



Item 01. Cover Page

Form ADV Part 2A: Carlyle Aviation PDP Management LLC

March 31, 2023

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*This Brochure provides information about the qualifications and business practices of Carlyle Aviation PDP Management LLC and its relying advisers (collectively, the “**Investment Adviser**,” “we,” “us,” and similar terms). If you have any questions about the contents of this Brochure, please contact us at 305-579-2340 or compliance@carlyle.aero. 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.*

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about the Investment Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov (click on the link “Investment Adviser Search” and then select “Firm” and type in our advisory firm name “Carlyle Aviation PDP Management”).

Item 02. Material Changes

This Brochure is intended to provide potential and existing clients with an overview of the Investment Adviser. It also contains important disclosures regarding items such as certain practices of Investment Adviser, potential material conflicts that may arise and key potential investment risks. While these may not be material, in certain sections, including conflicts of interest, investment risks (including political conflict, public health and current market conditions risk factors) and fees and expenses, additional clarification and detail has been provided as part of our annual updates. We encourage all recipients to read this Brochure carefully in its entirety.

The following is a discussion of the material changes to Investment Adviser's Brochure since the last annual update filed March 31, 2022.

On August 7, 2022, Carlyle announced that the Board of Directors of The Carlyle Group, Inc. ("**Carlyle**" or the "**Public Company**") and its Chief Executive Officer, Kewsong Lee, mutually agreed that Mr. Lee would step down as Chief Executive Officer and a member of the Board, effective August 7, 2022. Mr. Lee served as a Senior Advisor through the end of the year to assist with the transition. The Board of Directors appointed William E. Conway Jr. to serve as interim Chief Executive Officer until a permanent successor to Mr. Lee was appointed. Mr. Conway is a Co-Founder of the Company.

On February 6, 2023, Carlyle announced that the Board of Directors of the Public Company unanimously agreed to appoint Harvey M. Schwartz as Chief Executive Officer and a member of the Board, effective February 15, 2023. At that time, Mr. Conway stepped down as Interim CEO, maintaining his role as Co-Chairman of the Board.

On February 27, 2023, Carlyle announced that Peter Clare, the Chief Investment Officer of Corporate Private Equity, Chairman of the Americas and a member of the Board of Directors, will retire from the Company, effective April 30, 2023. Mr. Clare will cease serving as an executive officer and will step down from the Board of Directors, effective immediately. Mr. Clare will assist with the transition of his responsibilities through the retirement date.

Item 03. Table of Contents

Item 01. Cover Page.....	1
Item 02. Material Changes.....	2
Item 03. Table of Contents.....	3
Item 04. Advisory Business	4
Item 05. Fees and Compensation	7
Item 06. Performance-Based Fees and Side-By-Side Management	10
Item 07. Types of Clients.....	11
Item 08. Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 09. Disciplinary Information	51
Item 10. Other Financial Industry Activities and Affiliations.....	52
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	55
Item 12. Brokerage Practices.....	58
Item 13. Review of Accounts.....	59
Item 14. Client Referrals and Other Compensation.....	60
Item 15. Custody	61
Item 16. Investment Discretion.....	62
Item 17. Voting Client Securities.....	63
Item 18. Financial Information	64
Item 19. Requirements for State Registered Advisers.....	65

Item 04. Advisory Business

Carlyle Aviation PDP Management LLC, a Delaware limited liability company formed in 2019 (“**CAPDP**” and together with its affiliated entities as described below, “**Carlyle Aviation**”) provides investment sub-advisory services to a private investment fund focused on loan transactions (the “**PDP Fund**”).

CAPDP is a wholly owned subsidiary of Carlyle Aviation Partners Ltd. (“**CAP**”), a Bermuda holding company, which also owns, directly or indirectly, Carlyle Aviation Securities Partners LLC (“**CASP**”), Carlyle Aviation Management Limited (“**CAML**”), Carlyle Aviation Fund Management, LLC (“**CAFM**”) and Carlyle Aviation Fund Management II LLC (“**CAFM II**”). CAFM, CAFM II, and CAML serve as “relying advisers” under the umbrella registration of CAPDP (collectively, the “**Investment Adviser**”). Collectively, these entities operate a single advisory business and are also referred to herein as “Carlyle Aviation.”

CAML, CAFM, and CAFM II provide investment advisory services to institutionally focused blind pool real assets funds (together with the PDP Fund, the “**Funds**”). Certain affiliates of CAPDP serve as the general partners of the Funds (each such entity in such capacity, a “**General Partner**”). Each General Partner is subject to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) pursuant to the Investment Adviser’s registration in accordance with SEC guidance.

CASP is an SEC-registered investment adviser that provides investment advisory services to investment funds and separately managed accounts that are offered to qualified investors.

Various entities affiliated with The Carlyle Group Inc. (“**Carlyle**” or the “**Public Company**”) (Nasdaq: CG), an affiliate of the Investment Adviser, directly and indirectly own and control Carlyle Aviation. On January 1, 2020, The Carlyle Group L.P. completed its conversion (together with related restructuring steps and transactions, the “**Conversion**”) from a Delaware limited partnership to a Delaware corporation named The Carlyle Group Inc. Pursuant to the Conversion, at the specified effective time on January 1, 2020, each common unit of The Carlyle Group L.P. outstanding immediately prior to the effective time converted into one share of common stock, par value \$0.01 per share (“**Common Stock**”), of the Public Company and each special voting unit and general partner unit was cancelled for no consideration. In addition, holders of the partnership units in Carlyle Holdings I L.P., Carlyle Holdings II L.P., and Carlyle Holdings III L.P. (collectively, “**Carlyle Holdings**”) exchanged such units for an equivalent number of shares of Common Stock and certain other internal restructuring steps occurred. In connection with the Conversion, senior Carlyle professionals and certain of the other former limited partners of Carlyle Holdings who became holders of shares of Common Stock in connection with the Conversion were generally required to grant an irrevocable proxy to Carlyle Group Management L.L.C., which is wholly owned by Carlyle’s founders and other senior Carlyle professionals. This proxy entitles Carlyle Group Management L.L.C. to vote such shares of Common Stock until the earlier of (i) such time as Carlyle Group Management L.L.C. ceases to have voting power over shares of Common Stock representing at least 20% of the total voting power of all the then outstanding shares of capital stock of the Public Company entitled to vote in the election of directors and (ii) January 1, 2025. As of December 31, 2022, Carlyle Group Management L.L.C. held voting power for approximately 42% of Common Stock. The Investment Adviser does not hold any economic

interest in the Public Company, although some of its officers hold Common Stock. From and after the consummation of the Conversion, the Public Company holds directly and indirectly all of the outstanding equity interests in Carlyle Holdings, whose subsidiaries operate and control all of the business and affairs of the Public Company and its affiliates.

On August 7, 2022, Carlyle announced that the Board of Directors of the Public Company and its Chief Executive Officer, Kewsong Lee, mutually agreed that Mr. Lee would step down as Chief Executive Officer and a member of the Board of Directors, effective August 7, 2022, and the Board of Directors appointed William E. Conway Jr. to serve as interim Chief Executive Officer until a permanent successor to Mr. Lee was appointed.

On February 6, 2023, Carlyle announced that the Board of Directors of the Public Company unanimously agreed to appoint Harvey M. Schwartz as Chief Executive Officer and a member of the Board, effective February 15, 2023. At that time, Mr. Conway stepped down as Interim CEO, maintaining his role as Co-Chairman of the Board.

A group of senior management professionals establishes the management structures and policies and procedures for the operation and development of the firm, guided by the strategic direction set by the Board of Directors of the Public Company. Harvey M. Schwartz, Chief Executive Officer; Curtis L. Buser, Chief Financial Officer; Jeffrey W. Ferguson, General Counsel; Christopher Finn, Chief Operating Officer; and Bruce Larson, Chief Human Resources Officer comprise this group of Carlyle executives.

Additional information about the Public Company is available in its current public filings with the SEC. Unless specifically stated otherwise, references in this Brochure to the Investment Adviser do not include the Public Company or any of the Public Company's other affiliated entities.

Advisory Services, Investment Strategies and Types of Investments

This Brochure generally includes information about us and our relationships with our clients. While much of this Brochure applies to all such clients, certain information included herein applies to specific clients only.

The Investment Adviser provides investment advisory services and sub-advisory services to the PDP Fund, which focuses on loan transactions for aviation assets. The PDP Fund seeks to achieve its investment objective primarily through the origination of loans, directly or indirectly, to airlines to allow such airlines to satisfy certain aircraft pre-delivery payment obligations due to aircraft manufacturers.

CAML, CAFM and CAFM II provide investment advisory services to the Funds, specializing exclusively within the commercial aviation industry. Such funds seek to acquire, lease and trade commercial aircraft, engines, and components thereof.

* * *

As set forth in this Brochure, the descriptions of any specific advisory services offered to our clients and any investment strategies pursued or investments made on behalf of our clients should

not be understood to limit our investment activities in any way. We reserve the right to offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Our investment decisions and advice with respect to each client are subject to each client's investment objectives and guidelines, as set forth in its respective offering documents or in the case of a separate account, the investment management agreement.

The Investment Adviser, in its role as investment manager or sub-adviser to clients, from time to time agrees to supplements, clarifications, or variations of the terms of a client's offering, subscription, or organizational documents in "side letters" or similar agreements which generally have the effect of varying rights or privileges among investors in some pooled investment vehicles.

As of December 31, 2022, the Investment Adviser managed approximately \$8.6 billion of regulatory assets under management on a discretionary basis. As of December 31, 2022, the Investment Adviser also managed approximately \$1.0 billion of regulatory assets under management on a non-discretionary basis given its role as sub-adviser to CAML with respect to the PDP Fund.

Item 05. Fees and Compensation

The following provides a general description of the management fees, performance-based fees or allocations, fund expenses and fee waivers applicable to the Funds. With respect to any particular Fund, while the description below is generally applicable, fees and expenses vary, and the Fund or Fund investors should review the applicable governing documents for further information.

Management Fees

Pursuant to its offering documents, the PDP Fund is charged an annual management fee that is calculated as a percentage of PDP loan balances (“**Management Fee**”) and is payable to CAML as the investment manager of the PDP Fund.

Carlyle Aviation Runway PDP GP LLC (“**PDP GP**”), the General Partner of the PDP Fund, is entitled to receive 50% of the loan origination fees that are received from borrowers of PDP loans (“**Loan Origination Fees**”).

The Investment Adviser is permitted to receive an agreed-upon fee for acting as a sub-adviser to CAML solely in connection with CAML’s management of the PDF Fund (the “**Sub-Advisory Fee**”). CAML is permitted to modify the amount, timing and/or payment of the Sub-Advisory Fee. The Investment Adviser does not charge fees directly to the PDP Fund. The Investment Adviser does not receive fees directly or indirectly from other products managed by CAML or other CAP subsidiary specialty managers of aviation assets.

In addition, certain Funds are charged a management fee, monthly in arrears, calculated based on a percentage of (i) (x) the sum of the gross purchase price of certain aviation assets and (y) the sum of the aggregate amount of certain rents paid (or deemed paid) by each lessee or its guarantor, in each case subject to certain adjustments.

Moreover, certain other Funds are charged an annual management fee, payable quarterly in advance, based on the aggregate commitments, subject to an annual step-down each year, subject to further adjustments and limits as set forth in the governing documents for such Funds.

As permitted under the applicable partnership agreement, Carlyle Aviation is permitted to waive and/or agree to reduce the relevant management fee. Waived management fees are generally not subject to any management fee offsets described below.

Performance-Based Fees

Each client will generally be assessed a carried interest or performance fee that is allocable to the General Partners or the Investment Adviser, as applicable. The carried interest is allocated periodically according to a client’s governing documents, typically after the receipt by the applicable Fund of proceeds from the realization of a portfolio investment and is paid out of cash proceeds otherwise distributable to investors. Carried interest is typically measured as a percentage of the profits of the Fund and is negotiated separately for each client. Because carried interest distributions may be made prior to the end of a client’s term, such distributions are subject to certain giveback obligations, as set forth in the applicable governing documents.

Additional Fees and Expenses

In general, clients bear all fees, costs, expenses, liabilities and obligations relating to such clients and any of its direct or indirect subsidiaries' or acquisition vehicles' activities, investments and business, which may include, but are not limited to (i) all third-party fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, refinancing, managing, monitoring, maintaining, valuing (including third-party valuations), operating, holding, winding up, liquidating, dissolving and disposing of certain investments (including follow-on investments and refinancings), lease management software expenses, commitment, title and brokerage, finders', third-party lease administration, consignment (third-party and otherwise), consulting (including technical contractors and consultants), third-party diligence software and service providers fees; (ii) reasonable third-party legal, accounting, administration, reporting, auditing, insurance (including directors and officers and errors and omissions liability and other insurance), travel, accommodation, litigation and indemnification costs and expenses, judgments and settlements, investment banking, appraisal, valuation, filing, transfer, custodian, third-party fund administrators or similar service providers that perform anti-money laundering or "know-your-customer" diligence in connection with the onboarding and ongoing participation of investors in a client and other fees and expenses (including expenses associated with the preparation or distribution of the client's financial statements, tax returns, tax estimates and Schedule K-1s (or equivalents) or any other administrative, regulatory or other client- or investment-related reporting or filing); provided that such expenses shall not include any expenses incurred in connection with registration of the Investment Adviser or any of its affiliates or any other investment advisor under the Advisers Act, or in compliance with the Advisers Act; (iii) third-party fees and expenses associated with asset-backed securitizations (or similar structures), loan facilities and public offerings; (iv) third-party expenses associated with broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) expenses associated with brokerage, sale, custodial, depository, trustee, record keeping, registered office, registered agent, account and similar services; (vi) all fees, costs, expenses, liabilities and obligations incurred by the Funds, a client, the Investment Adviser or any of its affiliates relating to investment and disposition opportunities for a client not consummated (including reasonable legal, accounting, auditing, insurance, travel, accommodation, consulting, brokerage, finders', financing, appraisal, third-party valuation, filing, printing, title, transfer, registration, reverse breakup, termination and other fees and expenses); (vii) all out-of-pocket fees, costs and expenses incurred by a client, the Funds, General Partners or the Investment Adviser in connection with any conference or meeting of a client's limited partners (including any expenses attributable to representatives of a General Partner and other persons in attending such meetings); (viii) Management Fees; (ix) any taxes, fees and other governmental charges levied against a client (except to the extent that such client is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed according to the limited partnership agreement ("LPA") of the applicable client); (x) third-party expenses associated with developing, structuring, operating and winding up administrative structures in the Cayman Islands, Luxembourg, other European countries and elsewhere, as applicable, that are put in place to operate a Fund's investment activities (including any travel, accommodation and other expenses related to such structures); (xi) costs and expenses that are classified as extraordinary expenses under GAAP; (xii) all third-party fees, costs, expenses, liabilities and obligations incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles;

(xiii) third-party expenses associated with amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a client and related entities and any alternative investment vehicles, including the preparation, distribution and implementation thereof; (xiv) expenses associated with complying with any applicable law or regulation related to the activities of a Fund (including regulatory expenses of a general partner of a Fund incurred in connection with the operation of a Fund and legal fees and expenses); (xv) reasonable expenses associated with developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or the limited partners, as well as any deal-related software; (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (xvii) any costs or expenses related to the revolving notes (as discussed in the LPA), including obtaining and/or maintaining an investment rating and/or a CUSIP number for the revolving notes and/or a client; (xviii) all expenses (including travel, accommodation, printing, legal, accounting, regulatory, compliance, and any administrative or other filings) incurred in connection with the organization, funding and start-up of a client, the Funds, General Partners, and the Investment Adviser; and (xix) all out-of-pocket legal fees of the limited partners incurred in connection with consummating their respective investments in a client, but not including (a) certain ordinary overhead and administrative expenses that are payable by a client, the Funds, General Partners and/or the Investment Adviser pursuant to the respective LPA, (b) any such amounts under clause (vi) above in excess of certain amounts for any calendar year, as established in the LPAs of certain clients, which shall be borne directly by the applicable general partner or applicable Adviser or (c) any such amounts under clause (xviii) above in excess of certain amounts, as established in the LPAs of certain clients, which shall be borne directly by the Investment Adviser or applicable General Partner.

The expenses described above are detailed, but do not include every possible expense a client is likely to incur. Prospective and existing investors are advised to review the applicable governing documents for a more extensive description of the fees and expenses associated with an investment in any client.

The Investment Adviser and/or its affiliates often enter into servicing agreements with financing vehicles, debt facilities or other financing entities and certain Fund investments whereby the Investment Adviser and/or its affiliates provide aviation asset servicing to the other party. Under a typical servicing agreement, the relevant entity receiving services pays the Investment Adviser and/or its affiliates a fee in exchange for aviation asset servicing. In particular, the Investment Adviser provides, and expects in the future to provide, certain asset management-related services for third parties, such as acting as servicer of aviation-related assets (*e.g.*, ABS-like vehicles) and arranging and managing aviation-related transactions. The ability of the Investment Adviser and/or its affiliates to retain all or a portion of these fees present a conflict of interest. For example, as a result of the ability to earn servicing fees, the Investment Adviser has an incentive to make decisions that result in additional servicing fees paid to it or its affiliates.

Item 06. Performance-Based Fees and Side-By-Side Management

The Investment Adviser is entitled to receive certain performance-based allocations and/or distributions from the Funds and to waive and/or reduce the performance allocation with respect to certain persons as described above.

Generally, upon the termination of any of the Funds, the applicable General Partner will be required to restore distributions to the applicable Fund to the extent that the general partner received cumulative distributions in excess of certain amounts otherwise distributable to it pursuant to the distribution formula set forth in the applicable governing documents, applied on an aggregate basis covering all transactions of the relevant Fund.

The existence of the carried interest or performance fees creates an incentive for the General Partners and the Investment Adviser to make riskier or more speculative investments on behalf of their clients than would be the case in the absence of such arrangements.

The Investment Adviser has formed, and expects to form in the future, co-investment vehicles, including vehicles that pay lower and/or no management fees and/or carried interest. There will generally not be any offset applied to the co-investment vehicles, whether or not they pay any management fees. While the Investment Adviser advises both clients that pay performance-based fees and clients that do not, the Investment Adviser believes that any potential conflict is generally mitigated by the fact that co-investment funds or vehicles sponsored by the Investment Adviser (i) generally participate in investment opportunities to the extent there is excess capacity after the applicable clients make their investment allocations and (ii) are generally required to acquire and dispose of their investments on substantially the same terms and at substantially the same time as the Funds. Furthermore, the Investment Adviser does not permit investment allocation decisions to be based on its potential to earn performance-based fees. In certain instances, the Investment Adviser has waived and reduced, and may in the future waive or reduce carried interest with respect to certain persons in the Funds.

Item 07. Types of Clients

The Investment Adviser provides investment advisory and sub-advisory services to the Funds.

Investment advice is provided directly or indirectly to such Funds and not individually to the limited partners of such Funds. The Funds include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”). The governing documents for the applicable Fund outline the minimum size of investments, which can be reduced or waived on a discretionary basis in the sole discretion of the applicable the Investment Adviser.

Fund interests are generally offered and sold only to investors that are (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”), and (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the 1940 Act, or other “knowledgeable employees.”

Item 08. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services offered to clients and any investment strategies pursued or investments made by the Investment Adviser on behalf of clients should not be understood to limit in any way our investment activities. We reserve the right to offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Carlyle Aviation is an investment firm specializing in the commercial aviation industry. Our primary investment strategy is focused on identifying and evaluating aviation-related investment opportunities; negotiating, managing and monitoring aviation-related investments; and achieving dispositions for such investments.

In the view of the Investment Adviser, primary risks to be considered in the management of a client's portfolio include: (i) market risk, such as political and regulatory risk and credit market availability risk; (ii) individual position or security risk, such as credit risk of borrowers or lessees, liquidity risk, counterparty risk, correlation and sensitivity risk; (iii) portfolio risk, such as correlation and sensitivity risk, company and asset concentration risk and liquidity risk; (iv) industry specific risk, such as macro and micro level risks; and (v) global economic risk, such as macro and micro level risks. The risks identified herein are examples of some, but not all, possible risks.

The Investment Adviser seeks to manage portfolio risks through the regular evaluation of risk associated with each investment. We generally monitor investments by gathering real-time data regarding market movements, borrower financial health, and any other market intelligence.

Investment Risks

An investment in any client involves a high degree of risk and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such client and for which such client does not represent a complete investment program. There can be no assurance that the investment objective or targeted returns of any client will be achieved, that any client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to the Funds. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in any client. In addition, there will be occasions when a client, the Funds, the Investment Adviser and/or their respective affiliates encounter conflicts of interest in connection with such client. These risk factors include only certain risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us. Prior to making any investment decisions, investors should carefully review the offering documents and other governing documents of an applicable Fund or product for a more complete description of the risk factors and actual and conflicts of interest associated

with such fund or product.

Risk of Loss

No guarantee or representation is made that a client's investment program, including, without limitation, a client's investment objective, targeted returns, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

No Assurance of Investment Return

The Investment Adviser cannot provide any assurance whatsoever that it will be able to choose, make and realize investments for any client. There can be no assurance that any client will (i) be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such client participates or (ii) make any distribution to its investors. Accordingly, an investment in a client should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past activities of investment entities associated with the Investment Adviser or any client provide no assurance of future success. **Past performance is not necessarily indicative of future results and all investors should be prepared to lose the value of their investment. There can be no assurance that projected or targeted returns for any client will be achieved.**

Aviation Industry Risks

The aviation industry is susceptible to downturns as a result of various events, including fluctuation of fuel prices, geopolitical conflicts and/or terrorist attacks, general economic conditions, regulatory changes, epidemic diseases and severe weather conditions. The occurrence of any such event may have an adverse effect of the performance of the strategies pursued by the Investment Adviser.

Russia's Military Invasion of Ukraine

In response to Russia's military invasion of Ukraine that began in February 2022, the United States, United Kingdom ("UK"), and the European Union ("EU") imposed sanctions targeting the Russian financial system and industries critical to Russia's economy, including civil aviation. In addition to banning Russian-operated aircraft from their airspace, countries have imposed sanctions that prohibit the supply of civil aircraft and their components to Russian persons. In response, the Russian government passed laws that, among other things, prevent leased aircraft from being returned to their owners without approval by the Russian government. Leased aircraft, which in certain cases constitute part of client portfolios, are unlikely to be returned, and the value of those aircraft is expected to decline as Russia is prohibited from sourcing replacement parts, leading many to conclude that leased aircraft will be cannibalized to provide parts to Russia's commercial aircraft fleet. Although most leased aircraft are subject to insurance policies intended to cover confiscation by foreign governments (subject to terms that vary from policy to policy),

insurance companies are disputing lessors' claims in an attempt to avoid significant losses to the insurance industry. In that regard, certain of the Investment Adviser's affiliates have entered into litigation involving related insurance claims. Additionally, clients that had aircraft on lease to Russian airlines are likely to suffer permanent losses if they are unable to recover the aircraft and are unable to mitigate their loss through insurance. In addition, the insurance industry has introduced changes (*e.g.*, higher premiums, withdrawal of previously offered coverage) that have an adverse effect on aircraft operators and leasing companies, which, in turn, have an adverse effect on client investments.

Following the invasion of Ukraine, the price of energy commodities increased dramatically as countries imposed restrictions on the import of Russian commodities and Russian container vessels were prevented from unloading their cargo at ports of call. The aviation industry has been both directly impacted by higher energy prices as fuel costs increase and indirectly impacted as inflation caused by higher energy prices may dampen consumer demand for air travel. In the quarterly air transport chartbook for Q4 2022, the International Air Transport Association ("IATA") determined that an important driver in rising airline costs over 2022 was the conflict between Russia and Ukraine, which delivered a sharp uplift in global commodity prices as reflected by the increase in the Brent crude oil price of around 40% in 2022 compared with 2021. To the extent that airlines are unable to pass fuel costs to passengers in the form of higher ticket prices, or passenger demand wanes in the face of higher energy costs, the aviation industry will have to absorb higher costs at a time when many airlines are still recovering from the disruption caused by the pandemic. Client investments may be adversely affected if energy commodity prices remain elevated and contribute to higher inflation in the broader economy.

In addition to energy commodities, Russia and Ukraine are significant producers of commodities used in industrial production (*e.g.*, palladium, neon) as well as grain commodities (*e.g.*, wheat). Industrial consumers of commodities, including the aviation industry, may face higher input prices or shortages, which could have an adverse impact on the operation of manufacturers of civil aircraft and components thereof. Higher input prices and potential shortages are likely to contribute to inflation in the broader economy, which may dampen consumer demand for air travel as the cost of goods and services with lower price elasticity of demand increases. Client investments may be adversely affected if commodity input prices remain elevated and contribute to disruption to manufacturer operations or higher inflation in the broader economy.

Although the aviation industry has historically demonstrated its resilience after past disruptions, a military conflict involving nuclear powers has potential to cause significant and unprecedented disruption to the aviation industry and global economy. Should the Russia-Ukraine war escalate to involve direct combat between NATO countries and Russia or the use of nuclear or chemical warfare, the global economy, including the aviation industry, is likely to face significant challenges, the extent of which are difficult to predict at this time.

The aviation industry generally benefits from globalization in connecting people and economies, which has been a broad trend observed since the end of the second World War. The implementation of sanctions in response to Russia's invasion of Ukraine and any retaliatory actions taken by Russia have the potential to cause the trend toward globalization to reverse, which could have an adverse effect on the aviation industry and the investments held in client portfolios. Aircraft lessors, including the Investment Adviser's clients, may also face challenges placing aircraft on lease in

light of sanctions and export control restrictions introduced by the United States, UK, the EU and other countries. In addition, lessors may be unable or unwilling to lease aircraft to airlines in other countries that have strong cultural and economic ties to Russia. Clients may be adversely affected as lessors have a smaller population of potential leasing customers.

Trade Policies

Changes in trade policies among the United States and other countries, in particular, the imposition of new or higher tariffs, could have a material adverse effect on a client's performance. For example, original equipment manufacturers ("OEMs") (including Boeing and Airbus) may seek to offset the impact of increased tariffs by increasing the price of aircraft, engines and/or components.

The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multilateral trade agreements and treaties with foreign countries and has made proposals and taken actions related thereto. In addition, the U.S. government has imposed tariffs on certain foreign goods, including steel and aluminum, and has indicated a willingness to impose additional tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of a client and its investments. In particular, although the U.S. and China have agreed to a partial trade deal with respect to their ongoing trade dispute, certain issues remain unresolved, which is expected to be an ongoing source of instability, potentially resulting in significant currency fluctuations and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory, or otherwise). While this dispute has already had negative economic consequences on the U.S. markets, to the extent that this trade dispute escalates into a "trade war" between the U.S. and China, there could be additional significant impacts on client investments.

Tariffs on OEM's products could adversely affect client profitability. Many aircraft and engine OEMs operate in foreign countries. Accordingly, OEMs may be subject to many of the risks of international operations, including governmental controls and tariff restrictions. Tariffs could make the OEM's products less attractive. OEMs may begin implementing short-term price adjustments to offset such tariffs and transition their production and supply chains to new locations, which could indirectly disrupt a client's investments. Increases in tariffs or the failure to resolve current international trade disputes could have a material adverse effect on clients.

COVID-19

As of the date hereof, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a global pandemic. COVID-19 has caused commercial disruption on a global scale to certain economic sectors, including the aviation industry. Short-term and long-term impacts of COVID-19 on the

operations of the Investment Adviser and the performance of its clients are difficult to predict. Any potential impacts on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact; these potential impacts, while uncertain, could adversely affect the performance of clients.

Previous COVID-19 restrictions on travel, business activities and gatherings imposed by governments and businesses, the related temporary closures or cancellations of events and leisure destinations, have adversely impacted the aviation industry. For example, reduced demand for global business and leisure air travel, in addition to cancellations of booked travel, resulted in losses for many airlines. This has had an adverse impact on the financial position of certain airlines and their ability to meet contractual debt or lease obligations, which could negatively affect our clients' portfolio investments and ability to make distributions to investors. The extent of COVID-19's impact on our clients and the operational and financial performance of their portfolio investments will depend on several factors, including, but not limited to, the duration and scope of the resulting public health emergency; the extent of any related restrictions implemented; the extent of impact on goods and services, investor liquidity, consumer confidence and economic activity levels; the extent of its disruption to important global, regional and local economic markets, generally, and the aviation industry, in particular, all of which remain highly uncertain.

Aircraft Groundings

Following two fatal crashes involving Boeing 737 MAX 8 aircraft in October 2018 and March 2019, airline operators and aviation regulators worldwide grounded the Boeing 737 MAX series of aircraft ("**737 MAX**") over concerns about its safety. Although the U.S. Federal Aviation Administration ("**FAA**") and aviation authorities in other jurisdictions have since cleared the 737 MAX to return to service, the event demonstrated the risk that aviation-focused investment strategies may be unable to source investments and implement their investment strategy due to the grounding of aircraft. In addition, aircraft groundings may cause airlines to suffer losses that may impair airlines' ability to meet their debt obligations.

Airline Credit Risk

The Investment Adviser endeavors to evaluate the credit risk associated with its counterparties. In addition to the Investment Adviser's independent assessment of the counterparty's credit standing from various sources (e.g., public information, data provided by the operator, financial institutions, industry periodicals, trade references, and/or regulatory authorities), the Investment Adviser utilizes, when deemed appropriate and practical, credit and rating agency reports and/or research reports published by investment banks to obtain a better understanding of the counterparty's financial condition and viability. On the basis of such review, the Investment Adviser assesses the credit rating of the operator and determines whether the operator meets a Fund's criteria by weighing that credit evaluation against (i) asset risk, (ii) interest rate, (iii) security held and (iv) transaction structure.

Nonetheless, many factors can dramatically and quickly impact an individual airline's viability. These include fuel prices, pandemics, labor disruptions, air crashes, geopolitical conflict and new

or intensified competition. Should an airline file for a re-organization under bankruptcy statutes, there is the added risk the owner may be at least temporarily prohibited from foreclosing on or repossessing its aircraft. Clients may be adversely impacted if aircraft lessees introduce reorganization plans that limit aircraft lessors' ability to enforce lease agreements and receive payment pursuant to lease terms.

The PDP Fund expects to make loans to airlines for the purchase of aircraft from Boeing and Airbus. The bankruptcy or insolvency of Boeing and/or Airbus would have a material adverse effect on the PDP Fund. If Boeing and/or Airbus fail to meet their respective contractual obligations, file for bankruptcy or otherwise experience significant business interruption, the PDP Fund may not be able to conduct its investment strategy. Furthermore, this may expose the PDP Fund to the risk that there may be a delay in the manufacturing and/or delivery of aircraft. Mechanical, production, safety or regulatory issues associated with Boeing and/or Airbus aircraft may adversely and materially impact the ability of the PDP Fund to implement its investment strategy and negatively impact the returns of the PDP Fund.

Default of Airline Payments

The investors will remain obligated to make capital contributions to the extent necessary to make purchase price payments for aircraft which the PDP Fund must acquire in light of an aircraft default (such acquisitions, "**Aircraft Purchases**"). If the capital contributions made by investors are inadequate to cover the purchase price, the PDP Fund may, and is expected to, require additional capital contributions from investors to fund the shortfall. For the avoidance of doubt, Aircraft Purchases may require investors to make additional payments on top of their respective commitments in the event that there are insufficient remaining commitments to make such purchase(s).

Re-possession of aircraft after a default may result in the PDP Fund incurring costs in excess of those that would have been incurred had the airline fulfilled its payment obligations. Those additional costs include legal and other expenses of court or governmental proceedings to obtain possession and/or re-registration of the aircraft and flight and export permissions. Delays resulting from any of these proceedings would also increase the period during which the relevant aircraft is not generating revenue. In addition, the PDP Fund may need to pay off liens, taxes, and governmental charges in order to obtain unencumbered possession and sell the aircraft effectively. The PDP Fund may also incur costs in connection with the physical possession of the aircraft. Any of these costs or delays may adversely and materially impact the returns of the PDP Fund. The rights of the PDP Fund upon an airline default may be subject to limitations of applicable law, including the need to obtain a court order for possession of aircraft and/or consents for deregistration or re-export of aircraft. When a defaulting airline is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions will give rights to the trustee in bankruptcy or a similar officer to assume or reject the loan agreement or to assign it to a third party or will entitle the airline or another third party to retain possession of the aircraft (without having to perform all or some of the obligations under the relevant loan agreement). Accordingly, the PDP Fund may be delayed in or prevented from, or may incur additional costs including legal costs, enforcing certain of the PDP Fund's rights under the relevant loan agreement and in selling the affected aircraft. Such delays and costs may adversely and materially impact the returns of the PDP Fund.

Airworthiness Directives and Operating Restrictions

The maintenance and operation of aircraft, engines and related technology assets are strictly regulated by the FAA in the U.S. and similar governmental authorities in foreign jurisdictions. These rules and regulations govern such matters as certification, registration, inspection, operation and maintenance procedures, personnel certification and record keeping. Periodically, the FAA issues airworthiness directives requiring changes to aircraft, engine or related technology assets maintenance programs and procedures. Such airworthiness directives are issued from time to time with respect to aircraft, aircraft engines and related technology assets to ensure that they remain airworthy and safe. The cost of compliance with such requirements may be significant and could negatively affect a Fund's ability to make distributions to investors.

Discounting of Aircraft Prices

A significant discounting of prices on new aircraft by manufacturers or an increase in the rate of new aircraft production may indirectly affect demand for aircraft that a Fund has previously purchased. The financial crisis had a significant impact on the values of new aircraft as some buyers lost some or all of the funding for orders they had placed. As a result, some orders for new aircraft were cancelled or deferred. To secure sales of new aircraft and maintain revenues, manufacturers sold many of these aircraft at significant discounts. If there is another downturn in the financial markets or economy and manufacturers again drive down the price of new aircraft, this may have an adverse effect on the value of any aircraft a Fund owns and a Fund's ability to lease them at attractive rates. Further, if manufacturers discount the prices of new aircraft, it may require a Fund to mark down the value of aircraft on a Fund's balance sheet or depreciate aircraft at a faster rate.

Concentration of Aircraft Types

Because the General Partner anticipates that a client will invest in aviation assets, a client's results could be negatively affected if the market demand to lease or ultimately purchase these aircraft types declines. The inability to lease or dispose of the affected aircraft types may materially reduce a client's performance. In addition, a client's results could be negatively affected by airworthiness directives or other applicable regulations that adversely impact aviation assets in a fleet. If a client's portfolio includes aircraft types that become obsolete, subject to mandatory regulatory grounds, disfavored by airlines, or if Airbus or Boeing encounter technical difficulties in respect of these aircraft types, or encounter financial or other difficulties, this could cause a diminution in value of such aircraft in a client's portfolio, an inability for a client to lease such aircraft at market lease rates, or a potential grounding of such aircraft, which would further diminish the value of such aircraft in a client's portfolio.

Highly Competitive Market for Investment Opportunities

The business of identifying, structuring, and completing aviation asset transactions is highly competitive and involves a high degree of uncertainty. There can be no assurance that a client will be able to (i) locate, complete, and exit investments which satisfy its investment objective or (ii) fully invest its available capital if enough sufficiently attractive investments are not identified.

Potential competitors include, without limitation, aircraft leasing companies, other investment partnerships and corporations, financial institutions such as banks, industry groups, and other financial investors investing directly or through affiliates, and a client may be unable to identify a sufficient number of attractive investment opportunities for such client to meet its investment objectives. Competitors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of a client. Some of these competitors may have more relevant experience, greater financial and other resources and more personnel than the Investment Adviser. There can be no assurance that a client will be able to (i) locate, complete, and exit investments which satisfy such client's target equity range, rate of return objectives, or realize upon their values, or (ii) invest fully its available capital. It is possible that competition for appropriate investment opportunities may increase, which may also require certain clients potentially to participate in auctions more frequently. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of opportunities available to such clients and potentially adversely affecting the terms, including price, upon which investments can be made. To the extent that the clients encounter competition for investments, returns to investors may decrease.

Limited Aviation Investment Opportunities

As a result of fluctuations in the demand for and supply of aircraft available for purchase and lease, there is no guarantee that the Investment Adviser will be able to identify a sufficient number of attractive investment opportunities for a client. Aircraft production volumes at Boeing and Airbus are below the targets set by the manufacturers, and the lack of aircraft deliveries is expected to constrain the capacity of the global aviation industry. Accordingly, it is possible that a client will never be fully invested.

Decline in Aircraft Value and Lease Rates Decline

In addition to factors linked to the aviation industry, other factors that may affect the value of aircraft, as the case may be, include, without limitation, and by way of example only: (i) manufacturers merging or exiting the industry or ceasing to produce certain aircraft models; (ii) the particular maintenance and operating history of aircraft, engines and related technology assets, as well as applicable regulatory restrictions related thereto; (iii) the number of operators using a type of aircraft and number of aircraft competing with such aircraft type; (iv) whether the aircraft is subject to a lease; (v) any regulatory and legal requirements that must be satisfied before the aircraft can be operated, sold or re-leased, including airworthiness directives; (vi) any renegotiation of a lease on less favorable terms; (vii) manufacturing production levels and technological innovation; (viii) import restrictions; (ix) retirement, obsolescence or grounding of aircraft models; (x) traffic growth; (xi) fuel prices; (xii) airline profitability; and (xiii) existing supply of parked aircraft. Any decrease in values of and lease rates for commercial aircraft which may result from the above factors or other unanticipated factors may have a material adverse effect on a client's operations and cash flow and may adversely affect its investments and, therefore, the value of a client's investments.

Technological Risks

The availability for sale or lease of new, technologically advanced aircraft, engine and related technology asset types and the imposition of stringent noise or emissions regulations or mandatory airworthiness directives may make certain aircraft, engine or related technology asset types less desirable in the marketplace and therefore may adversely affect a client's ability to lease or sell such aircraft, engines or related technology assets. It is expected that a client's ability to manage these technological risks by modifying or selling aircraft, engines and related technology assets will be limited.

Aircraft Data

Aircraft often share large quantities of data with OEMs. OEMs store, access, manage, share and analyze the data in order to, among other things, improve operations and enhance decision-making, which, in turn, may provide valuable information regarding maintenance schedules, aircraft down time and trends. However, it is not anticipated that the Investment Adviser will obtain, or seek to obtain, such information (even though it may have access to it) and, accordingly, the client will not be able to benefit from such information when purchasing, leasing or disposing of aviation assets.

PDP Financing Risks

As described above, the PDP Financing strategy that CAML seeks to employ for the PDP Fund is to capitalize on opportunities to provide PDP financing solutions to market participants by focusing on originating and investing in aviation assets. The PDP Fund seeks to achieve its investment objective primarily through the origination and investment in loans, directly or indirectly, to airlines to allow such airlines to satisfy certain aircraft pre-delivery payment obligations. The Investment Adviser generally utilizes the same methods and strategy with respect to the services it provides to CAML. In addition to the applicable risks described above, the risks to be considered in connection with the management of the PDP Fund include those set forth in the PDP Fund's governing documents, which include, but are not limited to, the following:

The PDP Fund may be required to make additional payments to an OEM if it exercises remedies and forecloses on an aviation asset and such payments will not be known at the time the PDP loan is initially made. The PDP Fund's investment strategy involves originating and investing in loans made to airlines the proceeds of which the airlines will use to satisfy pre-delivery payment ("PDP") obligations to an OEM in respect of yet to be delivered aircraft. The borrowers under these loans will generally be bankruptcy-remote special purpose entities formed by, or on behalf of, the airline for the purpose of borrowing money to make PDP payments (the "**Borrowers**"). The Borrowers' obligations under these PDP loans will be guaranteed by the airline obligated under the purchase agreement with the OEM (the "**Airline Guarantor**"). The Airline Guarantor or an affiliate will typically assign its rights and obligations under the purchase agreement with the OEM to the related Borrower and the Borrower in turn will assign its rights as collateral to a subsidiary of the PDP Fund (the "**PDP Fund Lender**") to secure its obligations under the PDP loans. If a Borrower or Airline Guarantor defaults under the PDP loans and the PDP Fund Lender determines to exercise available remedies, the PDP Fund Lender will assume the rights and obligations of the

Borrower under the purchase agreement with respect to the aircraft. Among these potential obligations are the requirement to pay the “step-in” purchase price which is generally determined by subtracting from the base price for the aircraft the amount of concessions agreed between the OEM and the PDP Fund Lender and PDPs already received by the OEM.

While the PDP Fund will know the initial estimate of the step-in purchase price under a purchase agreement at the time it initially makes a PDP loan, such price could fluctuate depending on a number of factors including changes to the associated aircraft mandated by regulatory authorities, changes to the configuration or specification of the aircraft made by the airline, and escalation adjustments based on employment cost, consumer price or other indices. While there will be limitations under the PDP loans from making configuration or specification changes that could increase the step-in price, there will be no limitation on other factors that may cause such increases.

If the PDP Fund Lender (and thereby the PDP Fund) were required to fund the step-in purchase price, it could affect the PDP Fund’s expected return on that specific PDP loan, require the PDP Fund to utilize liquidity that would have otherwise been available to make investments in other aviation assets or, in certain cases, require the investors to make additional payments on top of their respective commitments in the event that there are insufficient remaining commitments to make such step-in payments.

PDP Market Risks

The PDP Fund’s investment strategy involves originating and investing in (e.g., through secondaries) loans, directly or indirectly, to airlines in respect of such airlines satisfying their aircraft pre-delivery payment obligations to an aircraft manufacturer in respect of aircraft purchased thereby.

Numerous factors, many of which are beyond the control of the Investment Adviser, may have an impact on the ability to complete aviation asset investments. Such factors include the demand for various types of aircraft, engines and other major components, general market and economic conditions, regulatory initiatives (particularly those imposing environmental, maintenance and other requirements on the operation of aircraft), significant shifts in the supply of or demand for aviation assets, and technological advances in airframe and/or engine technology.

In addition, generally, there will be no readily available market for PDP Fund investments, and hence, most of the PDP Fund’s investments will be difficult to value. Certain investments may be distributed in kind to the investors.

- *Claw-back Increasing Purchase Price*

In determining the step-in purchase price, an OEM may not give credit for PDPs previously paid or financed by the airline if the OEM is required by a bankruptcy or insolvency court to return PDPs. While establishing the Borrower as a bankruptcy-remote special purpose entity and assigning the purchase agreement to the Borrower is designed to mitigate this risk, no assurance can be given that the use of bankruptcy remote entities for these purposes will be successful.

- *Limited Contractual Rights under Purchase Agreement*

While the PDP loans will be secured obligations of the Borrower and guaranteed by the Airline Guarantor, the assets securing the PDP loans will be limited to the contractual rights of the Borrower under the applicable purchase agreement. If the PDP Fund Lender determines to enforce remedies but not accede to the purchase agreement, there will be no other assets to foreclose upon and the PDP Fund Lender will become an unsecured creditor of the Borrower and Airline Guarantor and would be treated the same as any other unsecured creditor of the Borrower and Airline Guarantor.

- *Costs of Recovery and Enforcement of Remedies*

If a Borrower or Airline Guarantor defaults on its obligations under a PDP loan, the PDP Fund Lender may be required to expend a significant amount of money in order to properly enforce its remedies. In addition to typical costs associated with the enforcement of remedies (such as legal and other professional advisor costs), the PDP Fund Lender could incur costs associated with the aircraft that is the subject of that applicable purchase agreement. These costs may include any PDPs not funded by the PDP loans or otherwise previously paid by the Borrower or Airline Guarantor and the difference between the PDPs and the purchase price of the aircraft. In addition, if the PDP Fund Lender were to take delivery of the aircraft pursuant to the purchase agreement, it would be required to store the aircraft until it could be sold or leased to another airline or aircraft lessor. Further, in connection with a sale or lease of the aircraft to another airline or aircraft lessor, the PDP Fund Lender may be required to reconfigure the aircraft for the new purchaser or lessee's needs and requirements.

If the PDP Fund Lender (and thereby the PDP Fund) were required to purchase an aircraft and make these expenditures, it could affect the PDP Fund's expected return on that specific PDP loan, require the PDP Fund to utilize liquidity that would have otherwise been available to make investments in other aviation assets or, in certain cases, require the investors to make additional payments on top of their respective commitments in the event that there are insufficient remaining commitments. No assurance can be given that upon the sale or lease of the aircraft in these situations that the PDP Fund will be able to recover its expenditures let alone realize its expected return on the applicable PDP loan.

- *Insufficient Funds for Loan Repayment*

Each PDP loan entered into by an PDP Fund Lender will generally mature at the end of the scheduled delivery month of the aircraft that is the subject of the applicable purchase agreement whether or not the aircraft has been delivered. While the PDP Fund Lender can agree to extensions, it is not obligated to do so. Many of the airlines that will be Airline Guarantors will look to finance or sell the aircraft upon delivery and use a portion of the proceeds to repay the PDP loans. If the PDP loans mature at a time when the airline cannot finance or sell the aircraft – whether as a result of the failure to take delivery of the aircraft during the scheduled delivery month, a displacement in the capital markets leading to lack of aircraft financing or otherwise – the Borrower and Airline Guarantor may not have sufficient funds to repay the PDP loans at maturity. Under these circumstances, the PDP

Fund Lender may be able to enforce remedies but enforcement of such remedies may be subject to the risks described elsewhere in this “Investment Strategy Risks” section.

- *OEM Performance*

Each OEM is required to manufacture the aircraft to conform to the terms specified in the applicable purchase agreement, including the appropriate type certificate issued by the FAA or the European Aviation Safety Agency. If an OEM fails to do so, the Borrower will only be able to terminate the Purchase Agreement after an extended period of time, usually 12 months, and only then could it request a refund of the PDPs. Any such delay in a refund of PDPs could further affect the Borrower’s ability to repay the PDP loans.

Structure; Ratings

An investment in the PDP Fund on the basis of the structure and potential benefits to investors of investing in a rated instrument involves a high degree of risk that such benefits may not be achieved for a variety of reasons and factors. Such factors include the fact that, at any point, there is a risk that the investment rating (the “**Rating**”) of the Revolving Note¹ or the PDP Fund may be downgraded, not maintained, or withdrawn for any number of reasons (including, but not limited to, a failure by PDP GP or its affiliates to use commercially reasonable efforts to maintain the Rating). Thus, each prospective investor must consider, in connection with any decision to invest in the PDP Fund on the basis of the Rating, that there is no guarantee that the Rating will be maintained and that none of the PDP Fund, the Investment Adviser or any of their respective affiliates shall be liable for any change, downgrade or withdrawal of the Rating. The requirements of the National Association of Insurance Commissioners (the “**NAIC**”), measurement scale and standards associated with maintaining the Rating may change from those in effect as of the date hereof, and it may become impracticable to maintain the Rating. None of the Funds, the Investment Adviser, or any of their respective affiliates make any guarantee that any investor will receive the desired risk-based capital treatment or that favorable risk-based capital treatment will be respected by insurance regulators.

Ownership Risk

The Funds’ investment strategy involves the acquisition of commercial aircraft, engines, other major components, and related technology assets that may be subject to leases with commercial airlines and the subsequent disposal of the aircraft, engines, other major components and/or related technology assets. Certain clients intend to focus their investing activities on newer assets, which is different than the investment strategies of other funds managed by the Investment Adviser. A client’s ability to sell or, to a lesser extent, re-lease, aviation assets on commercially reasonable terms in order to recover the original investment, and make a profit, is critical to the success of the client’s investment strategy. Numerous factors, many of which are beyond the control of the general partner, may have an impact on the ability to sell or re-lease aviation assets. Such factors include the demand for various types of aircraft, engines, other major components and related

¹ “Revolving Note” means the revolving promissory notes issued by the PDP Fund to each investor in respect of such investor’s debt commitment to the PDP Fund.

technology assets, general market and economic conditions, regulatory initiatives (particularly those imposing environmental, maintenance and other requirements on the operation of aircraft), significant shifts in the supply of or demand for aviation assets, and technological advances in airframe and/or engine technology.

In addition, the selling price and profitability of aviation assets will depend on the particular operating history of the airframes and engines, including the condition in which the aviation assets is returned to the owner or lessor (*e.g.*, the client). The clients may enter into lease agreements that specify re-delivery conditions with respect to major components including the airframe, engines, landing gear, and auxiliary power unit. Accordingly, the compliance of operators and airlines with re-delivery conditions will determine the value and marketability of the aircraft. If any lessee fails to deliver complete and accurate records of leased aviation assets upon re-delivery or repossession of such aviation assets, the Funds may be unable to sell or re-lease such aviation assets to operators and airlines because airworthiness requirements could prohibit the use of aircraft containing such aviation assets that do not have complete documentation or, if not prohibited, would hinder the value of the sale of such aviation assets in the aftermarket. In some cases, the lessee will pay a security deposit that is refundable upon the expiration of the lease; provided, that all re-delivery conditions are met, and that the lessee has not defaulted under the lease. Also, certain lessees may be required to make periodic maintenance reserve payments to the lessor based on the number of hours or cycles the aircraft, engine, other major components or related technology asset has accrued or, if such lessees are of a superior credit, pay such amounts only at lease termination. The lessee may, generally after maintenance is performed on the leased asset and the lessee is reimbursed for expenses incurred in connection with such maintenance, then draw upon such reserves to cover the cost of scheduled maintenance. Upon the expiration of the lease, unused reserves are typically retained by the lessor. In any event, there is the risk that these reserves will not be sufficient to cover costs and expenses incurred by the clients once the aviation asset is returned and that the clients, and the limited partners' investment in such client, will be adversely affected thereby, or alternatively, if the operator has not paid throughout the lease term, fail to pay the amounts due at lease termination. In addition, in certain circumstances, the ability of the lessor to retain such unused reserves can present a conflict of interest for Carlyle Aviation including, for example, if aviation assets are traded with another client in an effort to reduce maintenance costs and thus preserve the balance of maintenance reserves, which may result in additional fees paid to Carlyle Aviation.

Past and Future Performance

The PDP Fund is a recently formed entity and has limited operating history upon which an investor may evaluate its performance. Past performance of the investments made by Carlyle Aviation principals and/or their affiliated investment entities or managed accounts is not necessarily indicative of the PDP Fund's future results and there can be no assurance that the PDP Fund will achieve comparable results or that targeted returns will be met. The PDP Fund's investments differ from previous investments made by the principals in a number of respects, including investments targeted, target return levels, investment strategy, level of risk associated with a particular investment, amount invested in a particular investment, amount of leverage used, structure and holding period. The PDP Fund's investment program should be evaluated on the basis that there can be no assurance that CAML's strategies will be executed in whole or in part, or that the PDP

Fund will achieve its objective investment.

While CAML intends for the PDP Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. With respect to certain of the platforms managed by CAML and/or its affiliates that are managed accounts, certain of the owners thereof retain varying degrees of control and involvement rights with respect thereto, including in certain cases retention of final approval authority over investment decisions.

The PDP Fund's investment strategy differs from the investment strategy pursued by the other Investment Platforms affiliated with Carlyle Aviation.² Unlike its experience investing in used mid-life to end-of-life commercial aircraft, engines and/or components, Carlyle Aviation has limited experience or operating history origination and/or investment in such loans for a prospective investor to consider. The investments made by the PDP Fund are expected to differ from previous investments made by the principals in a number of respects.

In addition, the investment team will consist of, and certain day-to-day operations of the PDP Fund will be made and carried out by, certain personnel who Carlyle Aviation has recently hired or engaged. Such personnel may not have prior involvement with the other Investment Platforms. There can be no assurance that Carlyle Aviation personnel will not be solicited by and join competitors or other firms or that Carlyle Aviation will be able to hire and retain any new personnel or add to its roster of professionals. Accordingly, investors should draw no conclusions from the prior experience of Carlyle Aviation, the investment professionals or the performance of any other affiliated investments and should not expect to achieve similar returns.

Volcker Rule

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”). The Dodd-Frank Act includes the addition of a new Section 13 of the Bank Holding Company Act of 1956 and a new Section 27B of the Securities Act (the “**Volcker Rule**”). Subject to certain exceptions, the Volcker Rule prohibits any “banking entity” (generally defined as any insured bank or thrift and any bank holding company) from engaging in proprietary trading, or sponsoring or investing in a hedge fund or private equity fund. While it may be some time until the Dodd-Frank Act reforms are completely finalized and fully implemented, and the direct and indirect impact of this legislation is fully understood, it is clear that most advisors to private equity funds, as well as most hedge funds and other private pools of capital, are affected. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and the PDP Fund specifically. The Investment Adviser has not sought any assurances from the National Association of Insurance Commissioners (“**NAIC**”) as to whether it has endorsed or otherwise approved this structure or the benefits for insurance companies that choose to invest in this or similar structures.

² “Investment Platforms” means prior and future investment entities and their respective affiliated investment entities, including without limitation and only by way of example, private equity funds, hedge funds, managed accounts, proprietary vehicles and ABS-like vehicles, in each case sponsored, formed, managed, advised and/or serviced by Carlyle Aviation.

Additionally, the NAIC has not provided any representations or warranties to the Funds, investors in the Funds, the Investment Adviser, or anyone else as to whether this structure is endorsed or approved by the NAIC.

Illiquid Interests; Distributions In-Kind

Although CAML may, in its discretion, agree to redeem an investor's interest in the PDP Fund, an investor shall have no right to redeem its interest in the PDP Fund or the Revolving Note and any transfer of an interest in the PDP Fund or a Revolving Note without the consent of the PDP GP, as set forth in the PDP Fund's LPA ("**PDP Fund Agreement**"). Unless otherwise agreed to by PDP GP, no investor may transfer its limited partnership interest in the PDP Fund or the Revolving Note without transferring a pro rata portion of each in accordance with the requirements of the PDP Fund Agreement.

PDP GP may choose to distribute some of the PDP Fund's investments "in-kind" to the investors. When an investor receives an in-kind distribution of an investment, such investor shall have to make investment decisions concerning the investment without the services of PDP GP, CAML or Carlyle Aviation. In addition, after receiving an in-kind distribution of an investment, the investor shall be responsible for all costs associated with the maintenance and disposition of such investment, which could reduce the investor's return on such investment had the distribution in-kind not occurred. Further, there may be no market for such investment and such investor may have to hold such investment for an indefinite period of time.

Illiquidity; Lack of Current Distributions

An investment in the PDP Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains, if any, on successful investments are realized. The expenses of operating the PDP Fund (including the Management Fee payable to CAML) may exceed its income, thereby requiring that the difference be paid from the PDP Fund's capital, including, without limitation, unfunded commitments.

Because there is significant uncertainty as to the valuation of illiquid investments, the market prices, if any, of such investments may not necessarily reflect the fair value that could actually be realized by a client. Under limited circumstances, the Investment Adviser may not have access to all material information relevant to a valuation analysis with respect to an investment. As a result, the valuation of such client's investments, and, consequently, the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties and may not be readily ascertainable.

No Required Distributions or Payments

There is no guarantee that the PDP Fund will receive sufficient proceeds to be able to make regular interest payments on the Revolving Notes. As such, except as otherwise set forth in the PDP Fund Agreement or the Revolving Notes, the accrued interest on the Revolving Notes is not due and payable until maturity, which is concurrent with the end of the term of the PDP Fund (including

any extensions).

No Security Interest

The Revolving Notes are unsecured and, as such, do not have the benefits of debt instruments that are secured by assets. Each investor shall have equal and proportionate rights under the Revolving Notes, and no investor shall have a priority right to repayment. The sole recourse of the investors with respect to obligations of the PDP Fund under the Revolving Notes shall be to the assets of the PDP Fund. In the event of any action by the investors to enforce any obligations of the PDP Fund under the Revolving Notes (and as otherwise set forth in the PDP Fund Agreement), the PDP Fund will distribute its limited partnership interests “in kind” to the investors, as well as any cash or other assets on hand (after payment of, or reserves for, all expenses, liabilities, commitments and obligations) in full satisfaction of all obligations under the Revolving Notes and redemption of interests.

Estimates

Any future aviation asset investment returns are strictly estimates of future results based upon assumptions made at the time the estimates are developed. Accordingly, the estimates should not under any circumstances be understood as the performance of any actual investment vehicle or account. There can be no assurance that the results set forth in the estimates will be attained, and actual results may be significantly different from the estimates. Also, general economic factors, which are not predictable, can have a material effect on the reliability of estimates.

The estimates have been prepared based on the Investment Adviser’s current view in relation to future events and various other estimations and assumptions made the Investment Adviser, including assumptions about events that have not occurred of which any may be incorrect. Therefore, the estimates are subject to uncertainties, changes and other risks that are beyond control of the Investment Adviser or General Partners and any of which may cause the relevant actual, financial, and other results to be materially different from the results expressed or implied by such estimates.

The estimates are subject to a number of important risks, qualifications, limitations, and exceptions. The estimates reflect assumptions about market and economic conditions such as the availability of investments for purchase, any of which, if not true, could materially alter the hypothetical performance expressed or implied by the estimates. There are numerous factors related to the markets in general or the implementation of any specific investment program that cannot be fully accounted for in the preparation of estimated performance results, all of which can adversely affect actual investment results.

Significant Adverse Consequences for Default

The PDP Fund Agreement provides for significant adverse consequences in the event an investor defaults on its commitment or any other payment obligation (including Aircraft Purchases). In addition to losing its right to potential distributions from the PDP Fund, a defaulting investor may be forced to transfer its interest in the PDP Fund for an amount that is less than the fair market

value of such interest and that may be paid over a period of up to ten years, without interest.

Bankruptcy Risks

The PDP Fund's investment activities may result in it becoming involved as a creditor in bankruptcy proceedings.

Many of the events within a bankruptcy proceeding are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions (and creditors with respect to certain aviation-related assets that may become subject to Chapter 11 proceedings are, pursuant to Section 1110 of the Bankruptcy Code of 1978, as amended (the "**Bankruptcy Code**"), under certain circumstances generally allowed to repossess such assets in the event of default), there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the PDP Fund.

Generally, the duration of a bankruptcy proceeding can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional, and administrative costs to the company and the PDP Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart, or the company may not be able to reorganize and may be required to liquidate assets. Furthermore, the debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

In addition, U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the PDP Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in or other gerrymandering of the class. In addition, certain administrative costs and claims that have priority by over the claims of certain creditors (for example, claims for taxes) may be quite high.

There are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the PDP Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the PDP Fund may lose its priority if the debtor can demonstrate that the debtor, other creditors, and/or equity holders were harmed by the PDP Fund.

Also, commercial bankruptcy laws in Europe are slowly evolving into a system more akin to the Chapter 11 process in the United States, supporting potential financial restructurings rather than effective liquidations. U.S. insolvency procedures have historically been, and remain, on average more debtor orientated. The reverse is true for the UK and many other European jurisdictions where secured creditors have had extensive powers to protect their own rights, frequently overriding the interests of other creditors and the debtor. Changes in bankruptcy or other applicable laws may have a material adverse effect on the PDP Fund.

Litigation

As a result of the PDP Fund's potential counterparties becoming distressed and the possibility that PDP GP may participate in restructuring activities, it is possible that the PDP Fund may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails legal expenses and the possibility of counterclaims against the PDP Fund, the PDP GP and/or the Investment Adviser, and may be rendered against the PDP Fund for which the PDP Fund does not carry insurance.

Failure to Make Capital Contributions

If an investor fails to pay when due installments of its commitment or other of its payment obligations to a Carlyle Aviation-sponsored investment vehicle when due, and the capital contributions and/or other payments made by non-defaulting investors and borrowings by such investment vehicle are inadequate to cover the defaulted capital contribution, a Carlyle Aviation-sponsored investment vehicle may be unable to pay its obligations when due. As a result, such investment vehicle may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). If an investor defaults, it may be subject to various remedies as provided in the governing documents of a client, including, without limitation, a forfeiture of its interests therein, preclusion from further investment in the client and participation in further investments by the client, reductions in its capital account balance and a forced sale of its interest therein at a discount. The General Partners may, subject to certain limitations, require an additional funding of capital contributions from the non-defaulting investors to fund the shortfall caused by a defaulting investor. A default by an investor may also limit the client's ability to incur borrowings and avail itself of what would otherwise have been available credit. Investors in a client may be controlled by the Investment Adviser, to the effect that the Investment Adviser controls whether the investor funds required capital contributions or other payments to a client. To the extent such an investor does not so fund required capital contributions or other payments, the Investment Adviser may elect not to impose default remedies under the governing documents of the client. If any failure to fund relates to the actions or inactions of a third-party investor in such investor, the Investment Adviser may elect to impose default remedies under the governing documents of such investor in lieu of at the client.

Investors in a client could, from time to time, include other Carlyle Aviation-sponsored investment vehicles. The general partner of a client does not expect to impose default remedies under such client's governing agreement on any such other Carlyle Aviation-sponsored investment vehicle where the Investment Adviser is in control of whether such other Carlyle Aviation-sponsored investment vehicle funds required capital contributions and/or other payments.

Other Carlyle Aviation-Sponsored Invest Vehicles as Limited Partners

Another Carlyle Aviation-sponsored investment vehicle could, from time to time, hold interests in a client and, although Carlyle Aviation controls such other Carlyle Aviation-sponsored investment vehicle, the beneficial owner or owners may be permitted to exercise such other Carlyle Aviation-sponsored investment vehicle's voting rights in respect of a client. In such a case the other Carlyle Aviation-sponsored investment vehicle will vote its interests in a client in the manner directed by

the beneficial owner or owners of such other Carlyle Aviation-sponsored investment vehicle and such other Carlyle Aviation-sponsored investment vehicle will not be considered an affiliate of the Investment Adviser for purposes of the voting provisions of a partnership agreement.

Public Disclosure

Some of the interests in clients will be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to such client or its portfolio investments results from interests being held by public investors, such client may be adversely affected, including the client's competitive advantage in finding attractive investment opportunities. The client may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in the Investment Adviser and/or the client becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain.

Role of Investment Professionals

The success of each client will depend in part upon Carlyle Aviation's ability to attract and retain talented investment professionals and the skill and expertise of the investment professionals who manage that client's investment program. There can be no assurance that such professionals will continue to be associated with Carlyle Aviation throughout the life of any client and a loss of the services of key personnel could impair Carlyle Aviation's ability to provide services to a client. Should one or more of these professionals become incapacitated or in some other way cease to participate in a client, the client's performance could be adversely affected. Moreover, there can be no assurances that such professionals will remain in the same roles at Carlyle Aviation whether as officers, employees, consultants or otherwise throughout the life of a client. In addition, investment professionals involved in providing advisory services to a client could in the future cease providing such services while nonetheless remaining employed by Carlyle Aviation. Separately, there is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified professionals, including investment professionals. There can be no assurance that Carlyle Aviation's personnel will not be solicited by and join competitors or other firms and/or that Carlyle Aviation will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. In this respect, in January 2023, the U.S. Federal Trade Commission ("FTC") published a proposed rule that, if finally issued, would generally prohibit post-employment non-compete clauses (or other clauses with comparable effect) in agreements between employers and their employees. The Investment Adviser is monitoring the proposed rule and the impact it may have on its ability to recruit and retain our professionals.

Reliance on the General Partners and Investment Adviser

The Investment Adviser will have exclusive responsibility for the activities of a client or the Funds,

and, other than as may be set forth in such client's or the Funds' governing documents, investors will have no opportunity to control the day-to-day operation of a client or the Funds or to make investment, disposition, or any other decisions concerning the management of a client or the Funds. In order to safeguard their limited liability for the liabilities and obligations of a client, investors must rely entirely on the Investment Adviser to conduct and manage the affairs of a client.

In order to safeguard their limited liability for the liabilities and obligations of the Funds, investors must rely entirely on the General Partner and Investment Adviser to conduct and manage the affairs of the Funds. Control over the operation of the Funds will be vested with the General Partners, and the Funds' future profitability will depend largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals could have an adverse effect on the Funds' ability to realize its investment objectives. In addition, the principals currently, and likely will in the future, manage other investment funds and the principals and other investment professionals will likely need to devote substantial amounts of their time to the investment activities of such other funds, which pose conflicts of interest in the allocation of the time of the principals and other investment professionals.

Methods of Investment Analysis

The Investment Adviser seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, the Investment Adviser relies on available resources, including market research (which may include reliance on alternative data sources). As a result, the due diligence process may at times be subjective. Accordingly, the Investment Adviser cannot be certain that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including irregular accounting, employee misconduct and other fraudulent practices) that are necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. In circumstances where the Investment Adviser accesses non-public confidential information, there is a possibility that certain trading restrictions would apply to the Investment Adviser and its affiliates, which may affect a client's ability to transact.

In the event of fraud by any investor or client investment, a client may suffer a partial or total loss of invested capital, and there can be no assurance that any such losses will be offset by gains (if any) realized on a client's other investments.

Effect of Substantial Losses on the Operations of the Investment Adviser

If, due to extraordinary market conditions or other reasons, a client or any of its affiliates were to incur substantial losses, the revenues of the Investment Adviser and its affiliates may decline substantially. Such losses may hamper the Investment Adviser's and its affiliates' ability to (i) retain employees and (ii) provide the same level of service to such client as it has in the past.

General Economic and Market Conditions

The success of a client's investment activities will be affected by continued economic volatility as well as general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of a client's investments), trade barriers, consumer spending patterns, currency exchange controls, continued technology disruption, tax reform or other significant policy changes as well as national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts, security operations or public health considerations). In addition, there exists material uncertainty in the global banking markets (particularly as a result of the recent failure of Silicon Valley Bank, Signature Bank and Credit Suisse), and there can be no assurance that other banks (including banks with which the Investment Adviser has business relationships) will not suffer adverse effects.

Misconduct of Personnel; Third-Party Service Providers

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to the Investment Adviser. Misconduct by employees or by third-party service providers to the Investment Adviser or a client could cause significant losses to a client. Employee misconduct could include, among other things, binding a client to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to a client. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the client's business prospects or future activities. It is not always possible to deter misconduct by employees or service providers, and the precautions the Investment Adviser takes to detect and prevent this activity may not be effective in all cases.

Certain of a client's and the Investment Adviser's operations interface with and/or depend on third parties, including a client's or the Investment Adviser's administrator or other service providers, and such client or the Investment Adviser may not be in a position to verify the risks or reliability of such third parties. A client could suffer adverse consequences from actions, errors, or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them. The costs, fees and expenses associated with the provision of such services by third-party service providers will generally be borne by a client instead of the Investment Adviser, thereby increasing the expenses borne by such client's investors.

Ongoing Turmoil in the U.S. and Global Financial Markets

Turmoil such as that currently experienced by the U.S. and global financial markets as a result of the Russia-Ukraine war and the effects of COVID-19, and such as markets endured during the global financial crisis of 2008 and recent collapses of financial companies including cryptocurrency companies, illustrates the risk that the financial markets can experience uncertainty, volatility, and instability, potentially for protracted periods of time. Lending and

global credit markets continue to experience substantial volatility, disruption, liquidity shortages and, to some extent, financial instability. Global financial markets have experienced considerable and prolonged declines in the valuations of equity and debt securities and periodic acute contraction in the availability of credit. There can be no assurances that conditions in the U.S. and global financial markets will not worsen and/or adversely affect one or more of a client's investments (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage (including the ability to access cash for immediate needs including payroll and expenses), its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

Recent events in the U.S. and European banking sectors have caused uncertainty for financial services companies, and fear of instability in the global financial system generally. On March 10, 2023, and March 12, 2023, respectively, Silicon Valley Bank ("**SVB**") and Signature Bank ("**Signature**") were closed by regulators and the FDIC was appointed as receiver. Simultaneously with the recent events in the U.S. banking sector, the Swiss regulators intervened in the collapse of Credit Suisse Group AG ("**Credit Suisse**"), one of the global systemically important banks, and brokered its partial sale to UBS Group AG on March 19, 2023. There is a risk that other financial institutions could undergo significant depositary outflows as a result of contagion disconnected from market fundamentals or for other reasons, and it is unclear what steps regulators would take, if any, in the event of further bank closures or continuing (or increasing) market distress.

In addition, some of a client's transaction counterparties may bank with, or otherwise have exposure to SVB, Signature, Credit Suisse or other smaller and/or regional banks. To the extent any such parties' operations are impacted by SVB, Signature, Credit Suisse or any other financial institution that may be seized or fail, their ability to conduct their business activities in the ordinary course may be significantly restricted. Any such events, in turn, may impact a clients' operations.

Coronavirus and Public Health Emergencies

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, respiratory syncytial virus or RSV, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could negatively impact clients and could meaningfully affect a client's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on a client's financial performance will depend on many factors, including, but not limited to, the duration and scope of such public health emergency (as well as the availability of effective treatment and/or vaccination), the extent of any related travel advisories and voluntary or mandatory government or private restrictions implemented, the impact of such public health emergency on overall supply and demand, goods (including component parts and raw materials) and services, investor liquidity, consumer confidence and spending levels, the extent of government support and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. For example, the shortage of workers and lack of key components and raw materials that has come as a result of COVID-19 has and may continue to contribute to manufacturers and distributors being unable to produce or supply enough goods to meet increasing demands. The impact of these global supply chain constraints may not fully be reflected until future periods and may have an adverse impact on a client at a

future point when COVID-19 may not be as prevalent in the public. The effects of a public health emergency may negatively impact the value and performance of clients, the Investment Adviser's ability to source, manage and divest investments and a client's ability to achieve its investment objectives, all of which could result in significant losses to a client.

The operations of the Investment Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings (including office attendance), forwarding of and otherwise delayed receipt of mail, and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity, and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of the Investment Adviser, including possibly the key executives, or the personnel of the Investment Adviser's key service providers and the volatility in the labor, transport, energy and other markets resulting from or otherwise linked to the relaxation of related quarantine measures, meeting and travel restrictions.

In connection with the impacts of any future such public health crisis, there is a heightened risk of cyber and other security vulnerabilities that could result in adverse effects to the clients or their investments in the form of economic harm, data loss or other negative outcomes.

Uncertain Geopolitical Events

International and/or local geopolitical events are likely to influence the issuers of, and markets for, instruments traded by clients. Geopolitical events, including, without limitation, national referenda, political elections, international violent and non-violent conflicts, political movements and reactions to national and international emergencies, can affect monetary policy, fiscal policy, international relations, currency valuations, legal systems and regulatory regimes, among numerous other things, in ways that could impact the clients and/or their ability to operate and/or pursue their respective investment strategy.

On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions). On February 22, 2022, the United States, UK, and EU announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the United States, UK, EU, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus, as well as a number of Russian oligarchs. Additional sanctions, export controls, and other measures continue to be adopted as the conflict continues. For example, in September and October of 2022, following the purported annexation by Russia of four territories of Ukraine, several nations imposed additional sanctions, export controls, and other measures against Russia and those outside of Russia that provided political or economic support for the purported annexation. Further sanctions continue to be imposed, and the United States and allied countries have recently announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could

have a negative impact on the economy and business activity globally (including in the countries in which a client invests), and therefore could adversely affect the performance of a client's investments. Furthermore, given the ongoing nature of the conflict between the two nations and its ongoing escalation (such as Russia's recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to a client and the performance of its investments or operations, and the ability of a client to achieve its investment objectives.

Social Unrest

Recent events concerning discrimination, race relations and inequality have led to protests, demonstrations, marches, and other forms of political and social activism on a local, regional, national, and international level as well as rioting in some instances. Such activism, which has ranged from peaceful to in some instances, violent, has resulted in curfews, the deployment of the national guard and other local and national interference, and could lead to increased political and social volatility and uncertainty, which was already heightened in wake of COVID-19. While the overall effect of such activism remains unknown, investors should note that this type of volatility and uncertainty could materially and adversely impact the securities and other assets in which the client invests.

Continuation of Trends and Conditions

The investment strategies of clients and the availability of opportunities satisfying clients' risk-adjusted return parameters may rely in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast, or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurances that the assumptions made or the beliefs and expectations currently held by the Investment Adviser will prove correct and actual events and circumstances may vary significantly.

Availability of Financing

A combination of lack of liquidity and regulatory constraints on the amount of debt banks may extend for transactions in the capital markets may make it significantly more difficult for the Investment Adviser to obtain favorable financing for investments and the financing that is available may be on significantly less favorable terms than had been prevailing in the past. The Investment Adviser may be required to finance transactions with a greater proportion of equity relative to prior periods. General fluctuations in the market prices of investments may affect the value of the investments held by a client. Instability in global financial markets may also increase the risks inherent in a client's investments.

Illiquid and Long-Term Investments; Certain Proceeds

Investment in a client may require a long-term commitment with no certainty of return, and there

most likely will be little or no near-term cash flow available to the investors. Many of a client's investments will be highly illiquid, and there can be no assurance that a client will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. A client's ability to realize an investment can be dependent on the public debt markets (e.g., demand for new offerings and security sales). To the extent that there is no liquid trading market for an investment, the client may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that purchasers of a client's investment will be found.

Investments Longer than Term

Each Carlyle Aviation-sponsored investment vehicle may make investments that may not be advantageously disposed of prior to the date that the winding up of such investment vehicle commences, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds of the liquidation of the remaining assets to investors will occur. Such winding-up and final distribution may occur several years after the investment vehicle enters into dissolution.

Limited Number of Investments

A client will generally only participate in a limited number of investments and because the client's investments generally will involve a high degree of risk, poor performance by only a few investments could severely affect the total returns of such client (which may be exacerbated by the use of leverage). In addition, other than as set forth in the applicable client's governing documents (or investment management agreement in the case of a separately managed account or as required by applicable law), investors have no assurance as to the degree of diversification of a client's investments, either by geographic region or transaction type. To the extent that a client concentrates investments in a particular airline, type of operator, country or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Moreover, there are no assurances that all of a client's investments will perform well or even return capital. Therefore, if certain investments perform unfavorably, for a client to achieve above-average returns, one or a few of its investments must perform exceptionally well. There are no assurances that this will be the case.

Confidential or Material, Non-Public Information

By reason of their responsibilities in connection with other activities of the Investment Adviser, certain personnel of the Investment Adviser may acquire confidential or material non-public information concerning an existing or proposed investment, and the possession of such information may limit the ability of the Investment Adviser to buy or sell particular securities on behalf of clients, thereby limiting the investment opportunities or exit strategies available to the clients.

CASP has erected an information barrier to segregate the flow of material, non-public information between CASP and the rest of Carlyle and Carlyle Aviation (the "**CASP Information Barrier**"), which includes the Investment Adviser. The purpose of the CASP Information Barrier is, among other things, to insulate material, non-public information, such that the investment activities of

CASP, on the one hand, and the rest of Carlyle, on the other hand, are not otherwise restricted because one business unit may have material, non-public information that would be imputed to the other business unit in the absence of an information barrier.

The establishment and maintenance of the CASP Information Barrier means CASP will generally not be able to use, act on or otherwise be aware of confidential information otherwise known by or in the possession of the Investment Adviser and rest of Carlyle (and vice-versa), and collaboration between personnel associated with CASP, on the one hand, and personnel of the rest of Carlyle Aviation and Carlyle, on the other hand, may be limited, reducing potential synergies.

Compliance with Anti-Money Laundering and Know-Your-Customer Requirements

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, investors are required to provide documentation verifying, among other things, such investors' identity and source of funds used to purchase the interests of such client. The amount and types of such information requested may vary depending on a client's domicile (due to local regulatory requirements), and complying with such requests may be burdensome, inconvenient, and intrusive. The Investment Adviser may decline to accept a subscription on the basis of the information that is provided or if this information is not provided. The Investment Adviser may also refuse the transfer of interests in such client if the person to whom the interests are to be transferred fails to meet the criteria and/or provide all documentation and information recommended or prescribed by anti-money laundering and know-your-customer laws, regulations, and policies applicable to such client. Requests for documentation and additional information may be made at any time during which an investor holds an interest in a client. The Investment Adviser may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. The Investment Adviser or its affiliates will take such steps as it determines in its sole discretion are necessary to comply with applicable law, regulation, orders, sanctions, directives, or special measures. These steps may include prohibiting an investor from making further contributions of capital to the Fund, depositing distributions, other funds or assets to which an investor would otherwise be entitled to in an escrow account or causing the exclusion of an investor from the Fund.

Currency and Exchange Rate Risks

Investors from any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. It should be noted that the fees, costs and expenses incurred by an investor in converting their local currency to U.S. dollars (if applicable) in order to meet capital calls will be borne solely by such investor and will be in addition to the amounts required by such capital call (and will not be part of or otherwise reduce an investor's capital commitments and/or unfunded capital commitments, as applicable).

Hedging Transactions

In connection with the acquisition, financing, holding or disposition of certain investments, a client

may employ hedging techniques designed to reduce certain risks, including, among others, the risk of adverse movements in interest rates, securities prices, and currency exchange rates, but there will be no obligation to engage in such hedging activities. While such transactions may reduce certain risks, such transactions themselves entail certain other risks. Thus, while a client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates, or the transactional fees associated with such mechanisms may result in a poorer overall performance for such client than if it had not entered into such hedging transactions. These arrangements may also require the posting of cash collateral at a time when the client has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, which may reduce the returns generated by the client. The general partner of a client may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills that are different than the skills used in selecting and monitoring investments. There can be no assurance that any risk management procedure will be effective in reducing risks associated with the use of hedging techniques or that the use of such techniques by a client will not result in poorer overall performance for a client than if it had not utilized such techniques.

Managers of certain pooled investment vehicles with exposure in commodity interests may be required to register with the U.S. Commodity Futures Trading Commission (“CFTC”) as commodity pool operators (“CPOs”) and/or commodity trading advisors (“CTAs”) and become members of the National Futures Association (the “NFA”). In connection with their hedging/risk management (and other) swap activity, applicable clients generally seek to rely on an exemption from registration available to entities with de minimis levels of swap exposure. However, to the extent that such swap activity exceeds these de minimis thresholds (or the clients and their general partners otherwise fail to file for an applicable exemption), the Investment Adviser, as the investment manager with respect to such clients, may be required to register with the CFTC. In addition, as a result of their hedging/risk management (and other) swap activity, certain clients or related entities also may be subject to a wide range of other regulatory requirements, such as: (i) potential compliance with certain commodities interest position limits or position accountability rules; (ii) administrative requirements, including recordkeeping, confirmation of transactions and reconciliation of trade data; (iii) mandatory central clearing and collateral requirements; and (iv) initial and variation margin requirements for uncleared swap transactions. Furthermore, any determination to cease or to limit holding or investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC and/or available exemptions may have an adverse effect on a client’s ability to implement its investment objectives and to hedge risks associated with its operations.

Pay-to-Play Laws, Regulations and Policies

In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including

investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. The Investment Adviser is subject to policies and procedures to account for these pay-to-play laws, regulations or policies, and to comply with the New York Attorney General's Public Pension Fund Reform Code of Conduct (the "**Pension Fund Reform Code**"), which governs its interactions with U.S. public pension funds. If the Investment Adviser or its employees or affiliates fail to comply with the Pension Fund Reform Code or such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on a client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Diversification and Concentration Risks

A client's portfolio could become significantly concentrated in investments related to a single or a limited number of borrowers, countries, or geographic regions. This limited diversification can result in the concentration of risk, which, in turn, could expose clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such investments.

The portfolio of a client may be concentrated in a limited number of investments. Beyond asset diversification requirements or concentration limitations set forth in a client's applicable governing documents or contractual agreements, clients do not have fixed guidelines for diversification, and investments may be concentrated in investments related to a single or limited number of airlines, types of operator, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities. As a result, the aggregate returns realized may be significantly adversely affected if a small number of investments perform poorly or if the client needs to write down the value of one or more investments. Additionally, a downturn in the aviation industry could also significantly impact the aggregate returns realized.

Fundamental Analysis

Certain investment decisions made on behalf of clients may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to a client's trading strategies, clients may not be able to realize their investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Adviser misinterprets the meaning of certain data, clients may incur losses.

Small and Medium-Capitalization Companies

Investments in loans to smaller-capitalization companies involve higher risks in some respects than do investments in loans to larger "blue-chip" companies. The risk of bankruptcy or insolvency

of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue-chip” companies.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes, including new interpretations of existing laws and regulations, could occur during the term of a client that may adversely affect such clients. The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Funds and the ability of such Fund to effectively employ its investment and trading strategies. Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Investment Adviser and may divert time and attention from portfolio management activities. There can be no assurance that any such scrutiny, regulation or focus will not have an adverse impact on the Funds’ activities, including the ability of the Funds to effectively and timely address new rules and regulations, execute its investment strategy or achieve its investment objectives.

In particular, clients may be required to incur additional costs and expenses in implementing structural changes in the conduct of the Investment Adviser’s business, and a client may also become directly or indirectly subject to additional tax liabilities (for example, through restrictions on or denial of the deductibility of interest expenses against taxable profits). The foregoing may make it less attractive or impractical to continue to invest in one or more jurisdictions. Furthermore, it is unclear what further legal or regulatory changes may be implemented within those jurisdictions in which a client invests, which changes may result in increased costs and expenses being incurred by a client in order to ensure compliance with any new regimes.

There is a material risk that regulatory agencies in the United States, Europe, Asia, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the alternative asset management (including public or private markets) industry, or other changes that could adversely affect alternative investment firms and the funds they sponsor, including a client. In addition, and in particular in light of the changing global regulatory climate, clients may be required to register under certain foreign laws and regulations and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market to potential investors, which may generally limit a client’s ability to raise capital and/or increase the costs and expenses borne by the investors in such clients. Furthermore, the OECD, as defined below, has proposed changes to numerous long-standing principles through its base erosion and profit shifting project (“**BEPS**”). Several of the proposed measures, including measures covering treaty abuse, the deductibility of interest expense, local nexus requirements, transfer pricing and hybrid mismatch arrangements are potentially relevant to investment structures and could have an adverse impact on clients and investors. In addition to BEPS, the EU (as defined below) has adopted the Anti-Tax Avoidance Directive that addresses many of the items of BEPS, including hybrid mismatch rules and interest deduction limitations, which such rules could have an adverse tax impact on clients and investors. The OECD is also leading work on proposals based on two “pillars” involving the reallocation of taxing rights and a new global minimum corporate tax which, if implemented, could fundamentally change the international tax system.

Political leaders in the United States and certain European nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries and has made proposals and taken actions related thereto. For example, the U.S. government has recently imposed tariffs on certain foreign goods, including steel and aluminum and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of a client. Although the U.S. and China signed the Phase I Economic and Trade Agreement relating to the trade disputes between the U.S. and China, there are still ongoing trade disputes, which if they remain unresolved, are expected to be an ongoing source of instability, potentially resulting in significant currency fluctuations and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). While these disputes have already had negative economic consequences on the U.S. markets, to the extent that such trade disputes escalate into a “trade war” between the U.S. and China, there could be additional significant impacts on the industries in which the client participates and other adverse impacts on the client’s investments.

Prospective investors should note that the outcome of presidential and other elections creates uncertainty with respect to legal, tax and regulatory regimes in which the Investment Adviser will operate. In addition to any proposed tax legislation, any significant changes in, among other things, economic policy (including with respect to interest rates), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on clients and their investments.

As a registered investment adviser under the Advisers Act, the Investment Adviser is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws (including, without limitation, the obligation of the Investment Adviser and its affiliates to make regulatory filings with respect to the clients and its activities under the Advisers Act (including, without limitation, Form ADV or Form PF). Relatedly, the Investment Adviser in certain cases will be required to provide certain information regarding some of the investors in the clients to regulatory agencies and bodies in order to comply with applicable laws and regulations. In light of the heightened regulatory environment in which the Investment Adviser and clients operate and the ever-increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for the Investment Adviser and its affiliates and clients to comply with such regulatory reporting and compliance-related obligations. For example, the SEC’s marketing rule for investment advisers, Rule 206(4)-1, went into full effect in November 2022. The marketing rule increases regulatory obligations and potential scrutiny and imposes more prescriptive requirements on SEC-registered investment advisers’ marketing activities, impacting the marketing of certain clients and other investment advisory functions of the Investment Adviser and increasing related expenses.

These changes and any further increases in the regulations applicable to private investment funds

generally, or a client and/or the Investment Adviser in particular, some of which are further described below, may result in increased expenses, which may be material, associated with the client's activities and additional resources of the Investment Adviser being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for such client's investors and/or have an adverse effect on the ability of such client to effectively achieve its investment objective.

Additionally, increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the Investment Adviser and may furthermore place a client at a competitive disadvantage to the extent that the Investment Adviser is required to disclose sensitive business information.

Notwithstanding that the Investment Adviser is registered as an investment adviser under the Advisers Act, and that certain clients may be considered similar in some ways to an investment company, such investment vehicles are not required and do not intend to register as such under the 1940 Act and, accordingly, investors are not afforded the protections of the 1940 Act.

Regulatory Approvals

Some transactions may require a client to obtain licenses, consents, or approvals from governmental or other regulatory authorities. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might be withdrawn or expire without renewal; furthermore, a client may have difficulty acquiring certain licenses, consents, or approvals. Any of these events could negatively impact a client's ability to make distributions to investors.

Cybersecurity Breaches, Identity Theft, Privacy Breaches and Other Threats

Cybersecurity incidents and cyberattacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. There has been an increase in the frequency and sophistication of the cyber and security threats that the Investment Adviser faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target the Investment Adviser because it processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the clients and personally identifiable information regarding investors and employees. For example, related to the Russia-Ukraine war, Russia has threatened significant cyberattacks and other forms of cyberwarfare against military and civilian targets globally. Similarly, service providers of the Investment Adviser or a client, especially an administrator, may process, store and transmit such information. As a result, the Investment Adviser may face a heightened risk of a security breach, online extortion attempt, or disruption with respect to this information resulting from an attack by computer hackers, foreign governments, cyber extortionists, or cyber terrorists. If successful, these types of attacks on the Investment Adviser's network or other systems could have a material adverse effect on our business and results of operations, due to, among other things, the loss of investor or proprietary data, interruptions or delays in our business and damage to the Investment Adviser's reputation. Airlines, maintenance facilities, contractors, investors, and other third parties with whom the Investment Adviser does

business also experience cyber threats and attacks that are similar in frequency and sophistication. In many cases, the Investment Adviser has to rely on the controls and safeguards put in place by their lessees, maintenance facilities, contractors, investors and other third parties to defend against, respond to, and report these attacks.

Because employees and contractors may introduce vulnerabilities in systems if they are the target of “phishing,” social engineering or other attacks through the firm’s email systems, the Investment Adviser has implemented a security awareness training program. The objective of this program is to inform the Investment Adviser’s personnel of their responsibility for information security and includes quarterly online training, live awareness events and phishing simulations.

The Investment Adviser’s information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, security threats (including ongoing cybersecurity threats to and attacks on our information technology infrastructure), infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, significant investment may be required to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Adviser’s and/or its client’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors, employees, and portfolio companies.

A cybersecurity incident or data privacy breach could have numerous material adverse effects, including on the operations, liquidity and financial condition of a client (and the beneficial owners of investors). Cyber threats and/or incidents or data privacy breaches could cause financial costs from the theft of client assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: costs related to regulatory intervention or fines (including under the EU General Data Protection Regulation (“**GDPR**”) and proposed SEC rules, or similar data protection regulations), litigation costs, costs of responding to regulatory inquiries settlement costs, compliance costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which could be materially adverse to a client. Such a failure could harm the Investment Adviser’s and client’s reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and performance. The costs related to cyber or other security threats or disruptions or data privacy breaches may not be fully insured or indemnified by other means.

The service providers of the Investment Adviser and its clients are subject to the same electronic information security threats as the Investment Adviser. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of any client and personally identifiable information of the investors (and beneficial owners thereof) may be lost or improperly accessed, used or disclosed.

The Investment Adviser cannot make any prediction of specific scenarios with respect to public health emergencies or significant political events such as war, and risk management and contingency plans the Investment Adviser has implemented may not adequately protect its business from such events. An extended period of remote work arrangements could strain the Investment Adviser's business continuity plans, introduce operational risk, including but not limited to cybersecurity risks (including heightened risk of cyber-attacks due to political events such as the Russia-Ukraine war), and impair the Investment Adviser's ability to manage its business. The business operations of the Investment Adviser could be significantly disrupted if its critical workforce, key vendors, third-party suppliers or counterparties with whom the Investment Adviser, as applicable, transact are unable to work effectively, including because of illness, quarantines, government actions in response to COVID-19, disruptions in access to remote working capabilities, including as a result of internet service outages, or other reasons. The Investment Adviser may outsource certain critical business activities to third parties. As a result, the Investment Adviser may rely upon the successful implementation and execution of the business continuity planning of such entities in the current environment. Successful implementation and execution of business continuity strategies by these third parties are largely outside the Investment Adviser's control. If one or more of the third parties to whom the Investment Adviser outsources certain critical business activities experience operational failures as a result of the impacts from the spread of COVID-19, or claim that they cannot perform due to a force majeure, it could cause a material adverse effect on the business, financial condition, results of operations and cash flows of a client.

Climate Change Risk

A client could lease aircraft to airlines that are located in, or have operations in, areas that are subject to climate change. Airlines located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the business and operations of a client's lessees. Physical impacts of climate change may include increased storm intensity and severity of weather (*e.g.*, floods or hurricanes), sea level rise, fires, and extreme and changing temperatures.

The Investment Adviser and issuers in which clients invest face a number of risks associated with climate change, including both transition and physical risks. The transition risks that could impact Investment Adviser and the issuers include those risks related to the impact of U.S. and foreign climate-and ESG-related legislation and regulation, as well as risks arising from climate-related business trends. Moreover, Investment Adviser and its clients' investments are subject to risks stemming from the physical impacts of climate change.

New climate change-related regulations or interpretations of existing laws may result in enhanced disclosure obligations that could negatively affect Investment Adviser and also materially increase Investment Adviser's regulatory burden. Increased regulations generally increase the costs to Investment Adviser, a client and the issuers, and those higher costs may continue to increase if new laws require additional resources, including spending more time, hiring additional personnel or investing in new technologies. Moreover, significant increases in regulatory compliance expenses may negatively impact a client and the issuers. In particular, compliance with climate-

and other ESG-related rules in the EU is expected to result in increased legal and compliance costs and expenses, which would be borne by Investment Adviser and a client. In addition, lessees could face transition risk if carbon-related regulations or taxes are implemented.

Expedited Investment Decisions; Opportunistic Investments

Investment analyses and decisions by the Investment Adviser will, in certain cases, be required to be undertaken on an expedited basis to take advantage of investment opportunities. While a client will generally not seek to make an investment until the Investment Adviser has conducted sufficient due diligence to make a determination as to the potential risks of the investment and the underlying portfolio investment, in such cases, the information available to the Investment Adviser at the time of making an investment decision may be limited. Therefore, no assurance can be given that the Investment Adviser will have knowledge of all circumstances that may adversely affect an investment. In addition, the Investment Adviser will, from time to time, involve independent consultants in connection with its evaluation and/or diligence of certain proposed investments. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and the client may incur liability as a result of such consultants' actions.

Non-U.S. Investments

With any investment outside the United States, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. For a client that invests in aircraft leased to an operator based in a non-U.S. country, investments involve certain risks not typically associated with leasing aircraft to an operator organized, headquartered and principally operating in the United States, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which such client's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities and credit markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (v) certain economic, social and political risks, including potential exchange-control regulations and restrictions on non-U.S. investments and repatriation of capital, the risks associated with political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (vi) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities or instruments; (vii) differing, and potentially less well-developed or well-tested laws regarding creditor's rights (including the rights of secured parties), corporate governance, fiduciary duties and the protection of investors and intellectual property rights; (viii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information.

Accounting, auditing, financial and other reporting standards, practices and disclosure requirements in certain of the countries in which a client may invest are not equivalent to those in

the United States and certain Western European countries and may differ in fundamental ways. Accordingly, information available to a client, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in more economically sophisticated countries and less information may be available to investors. As a result, Carlyle Aviation's due diligence activities may provide less information than due diligence reviews conducted in more developed countries. The lower standards of due diligence in certain countries will increase the risk related to the investments in these countries. While Carlyle Aviation will endeavor to conduct appropriate due diligence in connection with each of its investments, no guarantee can be given that they will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

In addition, a client's investments in aircraft leased to airlines in emerging markets may be subject to a greater risk of loss than aircraft leased to airlines in more developed and traditional markets (such as the United States and Europe). Emerging markets are more likely to experience inflation, currency and liquidity risks, geopolitical turmoil, policy changes and rapid changes in economic conditions than more developed and traditional markets. Emerging markets often have less uniformity in accounting and reporting requirements, unreliable securities valuation and greater risk associated with custody of securities.

Data Protection Regulation

Cybersecurity incidents, data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions and/or other penalties. Investments of the clients are subject to regulations related to privacy, data protection and information security in jurisdictions in which they conduct business. As these regulations are implemented, interpreted, and applied, compliance costs may increase for the clients and their investments.

In February 2022, the SEC proposed new cybersecurity rules and amendments to existing rules under the Advisers Act and the 1940 Act specifically related to registered investment advisers, investment companies and BDCs ("**SEC Cyber Proposed Rule**"). The proposed rules would require advisers and funds to adopt, implement and annually test written cybersecurity policies and procedures designed to address cybersecurity risks, promptly report significant cybersecurity incidents to the SEC using a proposed form and within a prescribed time period and clients must keep enumerated cybersecurity-related books and records.

If adopted, including with modifications, the SEC Cyber Proposed Rule could have a significant effect on registered advisers and funds and their operations, including increasing compliance burden and associated regulatory costs and increasing the risk of regulatory action.

On May 25, 2018, the GDPR replaced the then-existing data protection directive and, as a regulation, has direct effect in all EU member states. Although a number of the existing principles for the protection of personal data will remain, the GDPR was designed to harmonize data privacy laws across Europe and change the way organizations approach data privacy. The UK has retained and transposed the GDPR into the domestic law of the UK by virtue of the EU (Withdrawal) Act 2018 ("**EUWA**") (the body of law retained in the UK is referred to as the "**UK DPA**").

The GDPR introduced new obligations and expanded its territorial reach. It applies to (i) all organizations that process personal data of ‘data subjects’ in the context of the activities of an establishment in the EU (which may include processing that takes place outside the European Economic Area or the “EEA”) and (ii) organizations outside the EEA that offer goods or services to data subjects in the EEA, or that monitor the behavior of EEA data subjects. The UK DPA applies to (i) organizations that process the personal data of data subjects (natural persons) in the context of the activities of an establishment in the UK (which may include processing that takes place outside the UK) and (ii) organizations outside the UK that offer goods or services to data subjects in the UK, or that monitor the behavior of data subjects in the UK. Personal data is information that can be used to identify a natural person, including a name, a photo, an email address, or a computer IP address. For those subject to it, the GDPR and UK DPA impose a number of obligations to comply with that are aimed at greater protection for data subjects (including obligations and restrictions relating to the manner in which and purposes for which personal data is processed, and measures to ensure personal data security and to be able to respond appropriately to a number of rights held by data subjects under the GDPR and UK DPA). This may require organizations to analyze and evaluate how they handle data in the ordinary course of their business. The costs of compliance and the potential for fines and penalties in the event of a breach may have an adverse impact on an Advisory Client, particularly because penalties for non-compliance are material. The more serious breaches of these data protection laws could incur significant administrative penalties, for example, in the case of the GDPR, a fine of up to the greater of €20 million or 4% of aggregate global turnover for the preceding year (whichever is higher).

In addition to the data protection laws in Europe, the United States and other jurisdictions are going through a period of active consideration of additional data privacy and cybersecurity laws. These include the California Consumer Privacy Act (the “CCPA”), effective January 1, 2020; the Cayman Islands Data Protection Act (2021 Revision) (the “CI DPA”), which came into force on September 30, 2019; the Stop Hacks and Improve Electronic Data Security (“SHIELD”) Act, aspects of which took effect on October 23, 2019 and other aspects of took effect on March 21, 2020; a range of proposed additional laws in California, New York, Texas, Washington, Virginia and other states; and a range of proposed additional laws at the federal level. The cumulative effects of the CCPA and other recently adopted data protection laws include an increased ability of individuals, relative to companies, to control the use of their personal data; increased obligations of companies to maintain the security of data; and increased exposure to fines or damages for companies that do not accord individuals their specified privacy rights, that experience data breaches or that do not maintain cybersecurity at certain levels of quality. There can be no assurance that these systems will be effective in mitigating the business impact of individuals’ increased privacy rights or in avoiding fines or damages.

The guidance provided in the CI DPA is based on the UK’s Information Commissioner’s Office’s Guide to the GDPR and aligns the Cayman Islands with other major jurisdictions around the world, notably the EU. This legislation is intended to facilitate the free flow of data; regulate the collection, storage, and processing of personal data in the Cayman Islands; and give individuals greater control over that data. The CI DPA applies to the Fund and any personal data provided to the Fund will be within the scope of the CI DPA regardless of where the investor providing that data is located.

UK Exit from the EU

As part of the process of the UK leaving the EU, the EU and the UK agreed an EU-UK Trade and Cooperation Agreement (“TCA”) that governs the trading relationship between the UK and the member states of the EU from and after January 1, 2021. Broadly, the TCA provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin but is subject to both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid and tax transparency.

Firms that conduct or depend on the provision of cross-border services, including UK regulated firms in the financial sector are adversely affected by these arrangements because the TCA does not provide for continued access by UK firms to the EU single market; although there is the possibility that in time, the UK may obtain a recognition of equivalence from the EU in certain financial sectors which would enable varying degrees of access to the EU market. Similarly, notwithstanding zero tariffs and zero quotas on goods, market access for those firms that conduct cross-border trade in goods will fall below what the single market previously allowed. Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax and VAT purposes, and other sources of friction have the potential to impair the profitability of a business, require it to adapt, or even relocate to operate through an establishment in the EU.

It will take some time to observe the many and varied effects on UK businesses of the consequences of leaving the single market and customs union, taking into account the flow of goods and services in both directions. The present uncertainty could therefore adversely affect clients, the performance of their investments and the ability to achieve their investment objectives (especially if their investments include, or expose them to, businesses that have historically relied on access to the single market for their trade or that have historically relied on sourcing goods, materials, or labor from the single market).

Generally, the withdrawal of the UK from the EU may increase the compliance and regulatory burden of a client. The UK legal and regulatory framework may, with time, increasingly differ from EU laws and regulations and the Investment Adviser will need to consider both systems to ensure compliance with applicable laws and regulations.

EU Unshell

On December 22, 2021, the European Commission issued a proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes within the EU (the “**Unshell Proposal**”). While the Unshell Proposal is expected to be adopted and published into EU member states’ national laws by June 30, 2023, and to come into effect as of January 1, 2024, there is considerable uncertainty surrounding the development of the proposal and its implementation. The proposal could result in additional reporting and disclosure obligations for a Fund (which may require the Fund to share information concerning the Fund’s investors with applicable taxing or other governmental authorities) and/or additional tax being suffered by a Fund.

Cayman Islands Placed on FATF Watch List

On February 25, 2021, the Financial Action Task Force (“**FATF**”), a global money laundering and terrorist financing watchdog whose membership includes the United States, the Netherlands, and several other countries (including most European countries and the UK) and which sets international standards that aim to prevent these illegal activities, added the Cayman Islands to the ‘grey list’ of jurisdictions that are subject to increased monitoring due to strategic deficiencies in its anti-money laundering system. It is unclear as to whether the Cayman Islands being placed on such list will have a significant, or any, effect on a client or their respective investments. Certain investors may be restricted from dealing with clients or their affiliates domiciled in countries identified as high-risk from a money laundering perspective and different alternative investment vehicles or structures may have to be used. There can be no assurance that the Cayman Islands will be delisted, or that being placed on such list (and any subsequent legislative action related thereto) will not have a materially adverse effect on a client or its respective investments or investors, particularly those clients that are domiciled in the Cayman Islands (*e.g.*, as Cayman Island companies and trusts).

Impact of Certain Tax Legislation and Potential Tax Reform

Changes in tax laws or interpretation of such laws, which changes may be significant, may be adverse to a client and its investors.

The Investment Adviser’s ability to achieve the investment objectives of each client depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. The Investment Adviser’s ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation, and such compensation may be impacted by changes in tax legislation. U.S. federal income tax law currently imposes a three-year holding period requirement for carried interest to be treated as long-term capital gain. This holding period requirement may result in some carried interest being treated as ordinary income, which would increase the amount of taxes that the Investment Adviser’s employees and other key personnel could be required to pay. Further, Congress has previously considered legislation that would treat carried interest as ordinary income for U.S. federal income tax purposes. Enactment of this legislation could cause Investment Adviser’s investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. In addition, other countries could clarify or modify their tax treatment of carried interest. This might make it more difficult for the Investment Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Investment Adviser’s ability to achieve the investment objectives of the clients. In addition, this can create a conflict of interest as the tax position of the Investment Adviser may differ from the tax positions of the clients and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the clients, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Investment Adviser has an incentive to cause a client to hold an investment for at least three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years.

Presentation of Performance

For most clients, especially those that are pooled investment vehicles, net performance is calculated on an aggregate basis after taking into account all fees and expenses actually borne by investors in the client as a group, but does not take into account any taxes borne or deemed to be borne by investors (such as, taxes resulting from the investors' domicile or taxes paid or payable by vehicles designed to address certain investors' tax, regulatory or other similar issues). With respect to any particular investment vehicle, differences in timing of an investor's commitment to the investment vehicle and the economic and other terms applicable to certain investors therein may increase or decrease the net performance information realized by such investors and, accordingly, the actual net performance information of a particular investor may differ from the net performance information disclosed to such investors.

Certain clients may utilize subscription lines of credit to fund investments prior to the receipt of capital contributions from investors. Because the capital contributions from investors are delayed when using a subscription line of credit, the investment period of such investor capital is shortened, which may increase the net internal rate of return of a client. However, because interest expense and other costs of borrowings under subscription lines of credit are an expense of the client, the client's net multiple of invested capital will be reduced.

Affiliation with Carlyle

There are risks related to Carlyle's ownership interest in the Investment Adviser. These relate to the risk of third-party litigation, the potential for increased regulatory scrutiny and Carlyle's ability to influence the Investment Adviser.

Policies and Procedures

Policies and procedures implemented by the Investment Adviser or its affiliates from time to time (including as implemented in the future) to mitigate conflicts of interest and address certain regulatory requirements and contractual restrictions can reduce synergies across the Investment Adviser's areas of operation or expertise that a client expects to draw on for purposes of pursuing attractive investment opportunities.

Item 09. Disciplinary Information

Except as described below, none of the Investment Adviser and its respective professionals have been the subject of any legal or disciplinary matter of an investment-related nature that would be material to an existing or prospective client's evaluation of the Investment Adviser's advisory business or the integrity of its management.

In 2015, an investment vehicle managed by an affiliate of Carlyle Aviation Group, LLC ("**Carlyle Aviation Group**," f/k/a Apollo Aviation Group, LLC) leased three aircraft engines to an entity incorporated in the United Arab Emirates, which then subleased the engines to a Ukrainian airline, which then installed the engines on an aircraft leased to Sudan Airways. At the time, Sudan Air was a person identified on the Treasury's Office of Foreign Assets Control ("**OFAC**") List of Specially Designated Nationals and Blocked Persons as a "Government of Sudan" entity. In September 2015, Carlyle Aviation Group sent an initial voluntary self-disclosure to OFAC and the Bureau of Industry and Security ("**BIS**") regarding the potential violations. In January 2016, BIS determined not to take any action against Carlyle Aviation Group or its affiliates. In August 2019, OFAC determined that Carlyle Aviation Group appeared to have violated OFAC sanctions on exporting, directly or indirectly, goods, services, or technology to Sudan and on dealing in property in which the Government of Sudan had an interest. The settlement provided for a monetary fine of \$210,600 and certain compliance undertakings.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration Status

The Investment Adviser is not registered as a broker-dealer and does not have any application pending to register as a broker-dealer or registered representative of a broker-dealer. The Chief Compliance Officer of the Investment Adviser is a registered representative and supervisory principal of TCG Capital Markets L.L.C., which is discussed in further detail below.

Effective January 3, 2022, Carlyle's two affiliated broker-dealer entities, TCG Securities, L.L.C. ("**TCG Securities**") and TCG Capital Markets L.L.C. ("**TCG Capital Markets**"), restructured and now operate as TCG Capital Markets.

An affiliate of the Investment Adviser, TCG Capital Markets is registered as a broker-dealer with the SEC and in 50 states, the District of Columbia, the Commonwealth of Puerto Rico and the Virgin Islands, and is a member of the Financial Industry Regulatory Authority. Additionally, TCG Capital Markets operates under an international dealer exemption in the Canadian provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec, and Saskatchewan.

TCG Capital Markets conducts U.S.-based marketing and fundraising activities for Carlyle Aviation, Carlyle's Global Private Equity, Global Credit, and Global Investment Solutions business lines, and houses the anti-money laundering compliance function. TCG Capital Markets also operates as part of the Global Capital Markets ("**GCM**") platform, and engages in the underwriting, syndication and placement of securities of corporate issuers in private transactions, underwriting, syndication of corporate issuers in public offerings (including IPOs) and/or participating in the underwriting syndicate for public offerings, underwriting or sponsoring mutual funds in a wholesaler capacity, among other related activities, including U.S.-based marketing and fundraising for Global Credit advisory clients. The GCM platform also includes TCG Senior Funding, L.L.C., an affiliate of TCG Capital Markets, which has been established to arrange, place, underwrite, originate, and syndicate loans, and may act as the initial purchaser of such loans.

Certain registered representatives of TCG Capital Markets also are expected to be providing investment advisory services to Carlyle's clients and to advisory clients of Carlyle-affiliated investment advisers. These individuals are subject to the policies and procedures of TCG Capital Markets when engaging in securities-related transactional activities in addition to the Investment Adviser's (or the relevant Carlyle-affiliated investment advisers') policies and procedures.

The Investment Adviser does not use TCG Capital Markets to execute trades on behalf of clients and TCG Capital Markets does not hold funds or securities for, or owe money or securities to, clients of the Investment Adviser. TCG Capital Markets may act, from time to time, as a placement agent with respect to advisory services offered by the Investment Manager. In addition, TCG Senior Funding has, and expects in the future, to arrange, place, originate and syndicate loans, and/or act as an initial purchaser of such loans in connection with client transactions.

In addition to TCG Capital Markets, there are other U.S. and non-U.S. broker-dealer affiliates of Carlyle whose activities are unrelated to the activities of the Investment Adviser. For information

regarding Carlyle, please see Part 1 and Part 2 of Form ADV of the various Carlyle-affiliated investment advisers, available at: <https://www.adviserinfo.sec.gov/>.

Material Relationships or Arrangements with Industry Participants

The Carlyle Group Inc.

As discussed in Item 4, the Investment Adviser is affiliated with Carlyle. The Investment Adviser operates separately from, and carries out its investment process independent of Carlyle and other Carlyle-affiliated investment advisers.

Carlyle is a global alternative asset management firm with business operations across several business segments. Although the Investment Adviser is a separately registered investment adviser and carries out its investment operations independently of Carlyle, the Investment Adviser's status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Further, the Investment Adviser intends to share or leverage certain operational functions and resources at Carlyle, such as corporate accounting, information technology, and compliance. Because Carlyle has many different asset management and advisory businesses and operates on a global basis, the Investment Adviser may be subject to greater regulatory oversight than it would be absent its relationship with Carlyle. From time to time, the Investment Adviser and its clients could be subject to certain legal and other restrictions on their investment activities as a consequence of the Carlyle relationship including, for example, limitations imposed by non-U.S. regulatory authorities, or restrictions on the purchase or sale of, or exercise of voting or other rights with respect to, the debt instruments of an issuer when a Carlyle advisory client holds the equity of the issuer and the issuer is an affiliate of Carlyle.

Carlyle and its directors, members, managers, partners, shareholders, officers, employees, agents, and affiliates (including the Investment Adviser and its officers, employees, agents and affiliates) are permitted to conduct any other business, including any business within the securities industry, whether or not such business competes with the Investment Adviser. Without limiting the generality of the foregoing, Carlyle and its affiliated companies and persons act and will continue to act as general partner, investment adviser or investment manager for others, manage funds, separate accounts, or capital for others, have, make and maintain investments in their own name or through other entities and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

For the purposes of this Brochure, references to the "Investment Adviser" do not include references to Carlyle. For additional information regarding Carlyle-affiliated investment advisers, such as Carlyle Investment Management L.L.C., Carlyle Global Credit Investment Management L.L.C. and CELF Advisors LLP, including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators, please see Part 2 of Form ADV of such particular investment adviser, available at: <https://www.adviserinfo.sec.gov/>.

Material Conflicts of Interest Relating to Other Investment Advisers

For additional information regarding affiliated investment advisers, including persons related to such advisers that may act as investment advisers or sub-advisers or commodity pool operators, please see Form ADV of such particular investment adviser, available at: <https://www.adviserinfo.sec.gov/>.

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

Code of Conduct

The Investment Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust. In seeking to meet these standards, we have adopted a Code of Conduct (the “**Code**”). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of clients, including a client’s investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

As noted above, the Investment Adviser is also subject to written policies and procedures to account for the pay-to-play regulations promulgated by the SEC, and to comply with the New York Attorney General’s Public Pension Fund Reform Code of Conduct, which governs the Investment Adviser’s interactions with U.S. public pension funds. Investors may request a copy of this Code of Conduct by contacting the Investment Adviser at the address or telephone number listed on the first page of this document.

Carlyle Aviation may take disciplinary measures against any of its personnel who violate the Code, including, without limitation, imposing penalties, reducing compensation, demotion, requiring unwinding of any applicable trade, requiring disgorgement of trading gains, suspending, or terminating employment, or any combination of the foregoing. Carlyle Aviation personnel are also required to promptly report any violation of the Code of which they become aware.

Securities in which the Investment Adviser or a Related Person Has a Material Financial Interest

Cross Transactions

In certain situations, the Investment Adviser reserves the right to determine whether it would be in the best interests of certain clients to transfer an investment from one client to another (each such transfer, a “**Cross Trade**”) for a variety of reasons, including, without limitation, to match natural sellers and buyers of aviation assets and reduce transaction costs that may arise in an open market transaction. If the Investment Advisers decide to engage in a Cross Trade, the Investment

Advisers will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients. Further, no cross trades may be transacted without the express written approval of the Carlyle Aviation's Chief Legal Officer.

Principal Transactions

To the extent that Cross Trades are viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or an affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations. Further, no principal transactions may be effected without the express written approval of the Investment Adviser's Chief Legal Officer.

Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees preclear certain types of personal securities transactions, such as investments in private placements and initial public offerings. Employees are also required to pre-clear any investments in aviation-related securities and, in general, requests to trade in aviation-related securities will only be considered if the request is to dispose of aviation-related securities positions that were established prior to being employed by the Investment Adviser.

The Investment Adviser, its affiliates, and its employees are permitted to give advice or take action for their own accounts and other clients that differs from, conflicts with, or be averse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients.

The Investment Adviser have established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

Conflicts of Interest Created by Contemporaneous Trading

It is the policy of Carlyle Aviation to allocate investment opportunities among all clients in a fair and equitable manner, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time.

Other Potential Conflicts

From time to time, the Investment Adviser and its affiliated persons are expected to come into possession of material non-public or other confidential information with respect to an issuer of publicly traded securities. In such circumstances, the Investment Adviser (as applicable) generally would be prohibited, by law, policy and/or contract, for a period of time from (i) unwinding a client position in such issuer, (ii) establishing an initial client position or taking any greater client position through a secondary market PDP loan transaction and/or (iii) pursuing other investment opportunities related to such issuer that involve the trading of securities on the secondary market.

Intangible Benefits

The Investment Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of clients that will not be subject to the management fee offset or otherwise shared with clients or investors. For example, airline travel or hotel stays incurred as fund or account expenses typically result in cash rebates, “miles,” “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether de minimis or difficult to value or not, inure exclusively to such personnel (and not the clients and/or investors) even though the cost of the underlying service is borne by the clients and/or investors.

Item 12. Brokerage Practices

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

Although the Investment Adviser does not intend to regularly engage in public securities transactions, to the extent it does, it intends to follow the brokerage practices described below.

In the event the Investment Adviser sells publicly traded securities for a client, it is responsible for selecting broker-dealers to effect such transactions. In such event, the Investment Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Investment Adviser reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information. the Investment Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Investment Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services. Consistent with the Investment Adviser seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Investment Adviser generally does not make use of such services at the current time and has not made use of such services since its inception. The Investment Adviser does not expect to benefit or use from soft dollar arrangements, and the Investment Adviser does not expect to aggregate the purchase or sale of investments for client accounts.

The Investment Adviser maintains an internal trade error policy that will apply in the absence of any specific regulatory or contractual provisions (*e.g.*, for an account that constitutes “plan assets” under ERISA). Among other things, this policy requires that the Investment Adviser personnel correct errors as soon after discovery as reasonably practical, report errors to the Investment Adviser’s Chief Compliance Officer, and reverse losses suffered as a result of the Investment Adviser’s gross negligence or willful misconduct.

Item 13. Review of Accounts

The Investment Adviser actively monitors and manages the assets and performance of its clients, and also evaluates potential dispositions and other means of adding value for investors with respect to the invested assets. Reviews are incorporated into periodic reports to a client's investors and such reports will typically contain financial information and summaries, performance, current investments, recent acquisitions, portfolio activity, detailed investment activity, and relevant developments in the property and financial markets.

The Funds generally expect to provide the following information to their investors: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) quarterly reports reviewing the Funds' unaudited performance for each calendar quarter. While all investors generally receive similar information, to the extent an investor receives additional information that other investors have not received, in addition to information provided in the Funds' regular reports to investors, such information is generally expected to provide such investor with greater insight into the Funds' activities. This will likely enhance such investor's ability to make investment decisions with respect to the Funds and possibly affect such investor's decision to request a redemption from the Funds.

Item 14. Client Referrals and Other Compensation

As described in Item 10 above, TCG Capital Markets may serve as a placement agent with respect to advisory services offered by the Investment Adviser. Neither the Investment Adviser nor its clients pay TCG Capital Markets for such services.

Morgan Stanley MUFG Securities Co., Ltd. is a third-party distributor compensated by Carlyle Aviation to assist with introducing Japanese institutional investors; the Investment Adviser reserves the right to utilize other placement agents from time to time.

Item 15. Custody

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) for its Fund clients. However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund for which it has custody because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception,” which, among other things, requires that each such Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each such Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16. Investment Discretion

The Investment Adviser generally has discretionary authority to manage investments on behalf of the Funds except where, pursuant to the respective governing documents, the Investment Adviser serves only as a non-discretionary sub-adviser to CAML with respect to the PDP Fund. The Investment Adviser otherwise assumes this discretionary authority pursuant to the terms of the applicable partnership agreements, management agreements and powers of attorney executed by the limited partners of the Funds.

As a general policy, the Investment Adviser does not allow investors to place limitations on this authority. Pursuant to the terms of the applicable partnership agreement and as previously described, however, the Investment Adviser may enter into side letters with certain limited partners whereby the terms applicable to such limited partner's investment in the Funds may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Loans arranged by the Investment Adviser to finance the acquisition of commercial aircraft by airlines are non-discretionary.

Item 17. Voting Client Securities

Policies and Procedures Relating to Voting Client Securities

It is not expected that the clients will hold equity securities, thus we do not expect to participate in proxy votes. In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents, or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable client’s best interests and is in line with each client’s investment objectives.

Conflicts of interest could arise between the interests of the clients, on the one hand, and the Investment Adviser or its affiliates, on the other hand. If the Investment Adviser determines that we have, or could be perceived to have, a conflict of interest when voting Proxies, the Investment Adviser will vote in accordance with its proxy voting policies and procedures. Investors in the Funds are passive investors and have minimal ability to influence voting decisions. Investors may obtain a copy of our proxy voting policies and our voting record upon request.

Item 18. Financial Information

At this time, the Investment Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients and has not been the subject of any bankruptcy petitions, including in the past 10 years.

Item 19. Requirements for State Registered Advisers

This item is not applicable as the Investment Adviser is not registered in any state.