

# BLACK OWL MANAGING LLC

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Black Owl Managing LLC, d/b/a Black Owl Capital Management LLC (“Black Owl”), a relying adviser of Owl Rock Capital Private Fund Advisors LLC. If you have any questions about the content of this Brochure, please contact the Compliance Department at the number listed above. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

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

March 31, 2023

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## Item 2 – Material Changes

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This Brochure is dated as of March 31, 2023 and will be amended annually or as necessary to reflect material changes. This Brochure is being filed in connection with Black Owl's initial registration.

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#### Item 4 – Advisory Business

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Black Owl was founded in October 2022 to serve as a multi-family office and manage the capital of Douglas Ostrover, Marc Lipschultz, and their respective families. Mr. Ostrover is a Co-Founder and Chief Executive Officer of Blue Owl Capital Inc. (“Blue Owl”), a member of Blue Owl’s Executive Committee and a member of Blue Owl’s board of directors. Mr. Ostrover is also a Co-Founder of the Owl Rock division of Blue Owl (“Owl Rock”). Mr. Ostrover also serves as a Co-Chief Investment Officer of each of Owl Rock Capital Advisors LLC, Owl Rock Capital Private Fund Advisers LLC, Owl Rock Technology Advisors LLC, Owl Rock Diversified Advisors LLC, and Owl Rock Technology Advisors II LLC (the “Owl Rock Advisers”). Mr. Lipschultz is a Co-Founder and Co-President of Blue Owl, a member of Blue Owl’s Executive Committee and a member of Blue Owl’s board of directors. Mr. Lipschultz is also a Co-Founder and President of Owl Rock and serves as the Co-Chief Investment Officer of each of Owl Rock Advisers.

Black Owl is owned by Mr. Ostrover and Mr. Lipschultz. Black Owl maintains its principal office and place of business in New York, New York and has an additional office in Charlotte, North Carolina.

Black Owl focuses on capital preservation and maximizing risk-adjusted returns with a long-term focus across various asset classes, including private investments, real estate, investments in publicly traded securities and other potential asset classes. Black Owl provides investment management services to Mr. Ostrover and Mr. Lipschultz and their family entities, including entities that are structured as private funds (each, a “Client” and collectively, “Clients”). Black Owl serves as the investment adviser to Clients on a discretionary basis.

The advisory relationship between each Client and Black Owl is governed by their respective investment management agreement (each, a “Management Agreement”). Investment restrictions for Clients, including investment objectives and guidelines, if any, are set forth in the materials that govern the Client’s relationship with Black Owl, such as the applicable Management Agreement, limited partnership agreements, other operating agreements and subscription agreements (collectively and as applicable, the “Offering Materials”).

As of March 1, 2023, Black Owl did not manage any client assets.

## Item 5 – Fees and Compensation

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The fees and expenses applicable to each Client are set forth in detail in each Client’s Offering Materials.

In general, Black Owl or its affiliates are compensated for their investment management services through performance-based compensation paid by the private fund Clients. Refer to **Item 6 — Performance-Based Fees and Side-By-Side Management** for discussion of performance-based compensation.

Clients may incur operating expenses include those related to the organization, operation and liquidation of the Client, including but not limited to: compensation of members of the investment team; deal related expenses (such as due diligence, and structuring, and monitoring expenses with respect to an investment) including such expenses for deals that Black Owl ultimately determines are not appropriate for investment; third party expenses associated with the purchase, holding or disposition of an asset; research, market data and portfolio management systems (such as news and quotation equipment, software and services); filing fees; expenses related to legal, tax, auditors, accountants, administrators, custodians, consultants, compliance firms, third party valuation firms, information technology providers and other outside advisors and professionals; insurance; regulatory or tax compliance; brokerage, custodial and banking charges; forming and holding a credit facility; hedging investments; meetings of such Client’s limited partners; interest expense on borrowed money; taxes, duties and other governmental charges; administrative expenses; costs related to services provided to such Client by internal legal, compliance, operations, information technology, finance, tax and accounting teams of certain Black Owl affiliates (“In-House Costs”); reasonable travel expenses (including transportation, lodging, meals and related expenses) incurred in respect of any of the foregoing, indemnification expenses and such other expenses as may be set forth in the relevant Offering Materials.

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

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In accordance with applicable Offering Materials, Clients generally pay a performance-based fee, which can include carried interest, to Black Owl or its affiliates. These performance-based fees, if applicable, are earned and payable in accordance with the terms set out in each Client's Offering Materials. Black Owl generally has the authority to waive such fees. The existence of performance-based compensation has the potential to create an incentive for Black Owl to make more speculative investments on behalf of Clients than it would otherwise make in the absence of such arrangement, although Black Owl generally considers performance-based compensation to better align its interests with those of its Clients.

## Item 7 – Types of Clients

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Black Owl serves as a multi-family office and manages the capital of Douglas Ostrover, Marc Lipschultz, and their respective families. It provides investment advisory services to its Clients, including family entities that are structured as private funds. Underlying investors in such private funds are subject to applicable suitability requirements and generally must be “accredited investors” (as defined in Regulation D under the U.S. Securities Act of 1933, as amended) and, where applicable, “qualified purchasers” or “knowledgeable employees” (as defined under the Investment Company Act of 1940, as amended (the “1940 Act”)) as specified in the related Offering Materials.

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

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As discussed in **Item 4 — Advisory Business**, Black Owl focuses on capital preservation and maximizing risk-adjusted returns with a long-term focus across various asset classes, including, but not limited to, private investments, real estate, investments in publicly traded securities and other potential asset classes. Such investments may be direct or indirect, including through investments in other vehicles formed or managed by Black Owl or its affiliates. Black Owl has a broad mandate across the liquid and illiquid spectrum. Each Client's investment objectives, strategies, and limitations will be reflected in the terms of such Client's Offering Materials.

*Origination and Sourcing.* Black Owl's investment personnel (the "Investment Team") leverage their networks to source deal flow and referrals, identifying potential portfolio investments from a variety of different sources, including, among others, personal and professional relationships, financial intermediaries and advisers, investment bankers, private equity sponsors, family offices, accounting firms and law firms.

*Due Diligence Process and Execution.* Prior to making an investment decision, the Investment Team generally conducts extensive research into the investment. Depending on the type of investment, due diligence may include evaluating certain industry research, financial, tax, accounting, environmental and legal issues and include the retention of outside consultants, legal advisors, accountants, and investment bankers in varying degrees. The level of due diligence conducted with respect to each investment may vary depending on the type of investment or other relevant factors. Notwithstanding the due diligence that is conducted in connection with any investment, there can be no assurance that the Investment Team will identify or review all risks or that Black Owl will be able to prevent investment losses. In addition to longer term investment strategies, Black Owl also may seek to capitalize on short-term trading opportunities in certain circumstances, which do not always involve the due diligence described above. Once Black Owl has determined that a prospective portfolio investment is suitable, Black Owl works to finalize the structure and terms of the investment.

Refer to **Item 13 — Review of Accounts** for discussion of Black Owl's ongoing portfolio monitoring process.

### Risks

**Set forth in Exhibit A is an overview of the primary risks associated with the types of investing described herein. However, it is not possible to identify all of the risks associated with investing. The particular risks applicable to a Client will depend on its investment strategy or strategies, the types of securities held and the Client's liquidity needs, among other factors.**

While Black Owl seeks to manage accounts such that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss, including the risk of total loss, and there can be no guarantee or assurance that Black Owl's investment program will be successful. Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.



Refer to **Item 11 — Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** for discussion of potential conflicts of interest.

## Item 9 – Disciplinary Information

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Black Owl is required to disclose in this Item all material facts regarding any legal or disciplinary events that would be material to your evaluation of Black Owl or the integrity of its management.

As of the date of this Brochure and to the best of Black Owl's knowledge, there are no material legal or disciplinary events to disclose.

## Item 10 – Other Financial Industry Activities and Affiliations

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Black Owl is a relying adviser of Owl Rock Capital Private Fund Advisors LLC, which is a subsidiary, through various intermediate vehicles, of Blue Owl. Blue Owl is a publicly traded company listed on the New York Stock Exchange (NYSE: OWL). Other U.S.-regulated operating entities owned by Blue Owl include the other Blue Owl Advisers, as further discussed below, and Blue Owl Securities LLC (“Blue Owl Securities”).

The Owl Rock division of Blue Owl (“Owl Rock”) is comprised of Owl Rock Capital Private Fund Advisors LLC, Owl Rock Capital Advisers LLC, Owl Rock Technology Advisers LLC, Owl Rock Diversified Advisers LLC and Owl Rock Technology Advisers II LLC (collectively, the “Owl Rock Advisers”). Each of the Owl Rock Advisers is an SEC-registered investment adviser. Clients of one or more Owl Rock Advisers (collectively, the “Owl Rock Clients”) include (i) the Private Funds, including the Owl Rock CLOs, (ii) SMA Clients and (iii) the Owl Rock BDCs.

In addition to the Owl Rock Advisers, Wellfleet Credit Partners, LLC (“Wellfleet”), is a relying adviser of ORPF and part of the Owl Rock division of Blue Owl. Wellfleet was acquired by Blue Owl on April 1, 2022, and is a relying adviser of Owl Rock Capital Private Fund Advisors LLC. Wellfleet provides investment management services to commingled private funds relying on exemptions from registration under the 1940 Act (“Wellfleet Funds”), including one or more collateralized loan obligation vehicles (“Wellfleet CLOs”).

As mentioned above, certain of the Owl Rock Advisers serve as investment adviser to the Owl Rock BDCs. Two of these BDCs, Owl Rock Capital Corporation (NYSE: ORCC) and Owl Rock Core Income Corp., are party to joint ventures (each, a “JV”) that operate investment strategies that can directly or indirectly overlap with the potential targeted investments of an Owl Rock Client. Each JV is managed jointly by its members, which have equal voting rights; officers of these two Owl Rock BDCs and certain employees of Blue Owl are authorized to manage the respective JV’s investments. While none of the Owl Rock Advisers manage either JV and the JVs are not subject to the Owl Rock Advisers’ allocation policy, the Owl Rock Advisers may share investment research with each JV.

The Dyal Capital division of Blue Owl (“Dyal”) is comprised of Dyal Advisers LLC and its relying adviser, Dyal IV Advisers LLC. Dyal provides investment management services to commingled private funds relying on an exemption from registration under the 1940 Act (the “Dyal Funds”). Funds managed by Dyal hold a passive, indirect, non-voting minority interest in an Owl Rock entity of which each of the Owl Rock Advisers is an indirect subsidiary.

The Oak Street division of Blue Owl (“Oak Street”) is comprised of Oak Street Real Estate Capital, LLC (“OSREC”) and its relying adviser, Oak Street Seeding and Strategic Capital, LLC (“OSREC Seed”). Oak Street provides investment management services to investment funds (the “Oak Street Funds”) and funds of one or other separately managed accounts (collectively with the Oak Street Funds, the “Oak Street Clients”). Oak Street was acquired by Blue Owl on December 29, 2021.

Blue Owl Strategic Equity Advisors LLC (“Blue Owl Strategic”) provides investment management services to investment funds pursuing a strategic equity strategy (the “Blue Owl Strategic Funds”). Blue Owl Strategic is a newly formed entity and filed for registration with the SEC as an investment adviser in March 2023.

Blue Owl Strategic, the Owl Rock Advisers, Wellfleet, Dyal, Oak Street and Black Owl are referenced herein as the “Blue Owl Advisers”. The funds managed by Blue Owl Advisers (as described above) are referenced herein as the “Blue Owl Funds”. The Blue Owl Funds, in addition to the Owl Rock and Oak Street SMA Clients are referenced herein as the Blue Owl Clients.

The Blue Owl Advisers share common officers, partners, employees, consultants or persons occupying similar positions as well as office space.

Blue Owl Securities is a FINRA-regulated limited purpose broker-dealer. Blue Owl Securities shares office space with Black Owl. Registered representatives of Blue Owl Securities do not sell interests in the Black Owl Clients or provide support to intermediaries that sell interests in the Black Owl Clients. Blue Owl Securities does not act as a placement agent/distribution agent/principal underwriter for interests in the Black Owl Clients and does not perform any trading or related services for any of the Black Owl Clients. Please refer to **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** and **Item 14 – Client Referrals and Other Compensation** for additional information.

Affiliates of Blue Owl serve as the general partners to certain Blue Owl Funds. The general partners to the Blue Owl Funds share common owners, officers, partners, employees, consultants and/or persons occupying similar positions with one or more of the Blue Owl Advisers. In addition, certain Blue Owl employees are also limited partners in the Blue Owl Funds.

Blue Owl Capital UK Limited (“Blue Owl UK”) is an entity organized and operating in the United Kingdom whose employees assist in the marketing and distribution of Blue Owl Funds in EMEA (Europe, Middle East, and Africa).

Blue Owl Capital HK Limited (“Blue Owl HK”) is an entity organized and operating in Hong Kong whose employees, together with the employees of Blue Owl Capital Pte. Ltd. (“Blue Owl Singapore”), an entity organized and operating in Singapore, assist in the marketing and distribution of Blue Owl Funds in the APAC (Asia-Pacific). Blue Owl HK is registered with the Hong Kong Securities & Futures Commission.

Blue Owl Capital Canada ULC (“Blue Owl Canada”) is an entity organized and operating in Canada whose employees assist in the marketing and distribution of Blue Owl Funds in Canada.

Refer to **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** for a further discussion of potential conflicts of interest that may arise from these other financial industry activities or affiliations.

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

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The Blue Owl Advisers have adopted a code of ethics (the “Code of Ethics”) that describes the standards of business conduct and responsibilities to clients expected from employees and that governs certain potential conflicts of interest which may exist when providing services to clients. The Code of Ethics is designed to ensure that the Blue Owl Advisers meet their obligations to clients and to instill a culture of compliance within Blue Owl.

The Code of Ethics is distributed to each employee at the time of hire and annually thereafter. The Blue Owl Advisers also supplement the Code of Ethics with ongoing monitoring of employee activity. Employees who fail to comply with the requirements of the Code of Ethics and its related policies may be subject to disciplinary actions, up to and including termination of employment and/or personal liability, as permitted by law.

The Code of Ethics includes, among others, policies relating to:

- employee conduct;
- conflicts of interest;
- prohibitions on insider trading;
- employee personal securities transactions;
- acceptance/provision of gifts and entertaining;
- rules relating to political contributions;
- preserving the confidentiality of client and firm information; and
- reporting of certain outside business activities.

All employees are required to acknowledge annually that they are in compliance with the Code of Ethics.

A copy of the Code of Ethics is available upon request by contacting the Compliance Department at the phone number or address on the cover page of this Brochure.

### **Potential Conflicts of Interest**

The Blue Owl Advisers offer different products and services and there are various actual and potential conflicts of interest which can arise, including but not limited to those listed below, in connection with the management of business affairs for the Blue Owl Clients. As a general matter, the Blue Owl Advisers attempt to resolve such conflicts of interest in light of their obligations to the Blue Owl Clients and, as relevant, in a manner they believe to be fair and equitable to the Blue Owl Clients under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, the Blue Owl Advisers will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. The Blue Owl Advisers have adopted, and will continue to maintain, policies and procedures to address the following and other potential conflicts of interest. Certain of such policies and procedures are described below.

## Potential Conflicts of Interest for the Blue Owl Advisers Generally

- 1) ***Multiple Clients and Strategies.*** The Blue Owl Advisers currently provide investment advice and related services to multiple Blue Owl Clients, and it is anticipated that the Blue Owl Advisers will act as investment manager to other investment vehicles and accounts in the future, which are expected to pursue strategies similar to or different from existing Blue Owl Clients.

In certain circumstances, a Blue Owl Adviser will deem it appropriate to (i) direct certain relevant investment opportunities to one Blue Owl Client while not making a similar investment for another Blue Owl Client or (ii) cause more than one Blue Owl Client to invest in the same opportunity. The Blue Owl Advisers' allocation of investment opportunities among their Clients will not always, and often will not, be proportional. Refer to Allocation of Investment Opportunities below and **Item 12 – Brokerage Practices** for further details.

- 2) ***Interests of Blue Owl Affiliates.*** In the course of managing the investments held by Blue Owl Clients, a Blue Owl Adviser will, from time to time, consider its relationships with other Blue Owl Clients and entities affiliated with the Blue Owl Adviser. From time to time, it is anticipated that one Blue Owl Adviser will recommend or cause its clients to invest in, or dispose of, Portfolio Investments in which a client of another Blue Owl Adviser has a direct or indirect financial interest. Such financial interest can include, but is not limited to, having a business relationship (whether as client, investor, co-investor, broker, vendor or investment consultant), or serving as investment adviser, general partner or director for a particular investment product. In such instances, the acquisition or disposition of the Portfolio Investment directed by the Blue Owl Adviser on behalf of a Blue Owl Client will from time to time directly or indirectly benefit the client of another Blue Owl Adviser.
- 3) ***Blue Owl Employees.*** Employees who act on behalf of one Blue Owl Adviser are permitted to provide services to or through multiple other Blue Owl Advisers. As a result, the Blue Owl Advisers are expected to encounter conflicts of interest in allocating the time and resources of its employees between and among their clients. The Blue Owl Advisers endeavor to mitigate these conflicts by seeking to ensure that employees devote as much of their time to each client as deemed reasonably required in order to perform duties to each client as consistent with their obligations under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and, where applicable, the relevant Offering Materials. A Blue Owl employee may also serve on the Board of Directors of a Blue Owl Fund. The Blue Owl Advisers seek to mitigate the resulting potential conflicts through their Code of Ethics, which is discussed above.

Employees of the Blue Owl Advisers and/or other persons related to them have previously served, and in the future are expected to serve, as directors, on the advisory board, on the investment committee, or in a similar capacity for other companies, including companies in which Blue Owl Clients invest or seek to invest. While this generally could enable a Blue Owl Adviser to obtain a better understanding of the operations of the company (or potential

portfolio company), these employees are likely to obtain material non-public information through such positions that might restrict the Blue Owl Advisers' ability to transact in securities or other investments involving the company.

Employees of the Blue Owl Advisers are permitted to engage in business activities outside of their employment, subject to approval from the Chief Compliance Officer. Blue Owl generally permits employees to engage in philanthropic, charitable or other similar pursuits, subject to certain limitations and with prior approval from the Chief Compliance Officer. Outside business activities that are likely to represent a material conflict of interest with Blue Owl's business are also subject to additional approval requirements and are typically not permitted. In instances where these outside affiliations are permitted, employees with an affiliation to a portfolio company held by a Blue Owl employee that is outside their employment with Blue Owl will not be permitted to be involved in the investment decision-making process regarding that portfolio company.

- 4) ***Allocation of Investment Opportunities.*** The Blue Owl Advisers' allocation of investment opportunities among Blue Owl Clients will not always, and often will not, be proportional. Rather, the Blue Owl Advisers seek to allocate transactions and investment opportunities among their clients in a manner they believe to be as equitable as possible over time, while considering each adviser's fiduciary obligations to its clients and each client's objectives, programs, limitations and capital available for investment, as set forth in the relevant Offering Materials or otherwise. Nevertheless, there will, from time to time, be limited availability for any particular investment, and the Blue Owl Advisers will have various incentives to favor certain clients over others in deciding how to allocate the opportunity. Among other things, the Blue Owl Advisers and their employees could have investments or other financial interests in a Blue Owl Fund seeking an allocation of an investment opportunity. Refer to "Investment by Blue Owl Employees" below as well as to **Item 12 – Brokerage Practices; Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** and **Item 13 – Review of Accounts** for further details.

Each Blue Owl Client has its own fee structure, some of which include performance fees or fees based on different proportions of capital commitments or assets under management, or subject to different calculation methodologies. Moreover, a Blue Owl Adviser will from time to time enter into arrangements with a Blue Owl Fund, an Investor in a Blue Owl Fund and/or a Blue Owl Client to reduce, waive or share portions of the management fees or other compensation. There is an incentive for the Blue Owl Advisers to allocate investment opportunities to accounts with fee arrangements most favorable to the relevant Blue Owl Advisers. Refer to **Item 6 – Performance-Based Fees and Side-By-Side Management** for further details. The Blue Owl Advisers maintain policies and procedures designed to mitigate conflicts that arise in making investment allocation decisions.

In addition, because the Owl Rock BDCs are considered to be affiliates of the Blue Owl Clients, from time to time, a Blue Owl Client will be prohibited under the 1940 Act from participating in certain transactions involving the Owl Rock BDCs, affiliates of the Blue Owl Advisers or

other Blue Owl Clients or their affiliates. The Owl Rock Advisers and Owl Rock BDCs have been granted an exemptive order by the SEC (the “Exemptive Order”)<sup>1</sup> to permit Owl Rock BDCs to co-invest with other funds managed by Blue Owl Advisers, subject to compliance with various conditions.

The Exemptive Order requires that any opportunities that are appropriate for both Owl Rock BDCs and other Blue Owl Clients that rely on the Exemptive Order, if any, will need to be offered to the Owl Rock BDCs and any such investments, if made, will need to be conducted in compliance with the conditions of the Exemptive Order and other requirements under the 1940 Act (including the requirement that certain investment opportunities cannot be allocated to vehicles that are not subject to the Exemptive Order). The 1940 Act also restricts the ability of Blue Owl Clients to invest alongside the Owl Rock BDCs in certain transactions that are not covered by the Exemptive Order.

Subject to the foregoing, in general, transactions and investment opportunities will be allocated among Blue Owl Clients in light of various factors, including, without limitation the investment objective, guidelines and strategies applicable to such client, the nature of the investment (including its risk return profile and expected holding period), portfolio diversification and concentration concerns, the liquidity needs of a client and regulatory requirements and restrictions. In accordance with its policies and procedures, the Blue Owl Advisers will seek to allocate transactions and investment opportunities among their clients in a manner they believe to be as equitable as possible over time, considering each Blue Owl Advisers’ fiduciary obligation to its clients and each client’s objectives, programs, limitations and capital available for investment.

- 5) ***Investing Across Capital Structure.*** At times, a Blue Owl Client will make an investment in a portfolio company in which other Blue Owl Clients have invested or in which they are expected to invest, in a different part of the capital structure. While decisions whether to make an investment are made in the context of each Blue Owl Client’s investment objectives, programs, limitations, and capital available for investment, this could result in differences among the interests of the Blue Owl Clients in a single portfolio company, including differences in priority or seniority, price, leverage, associated costs and other terms. In addition, such Blue Owl Clients will not necessarily exit the investment at the same time or on the same terms. As such, one Blue Owl Client’s return on an investment in the portfolio company likely will not be the same as that of another participating Blue Owl Client.
- 6) ***Investment by Blue Owl Employees.*** Employees of the Blue Owl Advisers, including members of a Blue Owl Client’s investment committee are permitted to invest, and at times will invest significantly, in Blue Owl Funds. Such investments can operate to align the interests of the Blue Owl Advisers and their employees with the interests of the Blue Owl Funds and their investors but will also give rise to conflicts of interest as such employees can have an incentive to favor the Blue Owl Funds in which they participate or from which they are otherwise

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<sup>1</sup> Owl Rock Capital Corporation, et al., SEC Release No. IC-32469, available at <https://www.sec.gov/rules/icreleases.shtml>.



entitled to share in returns or fees. Although investments made by employees are generally on the same terms and conditions as those made by third-party Investors, employees (and in some cases, family of employees and/or Blue Owl) invested in Blue Owl Funds (other than the Owl Rock BDCs) typically do not bear management fees or performance-based compensation (whether investing directly or through a specially formed vehicle for such persons), or in some cases benefit from reduced rates for such fees. In addition, an affiliate of a Blue Owl Adviser that serves as a general partner to, or an entity that receives carry as a “special limited partner” of, a Blue Owl Fund will have an indirect beneficial interest in the investments owned by such Blue Owl Fund and will share in any profits and losses generated by such investments.

Further, from time to time, employees of the Blue Owl Advisers, or members of their families, could have an interest in a particular transaction, or in securities or other financial instruments of the same kind or class, or a different kind or class, of the same portfolio company, obligor or issuer, that a Blue Owl Adviser directs for a Blue Owl Client.

- 7) ***Deployment of Capital.*** Certain Blue Owl Funds have a fixed investment period, after which capital from investors generally will only be drawn down in limited circumstances. As the management fee can, at certain times during the life of these Blue Owl Funds, be calculated based upon the invested capital of such funds, the management fee structure can create an incentive for a Blue Owl Adviser to deploy capital when it might not otherwise have done so.
- 8) ***Allocation of Expenses.*** At times, a Blue Owl Adviser or other Blue Owl affiliate, or a Blue Owl Fund or other Blue Owl Client, will incur expenses that are allocable to one or more other Blue Owl Clients or Blue Owl affiliates, including with respect to proposed transactions that are not consummated. From time to time in such circumstances, the benefit of the service or product to which an expense relates will be greater for certain of these beneficiaries than others. In addition, certain Blue Owl Clients can be restricted, either by terms of Offering Materials (for example, a negotiated expense cap for a particular Blue Owl Client) or by operation of law, from bearing certain expenses that might otherwise be allocable to them.

The Blue Owl Advisers allocate expenses on a basis that they consider fair and equitable under the circumstances over time. The method for allocating expenses will generally vary depending on the nature of the expense and such determinations involve inherent discretion, e.g., in determining whether to allocate pro rata based on the number of clients receiving related benefits, proportionately in accordance with asset size, or on some other basis that the Blue Owl Advisers deem appropriate.

- 9) ***Diverse Investors and Conflicting Investor Interests.*** Investors in Blue Owl Funds will likely have conflicting investment, tax and other interests with respect to the fund’s investments. As a consequence, conflicts of interest will from time to time arise in connection with decisions made by a Blue Owl Adviser that are more beneficial for one investor than another investor in a particular Blue Owl Fund. The results of a Blue Owl Fund’s investment activities will affect individual investors differently, depending on their different situations. In selecting and structuring investments for a Blue Owl Fund, the Blue Owl Advisers generally consider

the investment and tax objectives of the fund as a whole and not the objectives of any particular investor. As a consequence, there can be no assurance that a determination will not be more advantageous to some investors as compared to others.

In addition, relationships with certain investors are expected to create incentives for the Blue Owl Advisers to favor the interests of certain investors over others. Among other relationships, investors in one Blue Owl Fund could be current or prospective investors in other funds managed by the Blue Owl Advisers. Additionally, from time to time, a Blue Owl Adviser may communicate with certain investors regarding the composition of a Blue Owl Fund's investments and/or other matters relating to Blue Owl Funds, and there can be no assurance that such communications will not influence a Blue Owl Adviser's decisions.

- 10) ***Principal and Cross Transactions.*** Where appropriate and believed to be in the best interest of both clients, a Blue Owl Adviser could cause one Blue Owl Client to purchase a security or other investment from, or sell a security or other investment to, another Blue Owl Client (a "Cross Transaction"). This would typically be done for the purpose of rebalancing portfolios, in order to further such participating Blue Owl Clients' investment programs or for other reasons consistent with the investment and operating guidelines of such participating Blue Owl Clients. Generally, the value of any positions that are cross-traded in this manner will be determined in a manner that is consistent with the relevant Blue Owl Advisers' valuation and cross-trade policies and, as applicable, with requirements under regulations applicable to the Owl Rock BDCs. The Blue Owl Advisers and their affiliates generally will not earn any brokerage compensation from Cross Transactions. To the extent required by the Advisers Act and/or relevant Offering Materials, the relevant Blue Owl Adviser(s) will obtain the written consent of the relevant Blue Owl Clients (which in certain circumstances will be from a Blue Owl Fund's Advisory Committee) prior to effecting the Cross Transaction.

In the event a Blue Owl Adviser is acting, or is deemed to be acting, as principal in the purchase or sale of a security or other investment to or from a Blue Owl Client (a "Principal Transaction"), or otherwise engages, or is deemed to be engaged, in a transaction with a Blue Owl Client and/or portfolio company for the Blue Owl Adviser's own account, to the extent required by the Advisers Act and/or relevant Offering Materials, the Blue Owl Adviser will obtain the written consent of the Blue Owl Client (which in certain circumstances may be from a Blue Owl Fund's Advisory Committee) prior to effecting the transaction.

On occasion, a Blue Owl Adviser or an affiliate thereof, and/or certain persons associated with such adviser or affiliate, will have a controlling interest in a Blue Owl Fund participating in a Cross Transaction and, as a result, such transaction could be deemed a Principal Transaction in respect of the Blue Owl Adviser. In addition, to the extent permitted by the Advisers Act and/or relevant Offering Materials, the Blue Owl Advisers or their affiliates from time to time can engage in transactions for their own account with Blue Owl Clients and/or their portfolio companies, including, for example, where an investment in a portfolio company has been bridged or otherwise warehoused by a Blue Owl Adviser or its affiliate prior to its acquisition by a Blue Owl Client.

- 11) ***Selection of Service Providers.*** While the Blue Owl Advisers select broker-dealers, counterparties and service providers for Blue Owl Clients in accordance with their fiduciary obligations, from time to time, such parties or their employees will also invest in a Blue Owl Fund or provide services to a Blue Owl Adviser or one of its affiliates. The Blue Owl Advisers generally undertake to use reasonable diligence to ascertain whether each service provider provides its service on a “best execution” basis, taking into account factors such as expertise, availability and quality of service and the competitiveness of compensation rates in comparison with similar service providers. While the Blue Owl Advisers seek to rely on this diligence, and not on other relationships or interests between a service provider and any Blue Owl Adviser or affiliate thereof to determine whether to engage a service provider, such relationships or other interests can create a conflict of interest in the selection of service providers.
- 12) ***Investment Program Limitations.*** As a result of the extensive operations of the Blue Owl Advisers and Blue Owl, the Blue Owl Advisers from time to time come into possession of confidential or material, non-public information. Where such information could be relevant to an investment decision to be made by a Blue Owl Adviser on behalf of a Blue Owl Client, such Blue Owl Adviser’s ability to transact in such investments might be restricted on account of applicable securities laws or the Blue Owl Advisers’ internal policies. Due to these restrictions, a Blue Owl Adviser will not, in certain circumstances, be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold on behalf of a Blue Owl Client. In addition, in sourcing investment opportunities, the Blue Owl Advisers will need to take into account the requirements imposed on entities that are deemed affiliated with the Owl Rock BDCs. Because the Owl Rock BDCs will be under common control with other Blue Owl Clients, it is possible that, from time to time, an Owl Rock BDC portfolio company will be deemed to be an “affiliated person” of another Blue Owl Client under the 1940 Act. In those instances, the ability of an Owl Rock BDC to engage in certain transactions involving the Owl Rock BDC portfolio company could be prohibited, or permitted only if the Owl Rock BDC complies with the terms of the Exemptive Order or obtains approval from the Owl Rock BDC’s board of directors. As a result, a Blue Owl Adviser will have an incentive to avoid certain transactions that could be advantageous for certain Blue Owl Clients, but would result in creating an affiliation, in order to preserve flexibility for the Owl Rock BDCs to engage in other transactions. In addition, certain Blue Owl Clients could be required to take actions that are adverse to other Blue Owl Clients’ investments, which could adversely affect a Blue Owl Adviser’s relationships with its investment partners. There can be no assurance that the identification and management of those conflicts will not limit the range of potential investment opportunities available for any particular Blue Owl Client.
- 13) ***Side-By-Side Management.*** As further discussed in **Item 6 – Performance-Based Fees and Side-By-Side Management**, the Blue Owl Advisers provide concurrent advisory services to clients for which the compensation arrangements and other circumstances differ, which results, in certain circumstances, in an incentive for the Blue Owl Advisers to favor one client over another. In addition, the existence of performance-based compensation has the potential to create an incentive for the Blue Owl Advisers to make more speculative

investments on behalf of clients than they would otherwise make in the absence of such arrangement, although the Blue Owl Advisers generally consider performance-based compensation to better align their interests with those of their clients, particularly in instances where the Offering Materials include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals. The Blue Owl Advisers believe that the potential for such conflicts is mitigated by various factors, including that the Blue Owl Advisers have established allocation policies to address related conflicts and that client portfolios are reviewed regularly under the supervision of the relevant investment committees. Refer to Allocation of Investment Opportunities above, **Item 12 – Brokerage Practices** and **Item 13 – Review of Accounts** for further details.

- 14) ***Boards of Directors of Blue Owl Funds.*** Blue Owl employees could serve on the Board of Directors of a Blue Owl Fund. The Blue Owl Advisers' Code of Ethics addresses acceptable standards of business conduct and covers among other things, conflicts of interest, fiduciary obligations and employees' responsibilities to the Blue Owl Advisers' client. Among other things, the Code of Ethics requires that the Blue Owl Advisers protect the interests of each of their clients, place the client's interest first and take steps to seek to verify that all actions taken on behalf of clients are in the clients' best interest.

**Additional information regarding conflicts of interest is set forth in the Offering Materials for the Black Owl Clients. The information contained in this section is a summary only and is qualified in its entirety by such documents.**

### **Selection of Brokers**

Subject to the investment objectives, policies and restrictions of each Black Owl Client as set out in their respective Offering Materials, Black Owl has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Client. As a general matter, Black Owl has the ability to invest for its Clients in illiquid investments issued by private companies for which there is a limited universe of trading counterparties. In these cases, Black Owl acquires and disposes of Client investments in privately negotiated transactions that do not necessarily require the use of brokers or the payment of third-party brokerage commissions.

From time to time, however, Black Owl can effect transactions through broker-dealers. In executing portfolio transactions and selecting brokers or dealers, Black Owl seeks the best overall terms available on behalf of its Clients. In assessing these terms, Black Owl could determine it appropriate to cause the Clients to pay commissions in excess of the amount another broker or dealer would have charged for the same transaction, if Black Owl determines, taking into account factors such as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the broker or dealer and the firm's risk and skill in positioning blocks of securities, that such amount of commission is reasonable in relation to the value of the brokerage and/or research services provided by such broker or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Clients' portfolios, and constitutes the best net results for the Clients.

While Black Owl generally seeks reasonably competitive trade execution costs, it will not always pay the lowest spread or commission available. Black Owl could also select a broker based upon services Black Owl receives from the broker. In return for such services, Black Owl could cause the Clients to pay a higher commission than other brokers would have charged if they determine in good faith that such commission is reasonable in relation to the services provided.

Black Owl does not currently participate in any soft dollar arrangements.

### **Aggregation and Allocation of Orders**

Should Black Owl determine that the purchase and sale of the same security is in the best interests of more than one Client, Black Owl could, but is not obligated to, aggregate orders in order to reduce transaction costs. When an aggregated order is filled through multiple trades at different prices from the same time period within a trade day, each participating Client will receive the average price with transaction costs allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by Black Owl. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but could be modified on a basis that Black Owl deems to be appropriate, including, for example, in order to avoid "odd-lot" positions or de minimis allocations. This could result in allocations of certain investments on other than a pro rata basis.

Black Owl's process for making an allocation determination includes an assessment as to whether a particular investment opportunity is suitable for each Client. In making this assessment, Black Owl is permitted to consider a variety of factors, including, without limitation, the investment objective, guidelines and strategies applicable to a Client, the nature of the investment (including its risk return profile and expected holding period), portfolio diversification and concentration concerns, the liquidity needs of a Client and regulatory requirements and restrictions.

Exceptions to the aggregation and allocation practices described above are permissible; provided that Black Owl believes they are fair and equitable to clients under the circumstances over time. Please refer to **Item 11– Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** for discussion of potential conflicts of interest in connection with these aggregation and allocation practices.

### **Allocation of Co-Investment Opportunities**

From time to time, if Black Owl has determined, in its sole discretion, that doing so would be in the best interest of the Clients, a co-investment opportunity may be offered to one or more potential co-investors, including investors in Clients or third parties, subject to the applicable policies and procedures.

The allocation of co-investment opportunities may be made to one or more persons for any number of reasons as determined by Black Owl in its sole discretion and may not be in the best interests of any Client, or any investor in a Client. In exercising its sole discretion in connection with such co-investment opportunities, Black Owl may consider some or all of a wide range of factors, which may include, but are not limited to, the size of the available investment allocation and the practicality of splitting the allocation into smaller tranches; any requirements of the underlying borrower or issuer as to the identity of the investors participating as co-investors; the knowledge and sophistication of the potential co-investor with respect to the borrower or issuer, segment, industry, geographic region or other characteristics that Black Owl determines in good faith to be relevant to the investment; the ability of the potential co-investor to invest an amount of capital that is consistent with the needs of the borrower or issuer (including the potential for add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction; the potential co-investor's ability to approve the investment pursuant to any applicable internal processes and to otherwise execute the transaction in a timely manner, as determined by Black Owl in good faith; whether the potential co-investor has a history of successfully consummating co-investment opportunities; whether the potential co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; the likelihood that the potential co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the borrower or issuer, or material informational rights) that would complicate or jeopardize the transaction; whether the potential co-investor has any interests in any competitor of the underlying borrower or issuer; whether the potential co-investor has any known investment policies or restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or

recurring distributions; the extent to which the potential co-investor has previously been provided co-investment opportunities; the potential co-investor's current priority in any rotation-based list of potential co-investors; and any other factors that Black Owl considers in good faith to be important in connection with the specific transaction or investment. Black Owl may, in its sole discretion, determine that any proposed participants in a co-investment opportunity will not be required to bear any broken deal expenses in connection with a proposed co-investment, which would result in the relevant Clients or Black Owl bearing the portion of such broken deal expenses attributable to such co-investment, as reasonably determined by Black Owl.

### **Monitoring and Review**

Black Owl closely monitors the portfolio investments of Clients and maintain an ongoing oversight position in the portfolio investments. Such matters reviewed include specific assets held, adherence to investment guidelines, the performance of each asset, and/or other risks related to the specific investment. The investment portfolios of each Client are generally private, illiquid and long-term in nature and accordingly Black Owl's review of them is not directed toward a short-term decision to dispose of securities. The Investment Team for a Client would perform additional reviews in the event that a portfolio investment needed subsequent financing, in the event of a potential acquisition or liquidity event, market volatility, or if there were a serious performance issue.

### **Reporting**

Black Owl provides reports to the investors in private fund Clients as required by the relevant Client's Offering Materials or as otherwise agreed to with an investor. Typically, investors can expect to receive quarterly reports containing information on the Client's portfolio holdings and valuation of their interests in the Client. These reports may include or be accompanied by information with respect to the performance of the Client, other information about the investor's capital account and certain tax-reporting information.



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

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Black Owl, its affiliates and their respective employees generally do not receive economic benefits, such as sales awards or other incentives, for providing investment advice or other advisory services to Black Owl Clients, from any person who is not a Black Owl Client. Black Owl does not compensate any person who is not a supervised person of Black Owl for client referrals.

## Item 15 – Custody

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The custody rule under the Advisers Act (the “Custody Rule”) defines custody as holding or having the authority to obtain possession of client securities or assets.

Black Owl does not physically hold cash or unrestricted certificated securities of Clients. Cash and certificated securities are held by Qualified Custodians (as defined under the Advisers Act) appointed by each Client.

Black Owl and/or its affiliates serving as general partner to the relevant private fund Client are deemed to have custody of the cash and securities of each of Client by virtue of Black Owl’s relationship with such Client’s general partner and/or by virtue of Black Owl employees having authority to pay expenses or open accounts on behalf of the Client.

In accordance with the Custody Rule requirements and relevant SEC staff guidance, each private fund Client has engaged an independent public accounting firm that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board to audit the Client annually, and audited financial statements are generally expected to be provided to that Client’s investors within 120 days of such Client’s fiscal year end.

## **Item 16 – Investment Discretion**

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Black Owl has discretionary investment authority to manage investments on behalf of the relevant Client. Black Owl assumes this discretionary authority pursuant to the terms of the Client's Offering Materials and powers of attorney executed by the investors in each Client.

In exercising discretion, Black Owl will at all times observe the investment policies, limitations and restrictions imposed by the relevant Offering Materials.

## Item 17 – Voting Client Securities

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Black Owl has adopted a policy governing the voting of proxies that is designed to ensure that it will vote proxy proposals in the best interest of its Clients and in accordance with Black Owl's fiduciary duty to its Clients.

Although the portfolio investments made by Clients do not typically issue proxies or require Black Owl to vote proxies, which generally only applies to publicly traded securities, Black Owl has accepted and will continue to accept the discretionary authority to vote proxies for the Clients.

Black Owl reviews each proposal submitted for a vote on a case-by-case basis to determine its impact on the portfolio investments held by Clients. Depending on the particular circumstances, Black Owl may vote one Client's portfolio investments differently than those of another Client or may vote differently on specific proposals, even though the portfolio investments or proposals are similar or identical. Nonetheless, each vote cast on behalf of Clients should be consistent with applicable proxy voting policies and procedures. In some instances, Black Owl may determine that it is in a Client's best interest to abstain from voting and will do so accordingly. This is typically the case with proposals that appear to have a negative impact on Client portfolio investments. That said, Black Owl may vote for such a proposal if compelling long-term reasons to vote exist.

Black Owl's proxy voting decisions are made by the Investment Team who is responsible for monitoring the Portfolio Investment issuing the proxy. The Investment Team is permitted to refer any proxy voting matter to a third-party proxy voting service ("Proxy Service"), engaged by and subject to the ongoing oversight of Black Owl, for a voting recommendation. Black Owl generally will vote proxies in accordance with the Proxy Service's recommendations. However, Black Owl may decide not to vote in accordance with the Proxy Service's recommendations, or not to vote at all, if it believes that doing so is in the best interests of the relevant Client(s).

Black Owl has adopted policies designed to mitigate the concern that a particular proxy vote is a product of a conflict of interest. These include (i) requiring employees involved in the proxy voting decision-making process to disclose to the Chief Compliance Officer any potential conflict relating to the proxy of which (s)he is aware as well as any contact that (s)he has had with any interested party regarding a proxy vote; and (ii) prohibiting employees involved in the decision-making process or vote administration from revealing how Black Owl intends to vote on a proposal (in order to reduce any attempted influence from interested parties).

Where Black Owl believes that there may be an actual or perceived material conflict of interest, Black Owl will, as appropriate under the specific circumstance, (i) consult with legal counsel; (ii) disclose the conflict of interest to the Client's or interested party's board of directors or other governing body and defer to its voting recommendation (in which case consent to the vote must be obtained prior to voting the proxy); (iii) abstain from voting; or (iv) either (a) rely on the recommendation of a third-party proxy voting service or (b) vote the Client's shares in the same proportion as that of the aggregated vote of the issuer's other outstanding shares (also known as "echo voting").

Depending on the particular circumstances involved, the appropriate resolution of any single conflict of interest may differ from the appropriate resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or even identical). Black Owl seeks to resolve all potential material conflicts of interest in the best interest of its Clients.

Clients can, but investors in the Clients cannot, direct Black Owl on how to vote a particular proxy.

Clients may request a copy of Black Owl's Proxy Voting Policy by contacting the Compliance Department at the phone number or address on the cover page of this Brochure.

## Item 18 – Financial Information

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Registered investment advisers are required to provide in response to this item certain financial information or disclosures about their financial condition, including with respect to certain prepaid management fees.

Black Owl does not require prepayment of management fees six months or more in advance.

Black Owl is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of any bankruptcy petition.

## **Exhibit A – Risks**

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The following is a non-exhaustive list of the more common risks that you should consider in connection with an investment program of the kind described herein. This Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to a particular client. You should refer to the Offering Materials for additional information about the specific risks that may apply to your particular investment or investment program.

### **Reliance on Black Owl and the Investment Team**

The success of each Client depends upon the diligence, skill and network of business contacts of the Investment Team. The Investment Team will evaluate, negotiate, structure, close, monitor and manage each Client's investments in accordance with the terms of its Offering Materials. A Client's future success will depend to a significant extent on the continued service and coordination of the Investment Team, which includes maintaining and building new relationships that will generate investment opportunities for Clients. There can be no assurance that the members of the Investment Team upon which Black Owl relies will continue to be associated with Black Owl throughout the life of any Client.

Although Black Owl will monitor the performance of each portfolio investment, with respect to portfolio investments that are companies, it will primarily be the responsibility of each portfolio investment's management team to operate such Portfolio Investment on a day-to-day basis. Although Black Owl generally intend to invest its Client's assets in companies with strong management, there can be no assurance that the management of such portfolio investments will be able or willing to successfully operate the portfolio investment in accordance with Client's objectives.

### **Lack of Sufficient Investment Opportunities and Competition for Investments**

The business of identifying, structuring and completing attractive investments is highly competitive and involves a high degree of uncertainty. Other investors compete to make the types of investments that Clients plan to make. Certain of these competitors are substantially larger, have considerably greater financial, technical and marketing resources, have higher risk tolerances or risk assessments and offer a wider array of financial services than the Clients. An Client could lose investment opportunities if it does not match its competitors' pricing, terms and structure.

There can be no assurance that there will be a sufficient number of attractive potential investments available to a Client to achieve target returns, and it is possible that a Client will never be fully invested if enough sufficiently attractive investments are not identified. Even if a Client is not fully invested, limited partners will generally be required to bear certain fees and expenses through a Client as set forth in the Offering Materials.

### **Illiquidity; Lack of Current Distributions and Limited Transferability of Client Interests**

An investment in a Client should be viewed as an illiquid investment. There will be no public market for interests in a Client, and none is expected to develop. The relevant Offering Materials and applicable securities laws impose substantial restrictions upon the transferability of Client interests. Withdrawals or redemptions of Client interests are generally limited or not permitted.

It is uncertain as to when profits, if any, will be realized, and losses on unsuccessful investments may be realized before gains on successful investments are realized. Realization of profits or return of capital, if any, generally will occur only upon the payment of interest from portfolio companies and the repayment of amounts loaned to such portfolio companies. At times, particularly early in the life of a Client, income may not be available for distribution due to an excess of operating expenses over income.

To the extent that a Client acquires a significant percentage of its portfolio company investments from privately held companies in directly negotiated transactions, substantially all of these investments are subject to legal and other restrictions on resale or are otherwise less liquid than exchange-listed securities or other securities for which there is an active trading market. A Client typically would be unable to exit these investments unless and until the portfolio company has a liquidity event such as a sale, refinancing, or initial public offering. The illiquidity of its investments may make it difficult or impossible for it to sell such investments if the need arises. In addition, if a Client is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the value at which it had previously recorded its investments, which could have a material adverse effect on the Client's business and financial condition. Moreover, investments purchased by a Client that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer, market events, economic conditions or investor perceptions.

### **Non-Specified Investments and Discretion in Determining Use of Contributed Capital**

Contributed capital will be used to finance or make investments that generally will not be meaningfully described to the investors in Clients prior to such financing or investment, and Black Owl will have broad discretion in determining the specific uses of contributed capital. Investors generally will not have the opportunity to evaluate the economic, financial or other information on which Black Owl bases its decisions, and therefore must rely on the judgment and ability of Black Owl.

Clients will pay certain expenses, including operating expenses, and generally will pay other expenses such as due diligence expenses of potential new investments, from contributed capital. A Client's ability to achieve its investment objective can be limited to the extent that contributed capital is used to pay operating expenses. No assurance can be given that a Client will be successful in identifying investments suitable for financing or investment or that, if such financings or investments are made, its investment objectives will be achieved. These factors increase the uncertainty, and thus the risk, of investing in a Client.



## **Need for Follow-On Investments**

Following its initial investment in a given Portfolio Investment, a Client could have the need or opportunity to provide additional funds to the investment. There is no assurance that a Client will make follow-on investments or have sufficient funds to make all or any of such investments. Any Client's decision not to, or inability to, make follow-on investments could have a substantial negative effect on a Portfolio Investment in need of such an investment (including an event of default). Additionally, failure to make follow-on investments could result in lost opportunities for a Client to increase its participation in successful investments or maintain a control or majority interest in certain investments.

## **Reinvestment of Capital**

A Client is permitted to reinvest, or distribute and subsequently recall, any net proceeds of fully or partially repaid investments. If such amounts are reinvested, such Client investors will remain exposed to risks associated with such investments.

Investors in a Client will need to reserve capital to fund any such recalls. Failure to fund a drawdown could negatively impact the implementation of a Client's investment strategy or otherwise have a material adverse effect on such Client or its limited partners.

## **Potential Lack of Diversification and Limited Number of Portfolio Companies**

Clients generally do not have fixed guidelines for diversification (other than certain maximum concentration limitations), and Client investments are typically concentrated in relatively few specific asset types. A Client could participate in a relatively limited number of investments and, as a consequence, the aggregate return of the Client could be substantially adversely affected by the unfavorable performance of even a single investment. Investors have no assurance as to the degree of diversification of a Client's investments, either by geographic region, asset type or sector. To the extent that a Client assumes large positions with respect to a small number of investments or industries, its valuation may fluctuate to a greater extent than that of a more diversified investment company. Realized aggregate returns may be significantly adversely affected if a small number of investments perform poorly or if the value of any one investment is written down, and a downturn in any particular industry in which a Client is invested could significantly affect its aggregate returns. Lack of sufficient diversification could also limit an Client's ability to obtain financing.

## **Cyber-security Risks**

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of Client information resources. These incidents could be an intentional attack or an unintentional event and could involve gaining unauthorized access to Black Owl's information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. Black Owl relies heavily upon computer systems to perform necessary business functions. Despite the implementation of a variety of security

measures, Black Owl's computer systems, networks, and data, like those of other companies, could be subject to cyber-attacks and unauthorized access, use, alteration, or destruction, such as from physical and electronic break-ins or unauthorized tampering. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary, and other information processed, stored in, and transmitted through Black Owl's computer systems and networks. The result of these incidents could include disrupted operations, misstated or unreliable financial data, liability for stolen information, misappropriation of assets, increased cyber-security protection and insurance costs, litigation and damage to Black Owl's business relationships. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect the business, financial condition or results of operations of Black Owl and/or its Clients. In addition, Black Owl and/or its Clients could be required to expend significant additional resources to modify their protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. Black Owl face risks posed to information systems, both internal and those provided to it by third-party service providers. Black Owl, Clients and their respective affiliates have implemented processes, procedures and internal controls to help mitigate cyber-security risks and cyber intrusions, but these measures, as well as Black Owl's increased awareness of the nature and extent of a risk of a cyber incident, may be ineffective and do not guarantee that a cyber incident will not occur or that the financial results, operations or confidential information of Black Owl and/or Clients will not be negatively impacted by such an incident.

Third parties with which Black Owl intends to do business (including those that provide services to them) can also be sources or targets of cyber-security or other technological risks

Black Owl intends to outsource certain functions, and these relationships will, in certain circumstances, allow for the storage and processing of information and assets, as well as certain investor, counterparty, employee and borrower information. While Black Owl intends to engage in actions to reduce their exposure resulting from outsourcing, ongoing threats could result in unauthorized access, loss, exposure or destruction of data, or other cyber-security incidents, with increased costs and other consequences, including those described above. Privacy and information security laws and regulation changes, and compliance with those changes, could also result in cost increases due to system changes and the development of new administrative processes.

### **Outbreaks of Infectious or Contagious Diseases; COVID-19**

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19 have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which could result in significant losses to a Client. In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders),

prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Clients. The extent of the impact on the Clients’ and their portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Clients to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Clients intend to pursue, all of which could adversely affect the Clients’ ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Clients, their portfolio companies, and Black Owl may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity’s personnel. These measures may also hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

### **Restricted Nature of Investment Positions**

A Client’s investments will typically be difficult to value because there is generally no readily available market for such investments. In addition, without an active market for such investments, there will be circumstances in which a Client is unable to dispose of an investment expeditiously or at an anticipated value. In limited circumstances, certain investments will be distributed in kind to Client investors, and it will be difficult for such investors to liquidate the securities received at an ideal price or within an ideal time period.

## **Risk of Loss**

Investors should understand that all investment strategies and the portfolio investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the Clients, which investors should be prepared to bear. The investment performance and the success of any investment strategy or particular Portfolio Investment can never be predicted or guaranteed, and the value of investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for Clients will be subject to various market, liquidity, currency, economic, political and other risks, and will not necessarily be profitable and it is possible that they will lose value. Past performance of Clients is not indicative of future performance.

The risks listed herein are not in order of importance. In addition to the risks listed here, there are additional material risks associated with the types of products in which a Client invests. Investors should refer to the applicable Offering Materials for a discussion of applicable risk factors for those particular investments.

## **Limitations on Availability of Exit Opportunities**

Over time, the Clients will take actions in an attempt to realize their investments or provide means of liquidity to investors. These actions will likely include, but are not limited to, a sale of one or more of portfolio investments, one or more in-kind distributions, or a sale of the Clients or their entire portfolio of investments. The Clients are under no obligation to take any of these actions and could face contractual, regulatory, market and/or other constraints on their ability to effect any of these actions. To the extent that a Client is unable to realize its investments due to such constraints, investors will not be able to realize their investments in the Clients and the value of such investments would be impaired. The Clients could be required to accept securities or other assets of an acquiror in connection with any disposition of a Portfolio Investment.

## **Hedging Policies/Risks**

Clients are permitted, in some circumstances, directly or indirectly, to employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, currency exchange and other factors (including risks associated with the use of derivative instruments). While such transactions are generally expected to reduce certain risks, such transactions themselves entail certain other risks. Thus, while a Client could benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, currency exchange rates and other factors could result in a poorer overall performance for a Client than if it had not entered into such hedging transactions.

## **Institutional Risk**

Institutions, such as brokerage firms, prime brokers, banks or hedge funds, will have custody of the assets of Clients. Often these assets will not be registered in the name of the Client and could be pledged as collateral or re-hypothecated by such institutions and could not be in segregated

accounts. Bankruptcy, insolvency, default (or similar events), fraud or misrepresentation at one of these institutions could impair the operational capabilities or capital position of a Client, including a loss of securities held by such institutions. Black Owl will attempt to limit Client's direct investment transactions to well-capitalized and established banks and brokerage firms in an effort to mitigate such risks, but neither Black Owl nor any Client has any control over the institutions with certain portfolio investments enter into transactions.

### **Valuation Risk**

Market prices could not be readily available for portfolio investments. Restrictions on resale or the absence of a liquid secondary market could adversely affect the Clients' ability to determine its value. The sale price of securities that are not readily marketable could be lower or higher than Black Owl's most recent determination of their fair value. Valuations of assets of Clients could involve uncertainties and the exercise of judgment and discretion. If such valuations should prove to be incorrect, the net asset value of a Client could be adversely affected. There can be no assurance that the value of portfolio investments as reported will ultimately be realized.

### **Future Changes in Applicable Law**

The ability of Black Owl to implement the investment program of the Clients, as well as the ability of a Client to conduct its operations and objectives, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect a Client's ability to implement its investment program, as well as the ability of the Client to conduct its operations and achieve its objectives.

### **Litigation**

Blue Owl engages in a broad variety of activities on a global basis in respect of its managed funds and investments. These activities subject Blue Owl to risks of becoming involved in litigation by third parties and subject Blue Owl to investigations or proceedings initiated by governmental authorities. Additionally, Blue Owl is, and expects from time to time in the future to be, engaged in ongoing litigation. It is difficult to determine what impact, if any, such litigation could have on Blue Owl and Clients. As a result, there can be no assurance that the foregoing will not have an adverse impact on Blue Owl or otherwise impede Black Owl's ability to effectively achieve its objectives with respect to the Clients.

### **Leveraged Investments**

Subject to any limitations set forth in the relevant Offering Materials, a Client may make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company. The use of borrowings, also known as leverage, increases the volatility of investments by magnifying the potential for gain or loss on invested equity capital. To the extent that leverage is used to partially finance investments through borrowing from banks and other lenders, Investors will experience increased risks of investing. If the value of assets decreases, leverage would cause net asset value to decline more sharply than it otherwise would have without such borrowing

and employing of leverage. Similarly, any decrease in income would cause net income to decline more sharply than it would have without such borrowing and employing of leverage. Such a decline could negatively affect the ability to service debt or make distributions.

In addition, investors will bear the burden of any increase in expenses as a result of the use of leverage, including interest expenses and any increase in the base management or performance-based economics attributable to the increase in assets purchased using leverage. If income on investments made with borrowed funds is less than the costs of the leverage, the value of the Client's assets will decrease. In addition, many financial instruments used to employ leverage are subject to variation or other interim margin requirements, which may force premature liquidation of investments.

The cost and availability of leverage is highly dependent on the state of the broader credit markets, which is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The amount of leverage will depend on Black Owl's assessment of market and other factors at the time of any proposed borrowing. There can be no assurance that leveraged financing will be available on favorable terms or at all. However, to the extent that leverage is used to finance assets, financing costs will reduce cash available for distributions. Moreover, to the extent that financing obligations cannot be met, there is a risk of loss of assets to liquidation or sale to satisfy the obligations. In such an event, it may be necessary for assets to be sold at significantly depressed prices due to market conditions or otherwise, which may result in losses.

A Client may also borrow money or otherwise be liable for indebtedness (such as a guaranty of a portfolio company's debt), and it is not expected that such Client would be compensated for providing the guarantee or exposure to liability. A Client may also incur leverage on a joint and several basis with, or cross-collateralize certain of the obligations of, one or more other Black Owl entities. To the extent a Client incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments, and Investors may be required to make contributions directly to the lenders.

### **Risks Related to Changes in Interest Rates**

Because the Clients may borrow money as permitted under the respective Offering Materials to make investments, investment performance will depend, in part, upon the difference between the rate at which funds are borrowed and the rate at which funds are invested. As a result, there is no assurance that a significant change in market interest rates will not have a material adverse effect on a Client's investment performance.

### **Non-controlling Investments**

To the extent that a Client makes non-controlling investments, a Client will not be in a position to control the management, operation and strategic decision-making of the companies in which it invests. As a result, a Client will be subject to the risk that a portfolio company it does not control, or in which it does not have a majority ownership position, may make business decisions

with which it disagrees, and the equity holders and management of a portfolio company may take risks or otherwise act in ways that are adverse to such Client's interests.

### **Passive Investments in Asset Managers**

Clients are permitted to make passive investments in asset managers and other entities. As a result, the Clients typically have a limited ability to exert influence over such portfolio investments. Clients will rely on the existing management and board of directors or similar body of such entities, which may include representation of other investors whose interests may conflict with the interests of Clients. In holding non-controlling interests, Clients will have a limited ability to create additional value in the entities in which it invests by effecting changes in the strategy and operations of these entities or to protect its positions in such entities or to create or take advantage of exit opportunities. Clients' inability to control the timing of the making, restructuring, refinancing and exiting of its investments may adversely affect performance. There can be no assurance that all third parties will similarly conclude that such investments are non-control investments or that, due to the interpretation of applicable law or regulations, investments by Clients will not be deemed to have control elements for certain contractual, regulatory or other purposes.

### **Portfolio Company Leverage**

A Client may make investments in portfolio companies with leveraged capital structures, which could constrain the ability of these companies to finance their future operations and capital needs. These portfolio companies may be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of such company or its industry, and are inherently more sensitive to declines in revenues, competitive pressures and increases in expenses. In the event that such a portfolio company is unable to generate sufficient cash flow to timely meet principal and interest payments on indebtedness, the value of a Client's investment could be significantly reduced or even eliminated.

### **Origination of Loans and Licensing Requirements**

As a result of investment activities, it is possible that a Client could be deemed to be engaged in the origination of debt or debt-linked securities for purposes of the applicable laws in jurisdictions in which such activities take place. Such laws are frequently highly complex and may include licensing requirements. Certain federal and local banking and regulatory bodies or agencies in or outside the United States may require one or more Clients, Black Owl and/or Black Owl employees to obtain licenses or authorizations to engage in many types of lending activities including the origination of loans. It may take a significant amount of time and expense to obtain such licenses or authorizations and a Client may be required to bear the cost of obtaining such licenses and authorizations. The inability to obtain necessary licenses or authorizations, the structuring of an investment in an inefficient or otherwise disadvantageous manner, or changes in licensing regulations, could adversely affect Black Owl's ability to implement a Client's investment program and achieve its intended results.

**Risks Particular to Investments in Mezzanine Debt, Subordinated Debt, Equity-Related Investments, Non-Investment Grade Investments, Privately Held Companies, Public Company Holdings, Distressed Investments, Special Situations and “Event-Oriented” Situations**

*Mezzanine Debt.* Any mezzanine loan in which a Client may invest generally will be subordinated to senior secured loans on a payment basis and typically will be unsecured and rank pari passu with other unsecured creditors. As such, other creditors may rank senior to a Client in the event of an insolvency. This may result in an above average amount of risk and loss of principal.

*Subordinated Debt.* Any investments in subordinated debt in which a Client may invest would be unsecured and rank behind the issuer’s senior unsecured/secured indebtedness. While such subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. Moreover, the ability of a Client to influence an issuer’s affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. For example, under typical subordination terms, secured creditors are able to block the acceleration of the debt or the exercise by debt holders of other rights or remedies they may have as creditors for a period of time. Accordingly, a Client may not be able to take steps to protect its investments in a timely manner or at all. In addition, any unsecured debt in which a Client may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency. Further, upon any distribution to an issuer’s creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such issuer’s senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made with respect to the Client’s subordinated debt investments.

*Equity-Related Investments.* Any equity securities of portfolio companies, warrants, options, or convertible instruments that a Client may acquire will generally involve a high degree of risk and will be subordinate to the debt securities and other liabilities of the issuer of such equity securities. Such equity interests may not appreciate in value and, in fact, may decline in value. Accordingly, a Client may not be able to realize gains from such equity interests, and any gains that are realized on the disposition of equity interests may not be sufficient to offset any other losses such Client experiences.

*Non-Investment Grade Investments.* Debt securities rated below investment grade quality are generally regarded as having predominantly speculative characteristics and may carry a greater risk with respect to a borrower’s capacity to pay interest and repay principal. Investments in non-investment grade middle-market loans are subject to liquidity, market value, credit, interest rate, reinvestment and other risks and are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and repay principal. There can be no assurance that Black Owl will correctly evaluate the nature and magnitude of the various factors that could negatively affect the value or performance of such assets. It is anticipated that these



loans will be subject to greater risks than investment grade corporate obligations, and these risks could be exacerbated if a Client's portfolio is concentrated in one or more particular types of assets.

For example, issuers of non-investment grade securities may be less creditworthy and have a larger amount of outstanding debt relative to their assets than issuers of investment grade securities. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of holders of non-investment grade securities, leaving few or no assets available to repay holders of non-investment grade securities. Prices of non-investment grade securities are subject to extreme price fluctuations, and issuers of non-investment grade securities may be unable to meet their interest or principal payment obligations. In addition, non-investment grade securities frequently have redemption features that permit an issuer to repurchase the security from a Client before it matures, which could cause such Client to invest the proceeds in securities with lower yields and lose income. Non-investment grade securities may also be less liquid than higher rated fixed-income securities, even under normal economic conditions. Judgment may play a greater role in valuing these securities, and the credit rating of a high yield security does not necessarily address its market value risk. A Client may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer. Ratings and market value may change from time to time, positively or negatively, to reflect new developments regarding the issuer.

*Investments in Privately Held Companies.* Investments in private companies pose certain incremental risks as compared to investments in public companies. Investments in private companies tend to be less liquid. The securities of private companies are not publicly traded or actively traded on the secondary market and are, instead, traded on a privately negotiated over-the-counter secondary market for institutional investors. These over-the-counter secondary markets may be inactive during an economic downturn or a credit crisis and in any event often have lower volumes than publicly traded securities even in normal market conditions. In addition, the securities in these companies will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. If there is no readily available market for these investments, a Client will be required to carry these investments at fair value as determined by the Black Owl or its affiliates. As a result, if a Client is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the value at which it had previously recorded these investments. A Client may also face other restrictions on its ability to liquidate an investment in a portfolio company to the extent that the Client, Black Owl or any of their affiliates have material nonpublic information regarding such portfolio company. The reduced liquidity of investments may make it difficult to dispose of them at a favorable price, and, as a result, a Client may suffer losses.

Finally, little public information generally exists about private companies and these companies may not have third-party credit ratings or audited financial statements. A Client must therefore rely on the ability of Black Owl to obtain adequate information through due diligence to evaluate the creditworthiness and potential returns from investing in these companies, and to monitor the activities and performance of these investments. To the extent that Clients hold a larger

number of investments, greater demands will be placed on Black Owl's time, resources and personnel in monitoring such investments, which may result in less attention being paid to any individual investment and greater risk that its investment decisions may not be fully informed. Additionally, these companies and their financial information will not generally be subject to the Sarbanes-Oxley Act of 2002 and other rules that govern public companies. If Black Owl is unable to uncover all material information about these companies, fully informed investment decisions may not be made, and money may be lost on investments.

*Public Company Holdings.* Any investments in securities and debt issued by publicly held companies may subject a Client to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Client to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including investment professionals, and increased costs associated with each of the aforementioned risks.

*Distressed Investments.* A Client may invest in securities and other obligations and assets of issuers that are, or could be, in special situations involving significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments could result in significant returns to a Client, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high. There is no assurance that Black Owl will correctly evaluate the value of the assets collateralizing a Client's investments or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding relating to an issuer in which a Client invests, a Client could lose its entire investment, could be required to accept cash or securities or assets with a value less than the original investment and/or could be required to accept payment over an extended period of time.

Investments in distressed securities, particularly in connection with reorganizations, often involve litigation generally related to issues related to control and preference among classes, claimants and other related matters. Such litigation can be time-consuming and expensive and can frequently lead to unpredicted delays or losses that by their nature involve business, financial, market and/or legal risks. Under such circumstances, the returns generated from that investment will potentially not compensate the Investors adequately for the risks assumed.

Troubled company investments and other distressed asset-based investments require active monitoring and could, at times, require participation in business strategy or reorganization proceedings by Black Owl and its affiliates. To the extent that Black Owl and its affiliates become involved in such proceedings, a Client could have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, involvement by Black Owl and its affiliates in a company's reorganization proceedings could result in the imposition of restrictions limiting a Client's ability to liquidate its position in the issuer.

*Investments in Special Situations.* A Client may invest in “event-driven” and other special situations, such as recapitalizations, spin-offs, restructurings, reorganization, bankruptcy, litigation, corporate control transactions, corporate events and other catalyst-oriented strategies. Black Owl believes these types of investments often have limited downside risk relative to their current valuations. Black Owl could, however, be incorrect in its assessment of the downside risk associated with an investment, thus resulting in significant losses to a Client. Investments in such securities often are difficult to analyze or have limited trading histories or in-depth research coverage. Although Black Owl intends to utilize appropriate risk management strategies with respect to the Clients, such strategies cannot fully insulate a Client from the risks inherent in its planned activities. Moreover, in certain situations Black Owl will be unable to, or could choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

### **Investments in Public Companies**

Clients could invest in the equity or debt of public companies or take private portfolio companies public. Investments in public companies could subject Clients to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the investing Client to dispose of such securities at certain times (including due to the possession by such Client of material non-public information), increased likelihood of shareholder litigation against such companies’ board members, which could include Black Owl’s investment personnel, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

### **Equity Securities**

The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and “growth” stocks can react differently from “value” stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism, war, regional and global conflicts and related geo-political events risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

### **Non-U.S. Securities**

Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies;

withholding or other taxes; economic sanctions; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. One or more of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market. Non-U.S. securities may become subject to economic sanctions or other restrictions imposed by U.S. or foreign regulators, which could adversely affect the value or liquidity of those securities.