

**Part 2A of Form ADV: Firm Brochure**

**Item 1            Cover Page**

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This Brochure provides information about the qualifications and business practices of Arbour Lane Capital Management LP (the “**Adviser**” or “**we**”). If you have any questions about the contents of this Brochure, please contact us by telephone at (212) 231-8763 or by email at [mkodes@alcmlp.com](mailto:mkodes@alcmlp.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

Registration of an investment adviser with the SEC or with any state securities authority does not imply any level of skill or training.

## **Item 2            Material Changes**

Since Arbour Lane Capital Management LP (the “**Adviser**”) filed its most recent Part 2A of Form ADV: Firm Brochure on November 4, 2022 (the “**Adviser’s Brochure**”), there have been no material changes to the Adviser’s Brochure.

The Firm routinely makes changes throughout its brochure in an effort to improve and clarify the description of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices.

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

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

##### **A.            General Description of Advisory Firm**

Arbour Lane Capital Management LLC, a limited liability company formed under the laws of the State of Delaware, was formed on February 22, 2016. Arbour Lane Capital Management LP (the “**Adviser**”) succeeded Arbour Lane Capital Management LLC on January 1, 2018. The Adviser’s principal place of business is in Stamford, Connecticut. The Adviser’s principal owners are Robert J. Franz, Kenneth D. Hoffman, and Dan L. Galanter.

##### **B.            Description of Advisory Services (including any specializations)**

The Adviser currently provides investment supervisory services to a managed account (the “**Portfolio**”) on a non-discretionary basis.

The Adviser also provides investment advice to private investment funds (the “**Funds**” or collectively with the Portfolio, the “**Clients**”) whose investors may include high net-worth individuals, other pooled investment vehicles, pension and profit-sharing plans, trusts, estates or charitable organizations, and other corporations or businesses and/or entities that are both “qualified purchasers” as defined in the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and “accredited investors” as defined in the Securities Act of 1933, as amended (the “**Securities Act**”).

For a complete list of all Clients that the Adviser provides investment management services, see Section 7.B. of Schedule D to the Advisers’ Form ADV Part 1.

##### **C.            Availability of Tailored Services for Individual Clients**

The Adviser provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of its managed account clients.

##### **D.            Wrap Fee Programs**

The Adviser does not currently participate in any wrap fee programs.

##### **E.            Client Assets Under Management**

As of December 31, 2022, the Adviser managed approximately \$4,704,299,027 on a discretionary basis and approximately \$89,827,051 on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **A. Advisory Fees and Compensation**

The Adviser is entitled to receive a management fee from the Clients for its services (a “**Management Fee**”). The Management Fee is payable quarterly in advance or at such other frequency as agreed to between the Adviser and the Clients (each, a “**Fee Period**”). To the extent that any installment of the Management Fee is payable to the Adviser for any period other than a full Fee Period, then such installment will be prorated based on the number of days in such Fee Period.

In addition to the Management Fee, the Adviser (or its affiliate) is generally entitled to receive a carried interest allocation (the “**Carried Interest**”) entitling it to a prescribed portion of the Clients’ profits.

The Adviser’s fee schedule is omitted because this Brochure is only being delivered to “**qualified purchasers**” as such term is defined in the Investment Company Act.

### **B. Payment of Fees**

The Clients are generally required to pay the Management Fee to the Adviser quarterly in advance with respect to each Fee Period. The Adviser currently does not have the power to directly deduct the Management Fee in advance from the Portfolio with respect to the relevant Fee Period by instructing the Portfolio’s custodian. The Adviser does have the power to directly deduct the Management Fee in advance from the Funds.

### **C. Other Fees and Expenses**

As more fully described in each Client’s respective offering document, limited partnership agreement or other similar constitutional document, each Client will generally bear expenses incidental to its operations and business. These expenses may include, but are not limited to, bearing the Management Fee and, if applicable, the Carried Interest, in addition to organizational expenses; investment expenses such as: custodial charges, brokerage fees, commissions and related costs; interest expenses; indemnification expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other Client or securities-related expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts including, but not limited to, auditors, accountants, legal advisors, regulatory and compliance advisors and administrators.

Please refer to Item 12 in this Brochure for a discussion of the Adviser’s brokerage practices, including factors that we consider when selecting brokers and dealers for client transactions.

### **D. Prepayment of Fees**

The Clients are generally required to pay the Management Fee to the Adviser quarterly in advance with respect to each Fee Period. To the extent that the Adviser’s management (or comparable) agreement with respect to a Client terminating as of any date that does not constitute a full Fee Period, then the Management Fee payable to the Adviser with respect to such period will be prorated based on the actual number of days that the Client assets were under the Adviser’s management during such Fee Period. The Adviser will promptly return any excess amounts paid to it by the Client.

**E. Additional Compensation and Conflicts of Interest**

This Item is not applicable.

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

As noted in Item 5 above, the Adviser (or its affiliate) may receive a Carried Interest entitling the Adviser to a portion of the Clients' profits. The Adviser and its investment personnel may in the future provide investment management services to multiple portfolios for multiple clients. Since the Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account as there may be differences in the structure of the Carried Interest. Differences in the Carried Interest structure could create potential conflicts in that the Adviser and its investment personnel could have a greater incentive to favor a client that provides the Adviser with the most favorable Carried Interest structure versus other clients that provide the Adviser with an inferior or no Carried Interest structure.

Investment personnel may also have conflicts in allocating their time and services among multiple clients. Further, it is possible that the various client accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client's account. One account may seek to participate in a transaction in which another account may have made (or may seek to make) an investment. The two accounts may have conflicting interests and objectives in connection with the transactions, including how they view the operations or activities of the portfolio or issuer, the targeted returns from the transaction, and the timeframe for, and method of, exiting the transaction.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably.

The performance of similarly managed accounts will also be regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities generally require that all investment opportunities be allocated on a basis that over a period of time is fair and equitable to each Client, relative to other Clients and consistent with any fiduciary duties owed to the Clients and all relevant facts and circumstances. These areas are monitored by the Adviser's Chief Compliance Officer. Further, the Adviser and its investment personnel will endeavor to devote such time to each client as they deem appropriate under the circumstances to perform their duties and obligations to each such client in accordance with applicable law and the Adviser's written agreement with each such Client.

**Item 7           Types of Clients**

The Adviser currently provides investment advice to the Clients.

Underlying investors in the Clients may include high net-worth individuals, other pooled investment vehicles, pension and profit-sharing plans, trusts, estates or charitable organizations, and other corporations or businesses and/or entities that are both “qualified purchasers” as defined in the Investment Company Act and “accredited investors” as defined in the Securities Act. The offering documents of each Client may set minimum amounts for investment by prospective investors in such Clients. These minimum amounts may be waived by the Adviser or an affiliate.

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

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

The Adviser utilizes a variety of methods and strategies to make disposition recommendations to the Clients. Each Client's investment portfolio may participate in one or more of such asset categories and strategies as described in such Client's offering documents, organizational documents and/or investment management agreement. The Adviser utilizes historical bottom-up fundamental research analysis and its understanding of market technicals to identify and capitalize on disposition opportunities for the Clients' securities.

An investment in securities entails a high degree of risk with no certainty as to the magnitude or timing of the returns, if any, on a client's investment. Accordingly, an investment with the Adviser should be made only by clients who are able to bear the risk of loss of all capital invested. No guarantee or representation is made that the Adviser will be able to implement its investment strategy or achieve its targeted returns, if any, or that the overall investment program of the Adviser will be successful.

### **B.            Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies**

The ability of the Adviser to recommend the successful disposition of the Clients' securities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Clients' investments) and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instruments' prices and the liquidity of the Clients' investments. Volatility or illiquidity could impair the Clients' profitability or result in losses. The Clients may maintain substantial positions that can be adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss.

### **C. Risks Associated with Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks)**

The Clients consists primarily of United States assets in the credit, distressed and special situations space. In connection with the disposition of the Clients' securities discussed above, please find below a list of the primary types of securities that the Clients holds (as well as the attendant risks associated with each such security):

#### **Equities**

Equities may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. In particular, equity prices are directly affected by issuer specific events, as well as general market conditions.

The Clients expect to make equity investments in connection with its debt investments. However, the equity interests may not appreciate in value and, in fact, may decline in value. Accordingly, the Clients may not be able to realize gains from its equity interests, and any gains that they do realize on the disposition of any equity or similar interests may not be sufficient to offset any other losses the Clients experience.

### **Distressed Securities**

Investment in the securities of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk. There can be no assurance that such financially or operationally troubled issuers can be successfully transformed into profitable operating companies. There is a possibility that the Clients' may incur substantial or total losses on its investments or that such investments may not show any return for a considerable period of time. Under such circumstances, the returns generated from the disposition of the Clients' securities may not compensate the Clients adequately for the risks assumed. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. In addition, it may be difficult to obtain information about financially troubled issuers and operationally troubled issuers. Securities of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than securities of companies not experiencing financial difficulties. The market prices of such securities are subject to erratic and abrupt market movements, and the spread between bid and asked prices may be greater than normally expected. In addition, it is anticipated that many of the Clients' investments may not be widely traded. As a result, the Clients may experience delays and incur losses and other costs in connection with the disposition of such securities.

### **Defaulted Securities**

The Clients may hold the securities of companies involved in bankruptcy proceedings, reorganizations and financial restructurings and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject the Clients to litigation risks or prevent the Clients from disposing of securities. In a bankruptcy or other proceeding, the Clients may be unable to enforce its rights in any collateral or may have its security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors.

### **Loans and Participations**

The Clients may hold bank loans and participations. The special risks associated with these obligations include, but are not limited to, (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so called "lender liability" claims by the issuers of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations, (iv) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality and (v) with respect to participations, limitations on the ability of the Clients to directly enforce its rights, as well as an assumption of credit risk of the borrower and the grantor of the participation. The Clients may also hold assets in the secondary markets for loans. Such loans may be privately negotiated transactions, each of which has individualized terms. These positions may be illiquid and difficult to value. In addition, loans may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the borrower and general market liquidity.

### **Secured Loans**

Certain loans held by the Clients may be secured. The Clients may be exposed to losses resulting from default and foreclosure on such loans. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each of great importance. There can be no guarantee of the adequacy of the protection of the Clients' interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, there can be no assurance that claims will not be asserted that might interfere with enforcement of the Clients' rights. In the event of a foreclosure, the Clients may assume direct ownership of the underlying

asset. The liquidation proceeds upon the disposition of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Clients. Any costs or delays involved in the effectuation of a foreclosure of the loan, or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

### **Special Situations Investments**

The Clients may hold investments in special situation financings, including event-driven situations such as recapitalizations, debtor-in-possession and other financings, corporate and financial restructurings, acquisitions, divestitures, reorganizations or other situations in public or private companies. Such will typically have been made on a negotiated basis. These investments are complicated, and an incorrect assessment of the downside risk associated with an investment could result in significant losses to the Clients.

### **Investor Activism**

It is possible that the Adviser may deem it necessary to seek representation on the board of directors of, or on official or unofficial creditors' committees for, a distressed company in order to better monitor the financial condition of the distressed company or developments in the proceeding and/or to be in an improved position of advocacy during any negotiations. Such representation could, however, cause the Adviser and/or its clients to be deemed to be "insiders" or "fiduciaries" of the distressed company or of a creditors committee, in which case the ability of the Adviser to trade in the securities and claims of such company could be restricted.

### **Conflicts of Interest**

The Adviser has an apparent conflict of interest between its appointed fiduciary duty to the Clients as the investment manager and its affiliation with the Funds' general partners. Investors must recognize that the Funds have been formed specifically as an investment product to be managed by the Adviser, and that the general partners may not be inclined to appoint any other investment adviser for the Funds even if doing so might be in the Funds' best interests.

### **Allocation of Investment Opportunities**

If and to the extent circumstances and situations may arise in which potential investment opportunities satisfy the investment objectives of multiple Funds, the Adviser will seek to allocate such investment opportunities in a manner that, over a period of time, is fair and equitable to the Funds while taking in account any provisions in each Fund's offering documents that may entitle a specific Fund to receive priority over other Funds with respect to allocation of investments for any specific investments or specified periods of time.

### **Credit Analysis and Credit Risk**

The disposition strategy to be utilized by the Adviser may require accurate and detailed credit analysis of issuers. There can be no assurance that the Adviser's analysis will be accurate or complete. The Clients may be subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers in its portfolio of investments.

## **Operating and Financial Risks of Client Investments**

The Clients' return would be adversely impacted if an issuer of debt securities in which the Clients have invested becomes unable to make payments when due. Financial performance of such investments could deteriorate as a result of, among other factors, adverse developments in the issuer's businesses, changes in the competitive environment, or an economic downturn. As a result, such investments may operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

## **Fair Valuation**

The Adviser shall determine the fair market value of the Fund's assets, on a quarterly basis, in good faith in accordance with the Adviser's valuation policy. Many of the Fund investments will take the form of loans that are not publicly traded. The fair value of loans that are not publicly traded may not be readily determinable, and the Adviser will value these loans at fair value as determined in good faith in accordance with the valuation policy, including to reflect significant events affecting their value. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, the Adviser's determinations of fair value may differ materially from the values that would have been used if a ready market for these loans existed. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. In addition, because the Funds' investments may be in industries or sectors which are unstable, in distress or undergoing some uncertainty, valuations of such investments may be subject to rapid and/or significant changes caused by, among other matters, sudden company-specific or industry-wide developments or significant market volatility as caused by the COVID-19 pandemic or other global events.

## **Illiquidity of Assets**

The Clients' assets will generally have no, or only a limited, trading market. The Clients' investments in illiquid assets may restrict its ability to dispose of investments in a timely fashion or for a fair price. Illiquid assets may trade at a discount from comparable, more liquid assets.

The secondary market for middle market loans is smaller and less liquid than the market for broadly syndicated loans made to larger obligors. In addition, the Clients may invest in assets that may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions. The prices realized from the sale of any of the Clients' assets could be less than the cost of such assets to the Clients or less than what may be considered the fair value of such assets.

## **Cross-Transactions**

From time to time, the Adviser may seek to effect a purchase or sale of an investment between the Funds. Such transactions generally will not require the consent of each Fund under applicable law provided that that none of the general partners, the Adviser or any of their affiliates shall receive a fee or commission in connection with such cross transaction and that such cross-transaction is on arm's-length terms and is at fair value.

## **Cybersecurity**

The Adviser, the Funds' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and/or the underlying

investors, despite the efforts of the Adviser and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and the underlying investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the underlying investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for portfolio companies, which could have material adverse consequences for such portfolio companies, and may cause the Funds' investments to lose value.

### **Epidemic Outbreak**

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including the Adviser's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. The Adviser has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Adviser's business and/or the markets can be determined and addressed in advance.

### **Economic Conditions**

Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of a Client's account. Economic, political, and financial conditions, or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country where the Adviser's client assets are invested may result in adverse consequences to such clients' portfolios. None of these conditions is or will be within the control of the Adviser, and no assurances can be given that the Adviser will anticipate these developments.

There currently is a high degree of economic uncertainty given elevated inflation, a rapid increase in interest rates by Central Banks, and a high level of geopolitical uncertainty in Europe and Asia. The likelihood of a recession, and the magnitude of any such recession, is highly uncertain and would have significant implications across asset classes, particularly if a recession occurs and is of significant magnitude or duration.

### **Exposure to Material, Non-Public Information**

From time to time, the Firm's employees receive material, non-public information with respect to an issuer of publicly traded securities resulting from professional and/or personal channels. In such circumstances, Clients may be prohibited, by law, and policies and procedures for a period of time from (i) unwinding a

position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

### **Custody Risk**

There is the possibility that brokerage firms and/or banking institutions at which the Clients maintain custody of their assets may encounter financial difficulties including bankruptcy and/or insolvency. The Clients may therefore have potential exposure to losses as a result of such an institution's financial difficulties. There can be no assurances as to what effect such a brokerage firm's or banking institution's failure would have on Client assets.

### **Bank Deposit Risk**

Deposits maintained at an FDIC-insured bank are insured up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Any deposits over \$250,000 in cash per account at a single bank may be unrecoverable in the event the bank fails.

### **Counterparty Risk**

The Firm, and its Clients, may be subject to credit and liquidity risk with respect to the counterparties. Exposure to credit and liquidity risk from counterparties can occur through a wide range of activities when dealing with, including but not limited to, service providers, banks, brokers, insurance providers, trading counterparties, portfolio companies, prospective portfolio companies, or other entities. Should a counterparty become bankrupt or otherwise fail to perform its obligations under a contract due to financial difficulties, there may be significant delays in obtaining any or limited recovery under a contract in a bankruptcy court or other reorganization proceeding. The lack of any independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement or provide access to capital will increase the potential for losses by the Firm and Clients, especially during unusually adverse market conditions.

### **Force Majeure**

Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party to perform its obligations until it is able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from companies in which the Adviser may invest, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to these investments of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on any investment held by client accounts. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Adviser may invest.

**THIS LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN CONNECTION WITH THE ADVISER'S INVESTMENT OR THE MANAGEMENT OF CLIENTS. IN ADDITION, INVESTORS SHOULD BE AWARE THAT, AS THE MARKET DEVELOPS AND CHANGES OVER TIME, INVESTMENTS OF BEHALF OF CLIENTS MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISKS. INVESTORS CONSIDERING PRIVATE FUNDS SHOULD ALSO CAREFULLY REVIEW THE RISKS DISCLOSURES AND OFFERING DOCUMENTS ASSOCIATED WITH SUCH INVESTMENTS.**

**Item 9            Disciplinary Information**

There is nothing to report under this Item.

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

Neither the Adviser nor any of its employees is registered, or has an application pending to register, as: (i) a broker-dealer; (ii) a registered representative of a broker-dealer; (iii) a futures commission merchant; (iv) a commodity pool operator, (v) a commodity trading advisor; or (vi) an associated person of any of (ii), (iii), (iv) or (v).

As described above, the Adviser will serve as the investment adviser to the Funds. Entities that serve as general partners to the Funds, organized as limited partnerships are affiliated with the Adviser.

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

The Adviser has adopted a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) that establishes the standard of business conduct that all employees must follow in upholding the Adviser’s fiduciary duty to its clients. The Code is designed to promote high ethical standards and sets forth internal policies and procedures designed to address and mitigate actual and potential conflicts of interest between the Adviser, its employees and the clients. All employees are required to certify annually that they have read, understand and agree to abide by the Code, including the insider trading policies and procedures set forth therein. The Code also establishes guidelines for the appropriate handling and containment of any material non-public information to which the employee may be exposed.

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

Further, the Adviser has adopted a formal personal trading policy that imposes restrictions on employee trading without the prior approval of the Adviser’s Chief Compliance Officer, prohibits purchasing securities in an IPO, requires pre-clearance before purchasing securities in a limited offering (*i.e.*, a private placement) and requires periodic reporting of employees’ personal securities transactions and all holdings. The Adviser closely monitors the personal trading of employees and prohibits excessive personal trading. All employees are required to certify annually that they have read, understand, and agree to abide by the Code and all policies and procedures set forth therein.

The client and prospective clients may obtain a copy of the Code by contacting the Adviser’s Chief Compliance Officer by email at [mkodes@alcmlp.com](mailto:mkodes@alcmlp.com) .

Employees, including certain members of the Adviser’s Investment Committee, may have business interests separate and apart from their interests in the Adviser and its Funds. Such outside business interests may include controlling, voting and non-voting interests in private equity funds, operating companies, and private real estate investments. New outside business interests are subject to review and pre-approval by the Chief Compliance Officer to check for material conflicts of interest. If an employee becomes aware of a material conflict of interest between the employee and his/her role with respect to one of the Funds, the employee is expected to inform the Chief Compliance Officer immediately of the conflict and, where possible, propose methods to mitigate the conflict. Nevertheless, from time to time, various conflicts of interest may arise.

Certain employees and affiliated persons of the Adviser may invest in the Funds, either through a general partner affiliate or as direct investors in the Funds. The Adviser or an affiliated general partner, as applicable, may reduce all or a portion of the Management fee and/or Carried Interest related to investments held by such persons.

## Item 12 Brokerage Practices

### A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

To the extent the Adviser uses broker-dealers or other intermediaries to effect the disposition of securities for the Clients, the Adviser will consider a number of factors in selecting such broker-dealers or intermediaries and determining the reasonableness of the broker-dealers' or intermediaries' compensation. Such factors may include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer or an intermediary to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

#### 1. Research and Other Soft Dollar Benefits

The Adviser currently does not, but may in the future, receive research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars", if any, to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("**Section 28(e)**"). The use of "**soft dollars**" to purchase products or services that the Adviser might otherwise need to pay for with its assets may create a conflict of interest. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (*i.e.*, connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

If the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Chief Compliance Officer will periodically review and evaluate the Adviser's soft dollar practices to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

Where a particular service or product that a broker or dealer is willing to provide for soft dollars has not only a "research" application, but it is also useful to the Adviser for non- "research" purposes, the Adviser may allocate the cost of the product or service between its "research" and non- "research" uses and pay only the "research" portion with soft dollars. The Adviser's interest in making such an allocation may differ from clients' interests in that the Adviser has an incentive to designate as great a portion of the cost

as “research” as possible in order to permit payment with soft dollars. Where a particular service or product provides benefits to the Adviser’s clients and/or the Adviser itself, the Adviser may allocate the cost among the various persons who receive benefits.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

The Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

Research and brokerage services obtained by the use of commissions arising from a client’s portfolio transactions may be used by the Adviser in its other investment activities, including for the benefit of other client accounts. The Adviser does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

The Adviser may participate in “client commission arrangements” pursuant to which the Adviser may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to the Adviser. The Adviser excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

## 2. Brokerage for Client Referrals

The Adviser currently does not consider whether the Adviser or a related person receives client referrals from a broker-dealer or third-party in selecting or recommending broker-dealers or intermediaries to effect the disposition of securities for client accounts.

## **B. Order Aggregation**

This Item is not applicable.

## **Item 13            Review of Accounts**

### **A.            Frequency and Nature of Review**

Either or both of Robert J. Franz and Kenneth D. Hoffman, on behalf of the Adviser, typically review the securities in the Clients' accounts on a daily basis to determine whether securities positions should be maintained in view of current market conditions. Generally, review of the Clients' accounts includes specific securities held, adherence to investment guidelines and account performance.

### **B.            Factors Prompting a Non-Periodic Review of Accounts**

Though the Adviser reviews client accounts on a regular basis, there are circumstances which prompt ad hoc reviews. Significant market events affecting the prices of one or more securities in Client accounts, among other things, may trigger reviews of Client accounts on other than a periodic basis.

### **C.            Content and Frequency of Regular Account Report**

The Clients will receive such monthly, quarterly, and other reports as may be agreed to between the Adviser and the Clients. The reports may include a summary of assets, realized and unrealized capital gains and losses and anticipated and actual income generated by the Clients. Such reports may be delivered electronically to the Clients in accordance with the Clients' agreement with the Adviser. In addition, the Clients receive regular reports from its custodian.

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

### **A.            Economic Benefits Received from Non-Clients for Providing Services to Clients**

This Adviser currently does not receive any economic benefits from non-clients for providing services to clients.

### **B.            Compensation to Non-Supervised Persons for Client Referrals**

For certain Funds, the Adviser entered into a contractual agreement with an organization that serves as an external marketing representative to solicit investors. The Adviser may in the future enter into similar contractual agreements with other organizations and individuals (“**Placement Agents**”) to provide such external marketing services. While the specific terms of each agreement with a Placement Agent may differ, such fee arrangements, generally, will be based upon the total asset value, from time to time, of the capital accounts of such referred investors and/or fixed retainer fees. The fees paid to a Placement Agent will not result in an investor referred by a Placement Agent paying higher fees than other investors who were not so referred by a Placement Agent. The cost of these referral fees is paid entirely by the Adviser.

## **Item 15           Custody**

The Adviser does not have “custody” of Portfolio assets for purposes of Rule 206(4)-2 (the “**Custody Rule**”) under the Advisers Act. The Portfolio maintains its accounts with its own qualified custodians and the Adviser currently does not have authority to deduct fees or other amounts from the Portfolio. The Portfolio receives account statements directly from its qualified custodians.

The Adviser is deemed to have custody of the assets of each Fund for which it or an affiliate serves as the general partner, or for any Fund for which it has authority to withdraw funds from a Fund account. Accordingly, the Adviser adheres to the applicable requirements of the Custody Rule with respect to the Funds.

The Adviser will arrange for annual audits of the Funds by an independent auditor in accordance with generally accepted accounting principles, and for delivery of the audited financial statements to investors within 120 days of the Funds’ fiscal year end. The Adviser recommends that investors carefully review the annual financial statements.

**Item 16            Investment Discretion**

The Adviser currently does not hold investment discretion with respect to the Portfolio's securities account.

Pursuant to an investment management agreement, the Adviser manages the Funds on a fully discretionary basis. The Adviser has the authority to determine the securities or other financial instruments and the amount of the securities or other financial instruments to be purchased or sold for client accounts, as set forth in the Funds' offering documents.

## **Item 17            Voting Client Securities**

The Adviser holds authority to vote securities with respect to the Funds' accounts, but currently does not hold authority to vote securities with respect to the Portfolio's account.

It is the Adviser's policy is to comply with Rule 206(4)-6 of the Advisers Act and act solely in the best interest of the Funds when exercising its voting authority. The Adviser determines whether and how to vote corporate actions and proxies on a case-by-case basis and will apply the following guidelines, as applicable:

- The Adviser will attempt to consider all aspects of the vote that could affect the value of the issuer or that of the Funds;
- The Adviser will vote in a manner that it believes is consistent with the Funds' stated objectives; and
- The Adviser will generally vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Adviser has a particular reason to vote to the contrary.

### **Material Conflicts of Interest**

The Adviser will not put its own interests ahead of those of any client and will resolve any possible conflicts between its interests and those of the client in favor of the client. In the event that a potential conflict of interest arises, the Adviser will undertake the below analysis.

A conflict of interest will be considered material to the extent that it is determined that the conflict has the potential to influence the Adviser's decision making in voting the proxy. If such a material conflict is deemed to exist, the Adviser will refrain completely from exercising its discretion with respect to voting the proxy and will instead refer that vote to an outside service for its independent consideration. If it is determined that any such conflict or potential conflict is not material, the Adviser may vote the proxy.

**Item 18            Financial Information**

This Item is not applicable.

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

This Item is not applicable.