managed approximately \$809,861,702 in assets on a discretionary basis and \$0 in assets on a non-discretionary basis.

## Item 5 – Fees and Compensation

- A. Detailed information regarding the fees that are charged to each Client is provided in the relevant Client's Offering Documents. The Firm is entitled to a management fee as compensation for its advisory services. The Firm is also generally entitled to receive a performance-based fee in the form of a "carried interest", which is calculated based on a percentage of realized gains generated by the Funds, less expenses and any amounts the Funds consider prudent to meet future expenses, investment commitments, obligations and liabilities after investors have earned a preferred rate of return. More information about the performance-based fees received by the Firm is provided in Item 6.
- B. The Firm deducts a management fee from the Funds' accounts quarterly, in advance. Consistent with the applicable Offering Documents, the management fee for certain funds accrues on a daily basis commencing as of the initial closing and is calculated assuming the total capital commitments of all investors were committed as of the initial closing. Alternatively, for certain Funds, the management fee is calculated based on invested capital.
- C. A description of the types of fees or expenses the Funds may pay is set forth in detail in the Offering Documents. The Funds generally bear all costs and expenses relating to its operations, including, but not limited to: (i) legal, auditing, consulting and accounting fees and expenses; (ii) indemnification and insurance expenses and the costs and expenses of any litigation involving the Funds and the amount of any judgments or settlements paid in connection therewith; (iii) the management fee and all expenses incurred in connection with the acquisition, holding and disposition of its proposed or actual investments (to the extent not reimbursed); (iv) all extraordinary expenses; (v) interest on and fees and expenses arising out of all permitted borrowings made by the Funds; (vi) all expenses incurred in connection with hedging transactions, if any; (vii) all costs and expenses relating to sourcing, purchasing, structuring, originating, monitoring, holding, disposing of, financing, hedging, developing, negotiating and structuring investments, including costs of advisers, costs and expenses in connection with loan servicing and loan administration, expenses incurred in collection of monies owed to the Funds, costs of appraisal services (including obtaining an independent valuation of investments or other assets); (viii) all expenses of liquidating the Funds; (ix) any taxes, fees or other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds; (x) costs and expenses of meetings of or reporting to the investors; (xi) the Feeder Funds' pro rata portion of expenses of maintaining the Master Fund, including, but not limited to (xii) the Funds' pro rata share of any special purpose vehicles or holding entities utilized by the Funds in connection with investments; (xiii) costs relating to investors' shares; and (xiv) any reimbursable expenses of service providers, consultants and experts retained by or on behalf of the Funds and not otherwise contemplated above.

Consistent with the applicable Offering Documents, certain of the Funds bear the expense of any "dead deal costs" relating to unconsummated investments. Specifically, Funds for which the management fee is calculated based on invested capital bear such dead deal costs. Funds for which the management fee is calculated based on committed capital do not bear dead deal costs. The Funds reimburse the Firm or its affiliates for any expenses paid by the Firm or its affiliates that are expenses to be properly borne by the Funds.

The Funds will incur brokerage costs, if incurred; however, due to the nature of the Firm's business, broker-dealers are not generally used. See Item 12 – Brokerage Practices.

- D. As previously described, the Funds pay management fees in advance on a quarterly basis. In the unlikely event that Colbeck does not provide services for a full period, a prorated fee for any partial quarter will be returned to the Funds.
- E. Neither Colbeck nor any of its supervised persons accepts or will accept compensation for the sale of securities or other investment products.

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

As described in Item 5.A. of this Brochure, the Firm is generally entitled to both a management fee and performance-based fee in the form of a “carried interest” from the Funds, as specified in the Funds’ Offering Documents. In certain circumstances, the Firm may, in its sole discretion, reduce, waive, or calculate differently the carried interest with respect to certain investors, including, without limitation, affiliates of Colbeck, Firm employees, members of the immediate families of such persons, and trusts or other entities for their benefit. Carried interest is calculated based on a percentage of realized gains generated by the Fund after investors have earned a preferred rate of return.

Although the carried interest is generally designed to align Colbeck’s interests with the interests of the investors in the Fund, the carried interest receivable by Colbeck may create an incentive for Colbeck to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such compensation. Carried interest may also incentivize Colbeck to make different decisions regarding the timing and manner of the realization of the Fund’s portfolio investments than would be the case if carried interest did not exist. However, Colbeck is committed to acting at all times in the best interests of the Clients, and, to this end, the Firm has implemented internal controls designed to address and reasonably mitigate the potential conflicts associated with performance-based fees, as more fully described in the Offering Documents. As a matter of policy, Colbeck undertakes a thorough and careful vetting of investment opportunities by its investment professionals and disclosure of investments to investors.

## Item 7 – Types of Clients

The Firm currently provides investment advice to the Funds, which are private pooled investment vehicles that are exempt from registration under the Investment Company Act. These Funds are limited to individuals and entities that meet the criteria of “qualified purchasers”. As mentioned in Item 4, the Firm may also provide similar advisory services to, without limitation, separately managed accounts, proprietary accounts and other investment vehicles in the future.

Prospective investors should refer to the Offering Documents of each respective Feeder Fund for information on minimum investment requirements, in addition to other such requirements for opening or maintaining an account. The Firm may, from time to time, reduce the minimum investment commitment for investors.

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

### A. Methods of Analysis and Investment Strategies.

As referenced in Item 4, the Funds invest primarily in privately negotiated, secured loans or other debt instruments that are directly or indirectly originated, underwritten, syndicated or arranged by Colbeck, which has been a loan origination platform since its formation in 2009. Through the Funds, Colbeck shall seek to originate credit facilities that (i) generate private-equity style returns; (ii) are secured by existing collateral; and (iii) generate excess return relative to credit risk. Fund investments may be structured as syndicated transactions in which one or more unrelated debt investors invest alongside the Fund.

Colbeck seeks to make direct loans opportunistically into special situations, regardless of industry or sector, in areas where market inefficiencies limit capital available from traditional sources or in traditional forms. Colbeck also seeks to structure credits that meet the corporate finance objectives of borrowers while also generating returns from a variety of sources, including interest, upfront consideration, and various forms of fees, including exit fees paid at maturity.

A full description of Colbeck's investment strategy and processes is included in the Funds' Offering Documents.

### B. Risk of Loss.

General Risk of Loss. An investment in the Funds involves a high degree of risk, with the possibility of partial or total loss of capital, and members must be prepared to bear partial or total capital losses that might result from portfolio investments. The risks for each Fund include, but are not limited to, the following:

Dependence upon Key Management and Employees. The success of the Funds depends on the ability of the Firm to successfully implement the Funds' investment objective. Competition in the financial services, private equity and alternative asset management industries for qualified investment professionals is intense. The Firm's continued ability to effectively manage the Funds' portfolio depends on its ability to retain and motivate its key employees. In particular, if the Funds were to lose the services of one or both of the Firm's principals, the consequences to the Funds would be material and adverse.

Operational Risk. The success of the Funds depends on the ability of the Firm to operate effectively and efficiently. There is the risk of loss resulting from inadequate or failed procedures, systems or policies of the Firm, and may include, among others, employee errors, systems failures, criminal activity, cyber-breaches or other external events that significantly disrupt business processes.

Illiquidity of Investments. The Funds will invest a significant amount of capital in making loans to private companies, and, in connection therewith, will obtain securities or other assets for which no, or only a limited, market exists or that are subject to legal or other restrictions on transfer. The market prices, if any, for such assets may fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financing condition of the obligors on the Funds' assets. Accordingly, the Funds may not be able to sell assets when the Funds desire to do so or to realize what the general partner perceives to be the fair value of their assets in the event of a sale. The sale of illiquid assets and restricted securities often requires more time and the incurrence of significant selling expense by the Funds. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Colbeck typically seeks to mitigate these traditional risks associated with illiquid credit by syndicating to the broader market of credit investors, which often creates a secondary market for investments that can materially increase liquidity.



*Possible Lack of Diversification.* Subject to the investment limitations set forth in the Funds' Offering Documents, the Funds' general partner may invest a relatively substantial portion of the Funds' capital in a single investment or portfolio. There is no assurance as to the degree of diversification that will actually be achieved in the Funds' investments either by geographic region or asset type. The Funds may make investments assuming contemplated syndications that do not actually occur as expected, which could lead to increased risk as a result of the Funds having an unintended longer-term investment and reduced diversification.

*General Economic and Capital Market Conditions.* General economic and capital market conditions may affect the activities of the Funds. Interest rates, the price of investments and participation by other investors in the financial markets may also affect the value of investments purchased by the Funds. Investors should realize that distributions may not be made by the Funds due to general economic conditions, conditions in the credit markets, the illiquidity of Funds' investments, constraints imposed by financing arrangements, contractual prohibitions, inability to dispose of investments at attractive prices due to buyers' inability to secure financing or other reasons mentioned below. Issuers in which the Funds may invest may face intense competition, changing business and economic conditions and other developments that may adversely affect its performance. General fluctuations in the market prices of securities, including public securities market prices, may adversely affect the value of investments held by the Funds and/or the ability of the Funds to dispose of investments at attractive valuations. The Funds may be unsuccessful in structuring its investments to minimize any detrimental impact that a recession may have on its investments and as a result the Funds may suffer significant losses.

Conditions in the credit markets may have a significant impact on the business of the Funds. Among other things, the level of investment opportunities may decline from the Funds' general partner's current expectations. As a result, fewer investment opportunities may be available to the Funds. In addition, a slowdown in the global economy or in specific regional economies and increases in the prices of oil and gas, raw materials, and agricultural commodities may affect inflation rates and currency exchange rates, which may in turn have a negative impact on the Funds' investments. There can be no assurance that the Funds will not suffer material adverse effects from broad and rapid changes in market conditions in the future.

*Economic, Social and Political Uncertainty.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and generate sufficient cash flow to service their debt. This may slow the rate of future investments and result in longer holding periods for investments.

*Investments in Privately Held Middle-Market Companies.* The Funds invest primarily in privately held middle-market companies based in North America. Investments in these companies involve significant risks, including that these companies may, relative to larger companies:

- have more limited financial resources and may be more unable to meet their obligations, which may lessen the value of the Funds' collateral and reduce the Funds' ability to realize guarantees that it may have obtained in connection with its investment;
- be more susceptible to competitors, market conditions and general economic conditions, due to their shorter operating histories, narrower product lines, smaller market shares and greater reliance on key personnel;

- may not be subject to regulatory reporting requirements and, as such, may disclose very little public information regarding their operations and results, which may adversely affect Colbeck's and the Funds' abilities to make well-informed investment decisions;
- experience greater fluctuations in operating results and capital requirements to support operations, finance expansion or maintain competitive position; and
- have increased difficulty accessing the capital markets to meet future capital needs.

*Private Equity Investments.* The Funds may acquire minority equity stakes in privately held companies. The success of the Funds' investments in minority equity stakes of privately held companies will depend in part on the performance and abilities of such companies' controlling shareholders. Because the Funds will not control such companies, the Funds' ability to exit from such investments may be limited. Additionally, the Funds are likely to have a reduced ability to influence management of such companies. The Funds' general partner may also have disagreements with controlling shareholders over the strategy and operations of such companies. As a result of the foregoing, the Funds' equity investments in such companies may perform poorly.

*Agreements with Certain Investors.* The Funds, and Colbeck, in its capacity as investment manager, may from time to time enter into agreements with one or more investors whereby, in consideration for agreeing to invest certain amounts in the Funds and other consideration deemed material to the Funds, such investors may be granted rights not otherwise afforded to other investors, including, without limitation, the right to receive reports from the Funds on a more frequent basis, or to receive reports that include information not provided to other investors, the right to pay reduced carried interest or management fees, the right to receive a share of the carried interest or management fees earned by the carry vehicle or Colbeck, respectively, the right to co-invest on preferential terms, and such other rights as may be negotiated between the Funds and Colbeck, on the one hand, and such investors, on the other hand. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms relating to the Funds with respect to such investors.

The Funds are not limited in its ability to enter into such side agreements and will not be obligated to (and does not intend to) disclose the terms of such side letters, including, without limitation, the identity of the parties thereto, to any investor, save where the types of such terms and types of investors are required to be disclosed for regulatory purposes.

*Highly Competitive Markets.* The business of identifying and structuring the types of investments targeted by the Funds is highly competitive and involves a high degree of uncertainty. The Funds' success will depend, in part, on the ability of the Funds to originate or purchase investments on advantageous terms. The Funds will compete with a broad spectrum of lenders and sources of capital, including other private investment vehicles as well as the public debt markets, individuals, banks and other financial institutions, business development companies, strategic industry acquirers, hedge funds and other institutional investors (collectively, "Competitors"), many of which have substantially greater financial resources and are more well-known than the Funds. Increased competition for, or a diminishment in the available supply of, qualifying loans or bonds could result in lower yields on investments, which could reduce returns to Fund investors.

Further, over the past several years, an increasing number of Competitors have been formed and/or expanded (and many such existing Competitors have grown in size) and such Competitors have also become more active in the private debt market and other markets targeted by the Funds. These investors may make competing offers for investment opportunities identified by Colbeck. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some Competitors may have more relevant experience, greater financial resources and more personnel than Colbeck and the Funds. 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 the Funds. In addition, certain Competitors may prefer to take advantage of favorable high yield or second lien markets and issue subordinated debt in those markets, which could result in fewer investment opportunities for the Funds. It is possible that competition for appropriate investment

opportunities may increase, thus reducing the number of opportunities available to the Funds; such supply-side competition may adversely affect the terms upon which investments can be made and, as a result, returns to Fund investors may be reduced.

Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. The Funds may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments that are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisers.

It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. Even if such investments are made, there can be no assurance that such investments will be realized at favorable returns or that the objectives of the Funds will be achieved. Moreover, Colbeck's beliefs regarding the availability of investment opportunities for the Funds are based in part on assumptions regarding the amount of financing that will be available, the Funds' ability to participate in such investments and other market, economic and related assumptions, some or all of which may not materialize as expected.

*Hedging Transactions.* The Funds may from time to time purchase or sell forwards, swaps or options on currencies, securities and indices. It is the intention of the Funds to engage in such transactions as a way to mitigate risk associated with its investments; however, it is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on the Funds' investments. This may lead to losses on both the Funds' investments and the related transaction.

*Lower Credit Quality Loans.* There are no restrictions on the credit quality of the loans that may be held in the Funds' portfolio. Loans arranged or purchased by the Funds may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of the loans which the Funds may acquire have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than higher quality loans, but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

*Investments in Distressed Assets.* The Funds may invest a portion of their assets in distressed assets and portfolios of distressed assets, including non-investment grade obligations of U.S. and non-U.S. companies (including companies in significant financial or business difficulties). Although such investments may result in significant returns to the Funds, they involve a substantial degree of risk. Any one or all of the issuers of such securities and instruments may be unsuccessful or not show any return for a considerable period of time. An economic downturn or a period of rising interest rates, for example, could cause a decline in the prices of such securities and instruments. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high.

*High Yield Debt.* The Funds may invest a portion of its assets in debt, including, without limitation, "higher yielding" (and, therefore, generally higher risk) debt securities, when the Funds' general partner believes that debt securities offer opportunities for capital appreciation. In most cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market for high-yield securities has experienced periods of volatility and reduced liquidity. The market values of certain of these debt securities may reflect individual corporate developments. It is likely that a general economic recession or a major decline in the demand for products and services provided by the obligor could have a materially adverse impact on the value of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these debt securities.

**Mezzanine Loans.** Although Colbeck is not a mezzanine lender, the investment portfolio of the Funds may include loans at a position within the borrower's capital structure that resembles that of a mezzanine loan. A mezzanine loan is a privately negotiated, high yield and often unsecured subordinated debt obligation of an issuer that is unrated or rated below investment grade. Mezzanine loans typically have greater credit and liquidity risk than loans and are typically less liquid than high-yield bonds. Issuers of mezzanine loans are likely to be highly leveraged and typically do not have available to them more traditional methods of financing. The risk associated with acquiring the securities of such issuers generally is greater than is the case with investment grade securities of corporate issuers. The prices of mezzanine loans are likely to be more sensitive to adverse economic changes or individual corporate developments than investment grade securities of corporate issuers. In addition, due to the subordinated nature of the mezzanine loans, the Funds' rights under, and its recovery on, the mezzanine loan may be severely limited if the issuer of the mezzanine loan becomes the subject of bankruptcy or insolvency proceedings.

**Borrower Fraud.** Of paramount concern in investing in loans and other debt instruments is the possibility of fraud, material misrepresentation or omission on the part of the borrower or the lack of adequate documentation or any documentation regarding such loans and debt obligations. Such occurrences may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Funds to perfect or effectuate a lien on the collateral securing the loan. The Funds will rely upon the accuracy and completeness of representations made by borrowers and lenders to the extent reasonable, but cannot guarantee such accuracy or completeness or the adequacy or existence of required documentation. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

**Joint Investments, Limited Rights as a Minority Interest Holder.** The Firm anticipates that the Funds will acquire interests in certain portfolio investments in cooperation with partners or co-investors through jointly owned acquisition vehicles, joint ventures or other structures. In such situations, the Funds' ability to control its equity investments will depend upon the nature of the joint arrangements with such partners and the Funds' relative ownership stake in such investments. The Funds may be a minority investor in these circumstances. In addition, such arrangements may restrict the Funds' ability to dispose of their investments for potentially significant periods of time. In addition, such arrangements present risks not present with wholly-owned investments, including the possibility that a co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objective of the Funds. In addition, the Funds may in certain circumstances be liable for actions of their third-party co-venturers or partners. Although the Funds and such co-venturers and partners may participate in investments jointly, the investment objectives of the Funds will differ from those of such co-venturers and partners.

**Insufficient Collateral.** To the extent the Funds originate loans based partly upon the adequacy of the borrower's collateral, an incorrect valuation of such collateral may result in unforeseen losses. Despite performing due diligence on the collateral, including, where appropriate, by engaging third party independent valuers to estimate the value of the collateral pledged by the borrower, the inherent uncertainty of valuation of collateral may result in values that differ significantly from the values that can ultimately be obtained for such collateral. In addition, even if collateral is initially valued correctly, changes in market conditions, regulations or other circumstances, or changes directly related to such collateral, may materially adversely affect the value thereof.

**Secured Loans.** Certain loans held by the Funds will be secured. While secured loans originated or purchased by the Funds will generally be structured to be over-collateralized, the Funds may be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each of great importance. The Funds cannot guarantee the adequacy of the protection of the Funds' interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Funds cannot assure that claims may not be asserted

that might interfere with enforcement of the Funds' rights. In the event of a foreclosure, the Funds may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Funds. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying asset will further reduce the proceeds and thus increase the loss.

**Lender Liability Claims.** There may be circumstances where a debt investment of the Funds could be subordinated to claims of other creditors or the Funds could be subject to lender liability claims. If a company that the Funds are invested in were to go bankrupt, even though the Funds may have structured its investment as senior debt, depending on the facts and circumstances, a bankruptcy court might re-characterize such debt holding as an equity investment and subordinate or disallow all or a portion of the Funds' senior debt claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower.

Additionally, should the Funds need to collect on a defaulted loan, litigation could result. There is a high cost associated with any litigation and the results of litigation are always uncertain. Even before litigation is commenced, the Funds could experience substantial costs in trying to collect on defaulted investments, such as legal fees, collection agency fees, or discounts related to the assignment of a defaulted loan to a third party.

**Cybersecurity.** The information and technology systems of the Firm and its affiliates may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's and the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Firm's reputation, subject the Firm and its affiliates to legal claims and otherwise affect its business and financial performance.

**Restructuring.** It should be noted that the Master Fund Board (as defined in the respective Fund's Offering Documents) or the Firm, in their reasonable and good faith discretion, may restructure the manner in which the Funds participate economically in investments through the applicable Master Fund or otherwise to address legal, tax or regulatory issues (although such alteration or restructuring, if any, will not adversely impact any investor's economic interest in or rights with respect to a Fund). Further information and definitions corresponding with the aforementioned defined terms can be found in the respective Fund's Offering Documents.

**Remote Work Environment.** The COVID-19 pandemic significantly affected firms' day-to-day operations across the securities industry, including requiring firms to transition most or all their staff to remote work environments and implement remote supervisory practices. Colbeck's business operations may be vulnerable to disruption related to the Firm's ongoing supervision and monitoring of staff, communication with Funds' investors, protection of Firm and Fund information and other privacy and information security concerns. Although Colbeck has implemented various measures to manage such risks inherent in maintaining remote work environments, there can be no assurances that all such measures will be successful. If such vulnerabilities continue for extended periods of time, the Funds may be adversely affected.

**Business Continuity and Disaster Recovery.** Colbeck's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although the Firm has implemented various

measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Funds may be adversely affected.

*Enhanced Governmental Scrutiny and Regulation.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the alternative asset management industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of alternative asset managers and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to structure, consummate and/or exit investments. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing and/or exiting investments than it otherwise would have.

The foregoing information regarding the risks relating to an investment of the Funds provides general information based on the Funds' investment strategies. For specific information regarding the risks of investing in a particular Fund, investors should refer to that Fund's Offering Documents.

#### **Item 9 – Disciplinary Information**

Neither the Firm nor any of its management persons has been the subject of any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Firm's advisory business or the integrity of the Firm's management.

## Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither Colbeck, nor any of its management persons, are registered, or currently have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Colbeck, nor any of its management persons, are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Neither Colbeck nor any of its management persons have any relationship with any of the following related persons (*i.e.*, entities controlling, controlled by or under common control with Colbeck): broker-dealers; municipal securities dealers; government securities dealers; investment companies or other pooled investment vehicles; other investment advisers or financial planners; futures commission merchants; registered commodity pool operators; registered commodity trading advisors; banking or thrift institutions; accountants or accounting firms; lawyers; law firms; pension consultants; real estate brokers or dealers or other sponsors or syndicators of limited partnerships.

Colbeck serves as the syndication agent for a number of its loan transactions. Many of Colbeck's investments are syndicated transactions in which other debt investors participate. From time to time, and generally as part of the syndication process, Colbeck may buy, sell or hold positions in the same transactions as the Fund or transact on its behalf. The syndication agent is responsible for underwriting its deals, collecting funds from the syndicate and remitting the aggregate amount to a borrower/issuer.

As of the date of this Brochure, the Firm has arrangements with third-party service providers to serve as collateral agents for certain investment transactions. The collateral agent is responsible for maintaining the official books and records of the transaction, managing the flow of payments and documentation and maintaining books and records on any collateral involved in securing the transaction.

Colbeck's participation in loan origination, underwriting or arrangement and its role as a syndication agent may generate additional fees. Such fees will not be paid by investors of the Funds and any fees earned by the Firm in connection to a portfolio company are rebated back to the relevant Fund in a *pro rata* share of such Fund's participation. A full description of the types of fees and expenses the Funds are generally responsible for paying is set forth in detail in the Offering Documents.

When considered appropriate by the Firm, Colbeck's officers and employees may also serve as directors of the portfolio companies in which a Fund acquires an interest.

Colbeck Edify Holdings LLC ("Colbeck Edify") is an affiliate of Colbeck and serves as a sponsor to Edify Acquisition Corp. ("Edify Corp."), an organized blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (such business combinations collectively, "Business Combinations"). As Edify Corp.'s sponsor, Colbeck Edify purchased an aggregate number of warrants in a private placement that closed simultaneously with the closing of the initial public offering of Edify Corp. (Edify Corp.'s initial public offering is commonly known as a special purpose acquisition company or "SPAC".) The details of Colbeck Edify's position as a sponsor of Edify Corp. is further provided and outlined in Edify Corp.'s preliminary prospectus (Form S-1 filed on December 28, 2020).

Certain of Colbeck's supervised persons serve as Directors and Executive Officers to Edify Corp.

The prospective Business Combinations that may be identified by Colbeck Edify to be effected by Edify Corp. are not intended as investments for the Funds managed by Colbeck. Should Colbeck Edify identify a Business Combination that may be suitable for a Fund, Colbeck will analyze and mitigate the conflict of interest, as set forth in Colbeck's policies and procedures and the corresponding disclosures in Edify Corp.'s Form S-1.



The Funds' investment management agreement and Colbeck's policies and procedures set forth guidelines as to the appropriate action to take with respect to managing and disclosing conflicts of interest as they arise.

- D. Colbeck does not otherwise recommend or select other investment advisers for the Funds.

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

- A. Colbeck has adopted a written Code of Ethics (the “Code”) pursuant to SEC Rule 204A-1 of the Advisers Act, which establishes the standard of business conduct that all Colbeck employees must follow in upholding the Firm’s fiduciary duty to its Funds. The Code is designed to promote high ethical standards and sets forth internal policies and procedures designed to address and mitigate actual and potential conflicts of interest between the Firm, its employees and its Funds. All employees are required to certify annually that they have read, understand and agree to abide by the Code, including the insider trading policies and procedures set forth therein. The Code also establishes guidelines for the appropriate handling and containment of any material non-public information to which an employee may be exposed.

The Code also contains controls implemented by the Firm designed to monitor and mitigate potential conflicts of interest, including specific policies to address, among other things, outside activities of employees, the prevention of insider trading, political contributions and restrictions on the acceptance or offer of significant gifts.

Further, the Firm has adopted a formal personal trading policy which imposes restrictions on employee trading of most securities without the approval of the Firm’s Chief Compliance Officer (“CCO”); prohibits purchasing securities in an IPO; requires pre-clearance before purchasing securities in a limited offering (*i.e.*, a private placement) and requires periodic reporting of employees’ personal securities transactions and all holdings. The Firm closely monitors the personal trading of employees and prohibits excessive personal trading.

Clients may request a copy of the Code by contacting the Firm at the address or telephone number listed on the first page of this document.

- B. Neither the Firm nor any of its related persons recommends to the Funds, or buys or sells for any Fund accounts, securities in which the Firm or its related persons have a material financial interest.
- C. In its capacity as loan origination agent, the Firm or its related persons may from time to time participate in transactions that are recommended to the Firm’s Clients, including particularly to facilitate third-party syndication. This participation is meant to facilitate transactions that are determined to be beneficial to the Clients and, through such participation, the Firm’s and/or its related persons’ interests are aligned with those of the relevant Client(s).
- D. (See Item 11 B.) In the unlikely event that the Firm or a related person recommends securities to a Fund, or buys and sells securities on behalf of a Fund, at or about the same time that the Firm or a related person buys or sells the same securities for its or their own account, the CCO will make a determination on a case by case basis to address such a situation and any conflicts of interest that such a transaction would present.

## Item 12 – Brokerage Practices

- A. The Firm does not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds because the securities it typically purchases or sells on behalf of its Funds are acquired and/or disposed of in privately negotiated transactions. To the extent that Colbeck may use a broker-dealer for a transaction in the future, the Firm will select a broker-dealer for such transaction based on factors relevant to the specific situation.
  - 1. The Firm does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with Fund securities transactions (“soft dollar benefits”).
  - 2. The Firm does not consider, in selecting or recommending broker-dealers, whether the Firm or a related person receives Client referrals from a broker-dealer or third party.
  - 3. Colbeck does not engage in directed brokerage.
- B. Due to the Firm’s strategy, typically, there will be no purchase or sale orders of securities or “batched orders” that are aggregated for various Client accounts. However, as part of the Firm’s strategy for the Funds, Colbeck may purchase or sell the same financial instruments or participate in the same investment opportunities for several Funds simultaneously. The execution of such transactions may be combined to reduce costs while also ensuring that applicable Funds are afforded the opportunity to participate in such investment. The execution of these transactions is done in a manner intended to ensure that no Fund managed by Colbeck is favored over any other Fund.

### Item 13 – Review of Accounts

- A. Each Fund's portfolio is monitored and reviewed on an ongoing basis by the Firm's investment professionals, who review each portfolio in the context of each Fund's stated investment objectives and guidelines. The Firm's Principals are ultimately responsible for portfolio and risk management and for all final investment decisions.
- B. A targeted review of a Fund account may be triggered by material changes in key variables that may affect the performance of the Funds, including, without limitation, changes in the financial markets or activity and trends in the political or economic environment.
- C. The Firm reports to its Funds informally on an ongoing basis regarding updates on the performance and status of the Funds' investments and to discuss economic developments, industry outlook and other issues that might impact them. Additionally, the Firm provides unaudited quarterly financial statements of the Funds and descriptive investment information for each of the Fund's investments within 60 days of the end of each fiscal quarter to investors in each Fund. Further, audited financial statements are provided to investors in each Fund, generally within 120 days of the end of the Fund's fiscal year as required by Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

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

- A. The Firm does not receive an economic benefit from anyone, other than the Funds, for providing investment advice or other advisory services to the Funds.
- B. Neither Colbeck nor any related person shall directly or indirectly compensate any person who is not a supervised person for Fund referrals. However, Colbeck may, from time to time, use an unaffiliated third-party placement agent for investor referrals.

#### Item 15 – Custody

Pursuant to the Custody Rule, Colbeck (and any of its affiliates acting as general partner to the Funds) is deemed to have custody of the Funds' cash and securities, even though it is not the Firm's practice to accept or maintain physical possession of Clients' funds and securities.

In accordance with the Custody Rule, all of the Funds' cash and securities are held in custody by independent, qualified custodians. The Firm arranges for the Funds' financial statements to be prepared in accordance with U.S. generally accepted accounting principles and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The Firm distributes such audited financial statements to all of the Funds' investors within 120 days of the end of each Fund's fiscal year.

#### **Item 16 – Investment Discretion**

Colbeck currently accepts full discretionary authority to manage assets and securities on behalf of its Funds through the investment management agreements with such Funds.

## Item 17 – Voting Client Securities

- A. Colbeck's investment strategy generally does not involve the acquisition of publicly-traded securities; as such, it is unlikely that any Funds will be the subject of proxy proposals, amendments, consents or resolutions (each, a "Proxy"; collectively, "Proxies"). In the event that any of the Funds do come into possession of securities with Proxy voting rights, the Firm will accept the authority to vote Proxies in its sole discretion and will vote in a manner that will serve the applicable Fund's best interests and investment objectives.

In limited circumstances, the Firm may refrain from voting Proxies where it determines there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. Generally, the Funds or investors in the Funds may not direct or vote Proxies.

The Firm will provide Clients with a record of how proxies were voted or a copy of the Firm's proxy voting policies upon request.

- B. Not applicable.



#### **Item 18 – Financial Information**

- A. The Firm does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance, and therefore has not included a balance sheet.
- B. The Firm does not believe that there are any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to its Funds.
- C. The Firm has never been the subject of a bankruptcy petition.

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

Not applicable.