

BREGAL INVESTMENTS, INC.

August 21, 2023

This brochure provides information about the qualifications and business practices of Bregal Investments, Inc. (the “Filing Adviser” and together with its Relying Adviser as defined and listed under Item 4, the “Firm” or “Adviser”). If you have any questions about the contents of this brochure, please contact the Adviser at (212) 704-3000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

The Adviser is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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Item 2. Material Changes

This amendment to the brochure, dated August 21, 2023, contains material changes from the previous annual amendment to the brochure, dated March 31, 2023, to reflect updates to the Firm's allocation policy.

Item 3. Table of Contents

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Item 4. Advisory Business

The Filing Adviser is an investment adviser organized as a Delaware corporation that was formed on May 7, 2003. The Adviser's principal place of business is in New York, New York. The Adviser is a wholly-owned subsidiary of Bregal Investments London Limited and ultimately of COFRA Holding AG ("COFRA"). COFRA is owned by a European family but has no owner with a 25% or more interest.

The Filing Adviser, either directly or indirectly, is under common control with the following advisers (the "Relying Advisers") that rely on the registration of the Filing Adviser:

- Bregal Energy, Inc.
- Bregal Sagemount Management L.P. ("Bregal Sagemount")

The Relying Adviser is subject to the Filing Adviser's compliance program.

Use of the term "Adviser" herein is intended to include both the Filing Adviser and the Relying Advisers, unless the context would indicate otherwise. The Adviser and its related entities and fund vehicles (collectively, "Bregal Investments") were established by a European family beginning in 2002 and are a global private equity and fund investment platform. Since 2002, the Bregal Investments private equity platform has invested over \$17.5 billion through a wide variety of strategies, each with separate investment teams. Bregal Investments' ultimate parent company was reorganized in 2011 and again in 2022 and as a result, certain family investments were spun out into a family-established cooperative and related entities, in addition to being held by Bregal Investments' ultimate parent company and its related entities (the "Family Investments"). With approximately 86 employees at Bregal Investments, Inc. and its Relying Advisors Bregal Sagemount Management LP and Bregal Energy, Inc. and approximately 204 employees at Bregal Investments globally across offices in New York, London, Milan, Munich, Dallas and Palo Alto, Bregal Investments both invests in and backs direct private equity teams.

For more than a decade, Bregal Investments has partnered with direct private equity funds, leveraging its scale, geographic reach and investment insight. Bregal Investments' experience as a significant limited partner in both external funds through its fund-of-funds team as well as in the direct funds which it has exclusively backed allows for a strategic partnership that understands and shares a positive alignment of interests with external investors.

The Bregal Sagemount team focuses on opportunistic private equity investments in growth businesses headquartered in North America ("Bregal Sagemount Equity"). Bregal Sagemount Equity takes a capital structure-agnostic approach to investing that aims to provide strong returns coupled with low volatility across varying market cycles driven by investing in:

- Industries with strong secular tailwinds that Bregal Sagemount believes are uncorrelated to the broader macroeconomic environment;
- Companies with highly recurring revenue streams; and

- Highly structured securities that seek to deliver attractive private equity returns, but with principal protection and structured returns.

The industries of focus for Bregal Sagemount Equity include software, digital infrastructure, healthcare IT and services, business and consumer services and financial technology and specialty finance.

In addition, the Bregal Sagemount team advises Bregal Sagemount Debt Investment Fund LP, Bregal Sagemount Credit Opportunities Fund II LP, Bregal Sagemount Credit Opportunities Co-Investment LP, and Bregal Sagemount Credit Opportunities Fund II-O LP (collectively, “Bregal Sagemount Debt”), private equity funds that focus on debt origination and secondary debt purchases in the software, digital infrastructure, healthcare IT and services, business and consumer services and financial technology and specialty finance industries.

The Adviser advises Bregal Partners L.P. and Bregal Partners II L.P. (collectively, “Bregal Partners”), mid-market private equity funds investing in the consumer and multi-unit, food & beverage, business services, energy services and healthcare industries in North America.

Additionally, the Adviser advises six private equity funds (the “Bregal Private Equity Partners Funds”) with fund-of-funds investment strategies.

The Adviser, together with Bregal Energy, Inc. (“Bregal Energy”), co-advises certain private equity funds focused on the North American energy sector. Bregal Energy, formerly known as Good Energies, invested in growth stage companies across the North American energy sector, including oil and gas exploration and production, midstream, transmission development, traditional and renewable power generation and related services. Bregal Energy, Inc. is no longer making new investments.

The Adviser also advises, and may co-manage with other Bregal Investments advisory entities, certain clients that are organized for the benefit of certain of its officers and employees to invest side-by-side with or through other funds advised by the Adviser and which may, from time to time, make direct investments.

The Adviser expects to provide co-investment opportunities to certain investors or other persons, including, but not limited to, limited partners or prospective limited partners. In connection therewith, the Adviser may sponsor and manage investment vehicles on a transaction-by-transaction basis to allow certain investors or other persons to invest alongside one or more private funds in specific portfolio companies and other assets of the private funds (each such vehicle, a “Co-Investment Fund”). Co-Investment Funds are typically limited to investing in securities relating to the transaction or transactions with respect to which they were organized. As a general matter, any co-investment by a Co-Investment Fund in a portfolio company or other asset will be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable fund, and will generally not pay any Management Fees or Carried Interest, as defined below. Adviser is not obligated to offer limited partners any opportunity to invest in any Co-Investment Fund and the Adviser may select investors for Co-Investment Funds in its sole discretion. Such Co-Investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the relevant fund making

the investment. However, from time to time, for strategic and other reasons, a Co-Investment Fund or other Potential Co-Investor can purchase a portion of an investment from one or more private funds after such private funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been initially funded through private fund investor capital contributions and/or use of a private fund credit facility. Any such purchase from a private fund by a Co-Investment Fund or other Potential Co-Investor is typically previously contemplated at the time the initial investment is made and generally occurs shortly after the private fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the private fund's initial purchase. Where appropriate, and in the Adviser's sole discretion, but at all times subject to the terms of the applicable Governing Agreements (as defined herein), the Adviser reserves the right to charge interest on the purchase to the Co-Investment Fund or other Potential Co-Investor (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant private fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant private fund. See Item 6 for a discussion of factors that Adviser considers when determining to offer Co-Investment opportunities.

As of December 31, 2022, the Adviser managed \$20,229,801,022 in regulatory assets under management, all managed on a non-discretionary basis. This amount is estimated based on the most recently available fund valuations.

In addition to Bregal Sagemount Equity, Bregal Sagemount Debt, Bregal Partners, Bregal Private Equity Partners, and Bregal Energy, Bregal Investments includes within its private equity platform European private equity funds Bregal Unternehmerkapital, Bregal Milestone, and Bregal Capital. Bregal Unternehmerkapital makes investments in the German-speaking region of Germany, Austria and Switzerland (also referred to as the German-speaking D/A/CH region). Bregal Milestone generally focuses on non-control capital investments in European growth companies. Bregal Capital manages European mid-market investments and is no longer making new investments after the team raised its own independent fund outside the platform under the new brand EMK Capital in which the Bregal group is a cornerstone investor in the first EMK Capital fund.

Previously, Bregal Investments operated as a family office. Currently, Bregal Sagemount Equity and Bregal Sagemount Debt are the only fund families that are offering investment advice to persons other than COFRA-related entities and Family Investments (and Bregal Investments' officers and employees or former employees). Other strategies may be offered more broadly in the future.

Item 5. Fees & Compensation

Amounts received by a fund client from or relating to investments ("Investment Proceeds") are subject to distribution according to the fund's governing documents. Such distribution typically involves, among other elements, the distribution of a priority profit share or management fee (the "Management Fee") to the fund's general partner or related entity and the distribution of certain amounts (the "Carried Interest") to a related entity.

The Management Fee with respect to a limited partner is typically between 1.5% and 2% per annum of such limited partner's capital commitment during the investment period (typically the first five years of a fund's operation), and thereafter 1.5% to 2% per annum (or other amounts as set forth in the fund's governing documents), calculated quarterly, of such limited partner's called or invested capital. The Management Fee may be reduced by certain fees received by the fund's general partner, the Adviser or related parties, as further described in the fund's governing documents. The Management Fee is generally paid out of income and gains of the fund and, to the extent necessary, from drawdowns which would reduce undrawn capital commitments.

The typical distribution structure for Investment Proceeds provides for distribution of Carried Interest after distributions for the Management Fee, the return of capital and costs and a certain preferred return for limited partners (*e.g.*, an annual internal rate of return of a certain percentage in relation to amounts drawn from a limited partner and prior distributions). The Carried Interest with respect to a limited partner is typically up to 20% of the aggregated distributions to such limited partner together with 20% of amounts remaining after all other required distributions. However, such percentage may vary as specified in the fund's governing documents. The Carried Interest may be subject to certain escrow and clawback provisions, as set forth in the fund's governing documents.

Generally, the interest of each limited partner who is a member, professional or other employee of the general partner or Adviser (an "Executive Investor") is subject to the Carried Interest or to the payment of Management Fee. Historically, in most instances, Executive Investors have been subject to a Management Fee calculated as the real costs of the Adviser, allocated to each fund, in proportion to their commitment.

Family Investments are generally subject to a Management Fee and Carried Interest, although the historical rates for the Management Fee and Carried Interest as applicable to Family Investments has varied. In some instances, the Management Fee charged to Family Investments has taken the form of a cost-plus margin mechanism. Finally, in some cases, certain vehicles through which Family Investments' investments are managed by the Adviser do not bear any fees.

The Management Fee is generally payable by the fund quarterly (or at such other interval as specified in the fund's governing documents) in advance with respect to each limited partner, with the general exception of any Executive Investor, as discussed above. As further specified in the fund's governing documents, distributions of Carried Interest, if any, are generally only made once required distributions have been made to fund investors, and thereafter are generally made when cash is available therefor at the same time that distributions are made to fund investors.

A fund client's general partner and the Adviser have discretion, subject to the terms of the fund's governing documents, to allocate expenses among themselves, portfolio companies, other fund clients and accounts they manage, third parties, investors in fund clients in their individual capacities and the fund client. The allocation of items allocable to more than one fund or account would generally be allocated based on size of the account (based on commitments or invested capital) or their respective investments in the position that generated the expense, as applicable.

Except for overhead expenses, such as remuneration, expenses paid to members or employees of the general partner, rent and utilities, a fund client pays additional expenses as set forth in the

fund's governing documents. A fund client typically pays its pro rata share of all expenses, direct or indirect, incurred in relation to the administration and business of the fund and Parallel Entities (defined in Item 10), including, without limitation, costs of printing and circulating reports and notices; governmental reports and other filings; governmental examinations (including audits, reviews, investigations and similar proceedings); research; diligence and reporting software; finders' fees; any broken deal expenses; legal and compliance fees and expenses; administrators', auditors' and valuers' fees; accounting expenses (including any expenses associated with the preparation of the fund's financial statements and tax returns); fees and expenses incurred in relation to any custodian or nominee of the investments; establishment and ongoing fees and expenses of any conduit entity; external consultants' fees; the Management Fee; costs of press releases; bank charges; costs of annual meetings of fund limited partners; insurance costs; travel expenses; borrowing costs; hedging costs; extraordinary expenses (such as indemnification, litigation, threatened litigation or settlements); all stamp duties; entity-level taxes and taxes imposed on any subsidiary; fees and expenses arising in respect of identifying, evaluating, negotiating, acquiring, holding, monitoring, protecting and realizing investments (whether or not consummated); amounts paid to or for the benefit of portfolio companies other than as capital contributions or loans thereto or in exchange for securities issued thereby and included in the acquisition cost of the investment; and fees and expenses associated with the termination and liquidation of a fund client. Accounting and administrative services may be provided by an affiliate or other related party of the fund's general partner, subject to any terms and conditions set forth in the fund's governing documents.

As specified, and subject to the limits and conditions set forth, in its governing documents, a fund may be eligible for reimbursement by the limited partners for expenses incurred in relation to or in connection with the establishment of the fund and the offering of its interests, including but not limited to travel, legal, accountancy, printing, postage and other costs of establishment, including the preparation of, and negotiations with respect to, fund offering documents, side letters and other governing documents.

The Adviser or a related party may receive certain fees and payments from underlying portfolio companies. Without limitation, these may be referred to as monitoring fees, financial advisory fees (such as fees associated with any acquisitions, divestments, add-ons or refinancings, including any associated syndication, break up and commitment fees) or other similar fees. Subject to the specifications of the fund's governing documents, such fees may or may not be subject to offset against the Management Fee or otherwise and may be retained in whole or in part by the Adviser or a related party.

Item 6. Performance-Based Fees & Side-by-Side Management

As discussed in Item 5, certain related entities of the Adviser are generally entitled to receive a distribution of Carried Interest from fund clients based on investment gains after other distributions are made to the general and limited partners, as specified in the fund's governing documents. Typically, certain Adviser personnel, including certain officers and investment professionals, and

the general partner hold interests in those related entities that ultimately entitle such holder to benefit from Carried Interest distributions.

Accordingly, entitlement to Carried Interest with respect to a fund may create an incentive for the Adviser or certain of its personnel or related parties to cause the fund to make riskier or more speculative investments than the fund would otherwise make in the absence of any such entitlement. Moreover, entitlement to Carried Interest with respect to certain funds but not others, or a higher Carried Interest with respect to certain funds relative to others, may create an incentive for the Adviser or certain of its personnel or related parties to favor those funds that pay a, or pay a higher, Carried Interest.

As described above, the Adviser will offer co-investment opportunities in private fund investments to one or more Potential Co-Investors to the extent it deems advisable in its sole discretion, including persons that are not private fund investors, regardless of whether the Adviser offers such co-investment opportunities to a particular private fund's investors. In certain instances, conflicts of interest exist in connection with such allocations. Co-investment opportunities are at times also offered to the Adviser's affiliates, officers, employees, consultants, or other persons or entities. The Adviser typically will determine the extent to which the investment opportunity will also be offered to Potential Co-Investors, and in what amounts, taking into account the relevant investment considerations and the following principles, among other factors: (i) the Potential Co-Investor's interest in making co-investments (including as expressed in side letters); (ii) any agreed upon priority of notification as spelled out in related Organizational Documents; (iii) the commitment amount of the Potential Co-Investor to the Client making the investment; (iv) the Potential Co-Investor's capacity to evaluate, commit to and fund the co-investment opportunity (and any follow-on investments) in the time period required; (v) the Potential Co-Investor's reliability and history with the Adviser of making similar co-investments; (vi) any specialized knowledge, skills or access that the Adviser believes the Potential Co-Investor may possess that may enhance the value of a proposed investment, and/or the ability of a Client to consummate that investment; and (vii) any other matter that causes the Adviser to believe that an investment by a particular Potential Co-Investor would be in the best interests of that Client. Investments made with third parties may involve carried interest and/or fees payable to such third parties. In those circumstances where a co-investment opportunity with third parties involves a management group or "club deal," such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements. The Adviser is not obligated to offer Clients the opportunity to invest in any Co-Investment Fund and the Adviser may select investors for Co-Investment Funds in its sole discretion. The Adviser's allocation of investment opportunities among Clients in the manner discussed herein at times will not result in proportional allocations among such Clients, and such allocations can result in allocations more or less advantageous to some such Clients relative to others. While the Adviser will allocate investment opportunities in accordance with the Investment Allocation Policy and in a manner that it believes is fair and equitable to Clients under the circumstances over time and considering relevant factors, there can be no assurance that the actual allocation of a co-investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Adviser expects to be subject, as discussed herein, did not exist. Certain Clients managed by the Adviser and/or its affiliates, obtained exemptive relief from the SEC to engage in certain co-investment transactions with certain Clients subject to the conditions set forth in the exemptive relief.

The Adviser is committed to satisfying its fiduciary obligations to its clients. To this end, the Adviser has adopted policies and procedures to address the potential conflicts of interest discussed above. Such policies and procedures include, among others, (i) policies and procedures concerning the allocation of investment opportunities, with respect to which it is the Adviser's policy to allocate investment opportunities fairly and equitably among clients, where and to the extent applicable, such that no client is systematically disadvantaged over time, and (ii) policies and procedures concerning adherence to client investment objectives, wherein it is noted that the Adviser is obligated, as a fiduciary, to recommend the purchase and sale of only investments that are consistent with a client's investment objectives.

Item 7. Types of Clients

As discussed in more detail in Item 4, the Adviser's clients are pooled investment vehicles making equity and debt investments in issuers of varying sizes, pooled investment vehicles making fund-of-funds investments and vehicles that are organized for the benefit of certain of its officers and employees to invest side-by-side with or through other funds advised by the Adviser and which may, from time to time, make direct investments.

Investment minimums for funds advised by the Adviser, if any, are set forth in the relevant fund's governing documents. Any such minimums may be waived as set forth in the governing documents or otherwise by the Adviser or its related entities.

This brochure may be provided to current or prospective investors in a fund client of the Adviser, together with such fund client's private placement memorandum ("PPM"), organizational documents and other related documents (together with the PPM, the "Governing Documents"), prior to or in connection with such person's consideration or execution of an investment in such a fund client, and may subsequently be provided in the Adviser's discretion or, annually, at the request of an investor ("Investor") in a fund client. Investors and other recipients should be aware that while the brochure may include information about the fund clients, as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with any fund client. More complete information about each fund client is included in its Governing Documents, which may be provided to current and eligible prospective investors only by the Adviser or another authorized party.

In no event should this brochure be considered to be an offer of interests in any fund client or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this brochure is designed solely to provide information about the Adviser for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Governing Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in the Governing Documents, the Governing Documents shall govern.

Item 8. Methods of Analysis, Investment Strategies & Risk of Loss

Investment Strategy and Investment Process

Investment Strategy. Bregal Sagemount’s strategy is focused on investments that aim to provide strong returns coupled with low volatility across varying market cycles driven by investing in:

- Industries with strong secular tailwinds that Bregal Sagemount believes are uncorrelated to the broader macroeconomic environment;
- Companies with highly recurring revenue streams; and
- Highly structured securities that seek to deliver attractive private equity returns, but with principal protection and structured returns.

Bregal Sagemount seeks to invest in industries where the growth is driven by strong secular trends. The industries of focus include software, digital infrastructure, healthcare IT and services, business and consumer services and financial technology and specialty finance. Within these broader industries, Bregal Sagemount aims to identify and invest in subsectors where the growth is driven by factors that have low correlation to the macroeconomic environment. Bregal Sagemount has adopted an environmental, social, and governance (“ESG”) policy, and pursuant to this policy, Bregal Sagemount conducts a review of material ESG factors of each prospective portfolio company for any fund client.

Bregal Sagemount believes these secular trends can help to provide “margin of safety” through difficult market conditions, as the strength of the tailwind can buffer Bregal Sagemount’s investments.

The second principle through which Bregal Sagemount seeks to drive strong returns with low volatility is by investing in companies with growing, recurring revenues. The revenue streams are typically billed on a recurring basis monthly, annually or over multi-year contracts.

Bregal Sagemount believes these high-growth recurring revenues help create asymmetric risk in favor of its investments. In difficult markets, Bregal Sagemount believes these help protect the downside risk by providing “sticky” revenue and cash flow to “weather the storm.” Further, Bregal Sagemount believes these attributes also lend themselves to resilient market valuations, as other investors rotate into defensive growth in turbulent markets. In more robust markets, these recurring revenue companies with strong margin structure create value from significant operating leverage. In addition, financial leverage can be applied (optionally) to further enhance returns, as lenders are heavily attracted to companies with these enduring business models. Bregal Sagemount believes the combination of strong growth, operating leverage and available financing can lead to premium exit valuations.

The third key element in Bregal Sagemount’s strategy is utilizing opportunistic deal structures that seek to deliver attractive returns, but with principal protection and structured returns. The Firm’s investments are typically in securities protected within the capital structure, such as:

- Preferred equity;
- Convertible preferred;
- Participating preferred;
- Convertible debt;
- Subordinated debt; and
- Debt with meaningful warrant participation.

While staying carefully disciplined within secular growth industries and recurring revenues, Bregal Sagemount takes an opportunistic approach to deal structuring. It applies flexible, situation-specific capital across structured equity, control equity, credit situations, and growth equity to find what it believes to be the most attractive risk-adjusted return. Bregal Sagemount believes this flexible capital approach allows it to invest across distressed, normal and elevated market cycles, as it seeks to balance downside risk and upside opportunity to consistently find private equity returns with limited downside.

A Note on Financing. A fund client may guarantee loans or provide interim equity or debt financing (collectively, “Bridge Financing”) in order to facilitate an investment in, or an acquisition of, an investment.

Investment Process. Bregal Sagemount’s investment process consists of five key components: sourcing, due diligence, opportunistic structuring, value creation and portfolio management, and liquidity/realization.

Sourcing. Bregal Sagemount’s sourcing model is centered on detailed industry research. The purpose of the research is to identify subsectors that exhibit certain key attributes, including (i) growth industries whose demand drivers Bregal Sagemount believes are largely uncorrelated to the macroeconomic environment, (ii) recurring revenue business models with attractive economics, and (iii) annual recurring revenues within a target range. The sector idea generation process is ongoing and involves all levels of investment professionals. Ideas reviewed and approved by senior members of the investment team are then reviewed in more depth to seek a better understanding of relevant attributes, including the industry ecosystem and value chain, the drivers of the business models and target companies. Following this “deep dive,” results are presented to the full investment group so that the group may determine whether to further investigate certain targets, seek out additional targets, look into adjacent subsectors or discontinue efforts.

Due Diligence. Bregal Sagemount’s due diligence process is focused on identifying and analyzing key upside and downside risks, including market risks, company- and deal-specific risks, tax, accounting and insurance risks, and execution risks. The due diligence process is largely performed by the Bregal Sagemount team, although third-party resources may be utilized when needed in areas such as market research, accounting, legal and information technology.

Structuring. Bregal Sagemount employs several proprietary methodologies to determine the intrinsic value of the target company on both an asset basis and a going-concern basis. The asset value analysis is based on valuing the recurring revenue streams and cash flows as assets to derive a “book” value. Separately, Bregal Sagemount seeks to value the target company’s total enterprise

as a function of (i) the volume of new recurring revenue (assets) it can generate, and (ii) the efficiency with which it can generate new assets relative to their intrinsic value.

Bregal Sagemount generally seeks to invest at or below its view of fundamental enterprise value. To the extent its view of enterprise value is divergent from the target company's expectation, Bregal Sagemount may propose a more structured solution with a view toward protecting its principal investment. This may involve preferred equity, convertible preferred, participating preferred, convertible debt, subordinated debt, debt with meaningful warrant participation or other instruments, and any combination thereof. In non-control investments, Bregal Sagemount may seek protection through certain minority rights provisions. For example and without limitation, Bregal Sagemount may seek rights to budget approval, management changes, approval of new senior or pari passu capital, financial performance covenants, acquisition approval, board seats, springing control provisions, minimum liquidity requirements and/or certain redemption rights.

Value creation and portfolio management. The process of identifying value creation opportunities typically starts early in the investment process, including during early discussions and due diligence phases. Bregal Sagemount seeks to drive value by focusing on key areas such as optimizing a go-to-market strategy (pricing, product and sales/marketing efficiency), enhancing resource allocation decisions, improving financial processes and controls, bolstering the management team and infrastructure to enable scale and improving margins and cash flow.

Bregal Sagemount tracks portfolio performance by focusing on financial results and other key performance indicators. Bregal Sagemount uses these indicators to evaluate prospectus for future performance and the overall health of the company. Bregal Sagemount also tracks progress against strategic and tactical initiatives in value enhancement.

Liquidity and realizations. Realization and exit planning are integral to Bregal Sagemount's strategy and typically start well in advance of making an initial investment. As part of its sector analysis, Bregal Sagemount seeks to develop a view of which larger acquirers may find a particular target company attractive. The due diligence process typically involves development of a view on likely buyers of a target company after the Bregal Sagemount hold period. Following an investment, the Bregal Sagemount deal team seeks to increase the market profile of the portfolio company. During the hold period, Bregal Sagemount assesses on an ongoing basis the risk-return for each investment. Whether through a formal sales process or a negotiated trade, Bregal Sagemount makes an assessment of the forward returns from current market value. The exit discipline and ultimate decision is driven by Bregal Sagemount's view that not selling is a "re-buy" decision, and in that context, the portfolio company must compete with other potential new investments.

Additional Strategies. As noted above, the Adviser advises a private equity fund that will focus on debt origination and secondary debt purchases in the software, digital infrastructure, healthcare IT and services, business and consumer services and financial technology and specialty finance industries; a mid-market private equity fund investing in the consumer, food & retail, energy services and healthcare industries in North America; and private equity funds with fund-of-funds investment strategies. The Adviser also co-advises certain private equity funds focused on the North American energy sector.

Recycling; Reinvestments. During the investment period for certain funds, investors may be required to recontribute by way of capital contributions that are part of any amount distributed to them pursuant to such repayment:

- Comprising receipt from the realization of bridge financing;
- Comprises receipts from an investment prior to the end of the prescribed investment period;
- Comprises amounts drawn down for a proposed investment that did not proceed to completion;
- Comprises receipts up to the amount of any draw down of commitments used for the purpose of paying organizational or partnership expenses.

At no point will the General Partner be permitted to recall more than the aggregate capital contributions of the investor. It is important to note that such recalled or recontributed capital, when reinvested, will remain subject to investment and other risks associated with such investments, as discussed in each fund's relevant Governing Documents.

There can be no assurance that the Adviser's analysis and investment strategies will be successful. Investing in securities involves the risk of loss, including the risk of loss of the entire investment, and clients and investors should be prepared to bear such risk.

Discussion of Certain Risks

Risks of Private Equity Investments. There is significant risk inherent in investing in private equity. Private equity-backed companies are often dependent on the skills of a small number of executives and are vulnerable to rapid changes in technology, fluctuations in demand for their products, changing interest rates, the state of the capital markets and other business, financial, market and/or legal factors. There can be no assurance that investments by a fund client will be profitable, or that substantial losses may not occur.

Investments in Growth Companies. Investing in middle market companies involves a number of significant risks. First, they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns. Second, growth companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, a fund client. Third, there is typically little public information that exists about these companies, and a fund client relies on the ability of the Adviser's investment professionals and advisors to obtain adequate information to evaluate the potential returns from investing in these companies. If they are unable to uncover all material information about these companies, a fund client may not make a fully informed investment decision and may lose money on its investments. Fourth, growth companies generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, the Adviser and its

investment personnel may, in the ordinary course of business, be named as defendants in litigation arising from a fund client's investments in the portfolio companies. Finally, growth companies may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Environmental, Social and Governance Matters. While environmental, social, and governance is only one of the many factors the Firm will consider when making an investment, there is no guarantee that the Firm will successfully implement and make investments in companies that create positive ESG impacts while enhancing long-term shareholder value and achieving financial returns. To the extent that the Adviser engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Firm will depend on the Adviser's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Firm's view of certain ESG-related and other factors and carries the risk that the Firm may underperform unaffiliated, third-party funds that do not take ESG-related factors into account. Additionally, consideration of ESG factors may affect the Firm's exposure to certain investments, sectors, regions, countries, or types of investments, which could negatively impact the Firm's performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will reflect the beliefs or values of any particular investor. In evaluating a company, the Firm is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate, or unavailable, which could cause the Firm to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the Adviser's assessment of such practices may change over time.

Limited Liquidity of Investments. Fund clients make investments in private companies. These investments are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of a fund client's investments may make it difficult for the fund client to sell such investments if the need arises. In addition, if a fund client is required to liquidate all or a portion of an investment in a portfolio company quickly, the fund client may realize significantly less than the value at which it previously recorded the investment.

Use of Leverage. A fund client may utilize leverage as a part of its investment strategy where such leverage may be obtained on terms that are deemed by the Adviser to be beneficial to the fund client and within prescribed limits. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss. Amounts borrowed by a fund client are subject to interest costs, which are treated as an expense of the fund client, and, to the extent not covered by income attributable to the assets acquired, will adversely affect the operating results of the fund client. If a fund client defaults on a borrowing, the lender will be entitled to liquidate the assets pledged to secure the loan on such terms as the lender determines. The investors in a fund client could suffer losses as a result of any such default.

Leveraged Nature of Portfolio Companies. The companies in which a fund client invests may employ considerable leverage, a significant portion of which may be at floating interest rates. The leveraged capital structure of the portfolio companies increases the sensitivity of the fund client's investments to any deterioration in a company's revenues, condition or industry, competitive pressures, an adverse economic environment or rising interest rates. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the fund client may suffer a partial or total loss of capital invested in the portfolio company, which, given the size of the fund client's investments, could adversely affect the return of the fund client.

Reliance on the Management of Portfolio Companies. Although it is the intention of the Adviser to ensure that portfolio companies have strong management teams, there can be no assurance that any portfolio company's management team will be able to operate successfully. The departure of any one or more members of a portfolio company's management team may have an adverse impact on such company and a fund client's investment therein.

Instances of fraud and other deceptive practices committed by the management team of portfolio companies in which a fund client has an investment also may undermine the fund's general partner's due diligence efforts with respect to such portfolio companies. If such fraud is discovered, it could adversely affect the valuation of the fund client's investments and may contribute to overall market volatility that can negatively impact the fund client's investment portfolio.

Importance of the General Partner and Adviser. A fund client's general partner has sole discretion over the investment of the capital committed to such fund client as well as the ultimate realization of any profits. Investors in a fund client have no right or power to participate in the management of such fund. Further, a fund client's success is substantially dependent on the continued availability to such fund of the services of its general partner and the Adviser and their respective principals, partners, managers, shareholders, directors, officers and/or employees presently rendering professional services to them. The loss of the services of any of these individuals could have a significant adverse impact on the business of a fund client, its ability to manage its investments and its prospects. No assurances can be given that losses of such services will not occur in the future.

Underlying Funds and Reliance on Other Managers (Fund-of-Funds strategy only). For fund clients following a fund-of-funds strategy, those fund clients are exposed to the performance of underlying funds and the investment risks of those underlying funds' investments (for example and without limitation, speculative investment techniques, leverage, portfolio concentration, illiquid investments). There can be no assurance that the collective performance of the underlying fund investments will be profitable. Additionally, underlying funds charge fees (such as management fees and carried interest) and expenses to their investors, including fund clients that invest in such underlying funds. Thus, investors in fund clients following a fund-of-funds strategy may be subject to multiple layers of fees and expenses as a result of the fund clients' investments in underlying funds. Moreover, fund clients following a fund-of-funds strategy indirectly rely on the management skills and capabilities of the underlying funds' management teams. An underlying fund's success is likely to be substantially dependent on the continued availability to such underlying fund of the services of such management team, and the loss of the services of such management team could have a significant adverse impact on the underlying fund. No assurances

can be given that losses of such services will not occur in the future, and neither the Adviser nor a fund client's general partner is likely to have any influence or control over such events.

Interest Rates (Debt strategy only). Increases in interest rates typically result in declines in the value of fixed income securities and related instruments. The risk of such declines is typically elevated for longer-term fixed income securities or instruments. Thus, interest rate increases may adversely impact fund clients following a debt strategy.

Credit/Default (Debt strategy only). Issuers of debt may default on their obligations to pay interest or repay principal or on other obligations related to the debt issuance. Any such event may impair the debt's liquidity and result in a decrease in its value. Fund clients following a debt strategy are subject to the risk of default by debt issuers.

Indemnification. It is expected that each fund client will indemnify and hold harmless its general partner, the Adviser, their respective affiliates and other related parties, their respective officers, directors, partners, members, employees and agents and members of such fund's advisory committee for liabilities incurred in connection with the affairs of the fund client. Such liabilities may be material and may have an adverse effect on the returns to the investors in such fund client.

Litigation Risks. Fund clients are subject to a variety of litigation risks, particularly if one or more of their investments face financial or other difficulties. Legal disputes involving a fund client, the fund client's general partner, the Adviser, their affiliates and other related parties, and their respective officers, directors, partners, members, employees and agents may arise from activities relating to the operation of the fund client (or such other persons or entities) and could have a significant adverse effect on the fund client. Additionally, a fund client's general partner or its affiliates and other related parties may receive the right to appoint a representative to the boards of directors of portfolio companies in which the fund client invests. Serving on such boards exposes such general partner, the Adviser and/or their respective affiliates and other related parties, and ultimately, the fund client, to potential liability. Although portfolio companies may have insurance to protect directors and officers from such liability, such insurance may not be obtained or may be insufficient if obtained.

Valuation of Assets and Liabilities of Fund Clients. The assets and liabilities of a fund client are valued in accordance with the valuation policies and procedures agreed upon and maintained by the Adviser. Although the valuation of the assets of a fund client are performed pursuant to the Adviser's policies, it is likely that most of the portfolio assets owned by a fund client are not traded on an exchange, making valuation subject to the judgment of the Adviser or a third-party valuation service provider. If and to the extent that the Adviser (or any valuation agent retained on behalf of a fund client) values a fund client's portfolio assets, it will be conducted in good faith based generally on GAAP, but such valuation may not reflect the realizable fair market value of any investment.

Cybersecurity Risk. As part of its business, the Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of fund clients and personally identifiable information of the investors in fund clients. Similarly, affiliates, other related parties or service providers of the Adviser or a fund client may process, store and transmit such information. The Adviser has procedures and systems in place that it believes are reasonably

designed to protect such information. However, such measures 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. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Adviser may be susceptible to compromise, leading to a breach of the Adviser's network. The Adviser's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Adviser to investors in fund clients may also be susceptible to compromise. Breach of the Adviser's information systems may cause information relating to the transactions of a fund client and personally identifiable information of investors in fund clients to be lost or improperly accessed, used or disclosed.

The service providers of the Adviser and fund clients are subject to the same electronic information security threats as the 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 a fund client and personally identifiable information of investors in fund clients may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Adviser's or a fund client's proprietary information may cause the Adviser or such fund client to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. The loss or improper access, use or disclosure of a fund client's portfolio company's proprietary information may similarly result in financial loss, business disruption, liability to third parties, regulatory intervention or reputational damage, any of which may negatively impact the value of the fund client's investment. Any of the foregoing events could have a material adverse effect on such fund client and the investors' investments therein.

General Market and Economic Conditions. General economic conditions may affect a fund client's activities. Changing economic, political, regulatory or market conditions, interest rates, socioeconomic circumstances (including wars, insurrections, and acts of terrorism), general levels of economic activity, the price of securities and debt instruments and participation by other investors in the financial markets may affect the value and number of investments made by a fund client or considered for prospective investment. The value of investments may fluctuate in accordance with changes in the financial condition of portfolio companies and other factors that affect the markets in which a fund client invests. Economic, political, socioeconomic, regulatory or market developments can affect a single obligor, obligors within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in a fund client's investments. In addition, many portfolio companies may be similarly subject to the same economic conditions, which could adversely impact the returns to a fund client.

Inadequate Returns. There can be no assurance that the returns on a fund client's investments will be commensurate with the risk of investment in the fund client. There can be no assurance that the investments held by a fund client will be profitable, that there will be proceeds from such investments available for distribution to investors in such fund client, or that such fund client will

achieve its investment objectives. An investment in a fund client is speculative and involves a high degree of risk. Fund client performance may be volatile and an investor in a fund client could incur a total or substantial loss of its investment. In general, the investors in fund clients do not have the ability to direct or influence the management of fund clients or the investment of their assets. There can be no assurance that projected or targeted returns for a fund client will be achieved. Each investor in a fund client should have the ability to sustain the loss of its entire investment.

Bankruptcy of a Portfolio Company. Various laws enacted for the protection of creditors may operate to the detriment of a fund client if it is a shareholder or creditor of a portfolio company that experiences financial difficulty. For example, if a portfolio company becomes insolvent or files for bankruptcy protection, there is a risk that a court may subordinate a fund client's investment to creditors or require the fund client to return amounts previously paid to it by such portfolio company. If a fund client has management rights or holds equity securities in any portfolio company that becomes insolvent or bankrupt, the risk of subordination of the fund client's claim increases. In addition, any preferential transfers to the fund client during certain periods prior to the bankruptcy proceedings may be recovered from the fund client in such proceedings. A fund client's exercise of management rights may also lead creditors of such portfolio company or other parties to assert claims against the fund client.

Lack of Diversification. The investments of a fund client could potentially be concentrated in a handful of investment categories, industries and regions. As a consequence, the aggregate return on a fund client's investments may be adversely affected by the unfavorable performance of a particular investment category, industry or region and will be at a greater risk to overall changes in the economy or interest rates than if the fund client were less concentrated in a particular investment type. In addition, if a fund client is unable to raise its target capitalization, the fund client may make investments in fewer portfolio companies, which may result in a greater concentration of the fund client's capital in one investment category or relatively few industries or regions.

Competition. Other investment funds currently in existence or organized in the future may adopt, partially or totally, a fund client's strategy and compete with such fund client. Such competing funds may have greater resources and investment capital, which could afford them a competitive advantage. Additionally, there will be significant competition for investment opportunities. Thus, fund clients may be unable to find a sufficient number of attractive opportunities to meet their investment objectives.

Long-Term Investments. Fund clients hold investments in portfolio companies for a number of years. Economic conditions, competition and the availability of purchasers, among other factors, may impact a fund client's holding period for any investment or group of investments.

Availability of Opportunities. A fund client may be unable to identify investment opportunities that satisfy its investment objectives and diversification goals or, if such fund client is successful in identifying such investment opportunities, it may not be permitted to invest, or to invest in the amounts desired, in such opportunities.

Risks of Certain Dispositions. In connection with the disposition of an investment in a portfolio company or otherwise, a fund client may be required to make representations about the business

and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by such fund client.

Need for Follow-On Investments. Fund clients may be called upon from time to time to provide additional funds to their underlying investments. There is no assurance that a fund client will be able to make or will make such follow-on investments. Any decision by a fund client's general partner not to cause such fund client, or any inability of such fund client, to make a follow-on investment may have a substantial negative impact on an underlying investment and the fund client's investment therein.

Side Letters. Certain of the fund clients have entered into side letters or other writings with certain limited partners in connection with their admission, without the approval of any other limited partner, which has the effect of establishing rights under or altering or supplementing the terms of a fund client's governing documents. Such rights or terms in any such side letter or other similar agreement may include, without limitation: (i) excuse rights applicable to particular investments (which could increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, such investments); (ii) the general partner's agreement to extend certain information rights or additional reporting to such limited partner, including, without limitation, to accommodate special regulatory or other circumstances of such limited partner; (iii) modification of the confidentiality obligations of such limited partner; (iv) the general partner's agreement to consent to certain transfers by such limited partner or other exercises by the general partner of its discretionary authority under a fund client's partnership agreement for the benefit of such limited partner; (v) restrictions on, or special rights of such limited partner with respect to, the activities of the general partner; (vi) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such limited partner; (vii) additional obligations, and restrictions of a fund client with respect to the structuring of any portfolio investment (including with respect to alternative investment vehicles); (viii) preferential access to co-investment opportunities; and (ix) certain adjustments with respect to certain economic provisions. Any rights or terms so established in a side letter with a limited partner will govern solely with respect to such limited partner and will not require the approval of any other limited partner notwithstanding any other provision of a fund client's partnership agreement. Absent agreement to the contrary or as required by law, the Adviser is not required nor does it expect to disclose the terms of a side letter to any investor not party to such side letter nor to offer comparable terms to such investors.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which a fund client may interact.Potential Emerging Banking Crisis. Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally or concerns or rumors about any events of these kinds or other similar risks, have occurred recently and may occur again in the future. Such events have led to market-wide

concerns about banking and potential liquidity problems. Even if, ultimately, current market concerns about the financial health and stability of U.S. and global banking sectors are successfully addressed, many observers believe that the risk of a recession occurring in the United States, and perhaps in other major global economies, has increased because of the recent events in the banking sector.

The events described above present several potential risks. Certain of these risks are described in more detail below but other risks may arise in the future as events unfold. Any of these could have a material adverse effect on the liquidity, current and/or projected business operations, financial condition and/or performance results, as applicable, for the Adviser and/or its clients and/or their underlying investments.

Banking Sector Risks on Operations and Performance. It is likely that, if the banking sector situation continues to deteriorate, the United States and/or other global economies would be adversely affected, including the possibility of recession, the duration and severity of which are difficult to predict.

If the Adviser has a banking relationship with a bank placed in FDIC receivership (for example, a payroll account), its ability to manage or operate consistent with its past business practices could be negatively impacted, potentially resulting in a disruption in operations. In addition, portfolio companies and service providers may have relationships with banks that go into receivership, which could negatively impact such portfolio companies and service providers and consequently the clients.

Advisers Act Regulatory Risk. The Adviser and certain of its affiliates operate in a heavily regulated environment and are subject to the requirements of the Advisers Act and the rules thereunder. In 2022 and 2023, the SEC proposed numerous amendments to the Advisers Act rules, which are likely to present a number of significant compliance challenges for investment advisers.

Non-U.S. Currency Risk. Fund clients may make investments denominated in currencies other than the U.S. Dollar. Such investments are subject to the risk that the value of a particular currency will change in relation to the U.S. Dollar. Any such change in the relative values of currencies may have an adverse impact on the value of an investment denominated in a non-U.S. currency. Foreign exchange regulations could also have an adverse impact on the value of such an investment. Many factors may affect currency values, including, without limitation, trade balances, interest rates, differences in the relative values of similar assets in different currencies, long-term investment opportunities, capital appreciation and political developments. Fund clients will incur costs in converting investment proceeds from one currency to another. The Adviser may, but is under no obligation to, employ currency hedging techniques to minimize such risks, although there can be no assurance that any such strategy will be effective.

Pandemics. The outbreak of the COVID-19 pandemic led much of the world to institute stay-at-home orders, restrictions on travel, bans on public gatherings, the closing of non-essential businesses or limiting their hours of operation and other restrictions on businesses and their operations, which has adversely impacted global commercial activity and contributed to significant volatility and a downturn in global financial markets. While some of these restrictions are being relaxed or lifted in an effort to generate more economic activity, the risk of future COVID-19 outbreaks remains, and jurisdictions may reimpose restrictions in an effort to mitigate risks to public health. Moreover, even where restrictions are and remain lifted, the absence of viable treatment options or a vaccine could lead people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. As a result, the ultimate adverse impact of the pandemic may be uncertain, but it has affected, and may further affect, the Firm's business and the businesses of fund clients' investments in various ways, and will be

significantly driven by a number of factors that we are unable to predict or control, including, for example: the severity and duration of the pandemic, including the timing of availability, effectiveness and public acceptance of one or more treatments or vaccines for COVID-19; the pandemic's impact on the U.S. and global economies; the timing, scope and effectiveness of additional governmental responses to the pandemic; the timing and path of economic recovery; and the negative impact on our investors, counterparties, vendors and other business partners that may materially adversely affect us.

Item 9. Disciplinary Information

Neither the Adviser nor its management persons have been subject to legal or disciplinary events that are material to the Adviser's advisory business or that would be material to existing or prospective clients' evaluation of the Adviser's advisory business or the integrity of its management persons.

Item 10. Other Financial Industry Activities & Affiliations

The Adviser has relationships with other entities in the financial services industry that are material to its advisory business. These are described in more detail below. In some cases, these relationships may cause the Adviser's or a related person's interests to diverge from the best interests of a client.

Other Activities of the Adviser and Certain Related Parties. The Adviser devotes to fund clients as much time as is necessary or appropriate, in the Adviser's judgment, to manage such fund client's activities. Certain inherent conflicts of interest arise in that the Adviser and its affiliates and other related parties act on behalf of each fund client and carry on investment activities for other clients (including other investment funds sponsored by the Adviser or its affiliates and other related parties) in which such fund client has no interest. In particular, most of the investment funds currently advised by the Adviser and its affiliates or other related parties are funded almost entirely by a particular Family Investment. Although the Adviser believes it has sufficient resources to meet its obligations to its clients, these activities create a conflict of interest in that the time of the Adviser is not devoted exclusively to the business of any particular fund client but allocated among such fund client and the Adviser's other clients.

In addition, in certain instances, the investment strategies and objectives of certain fund clients may be similar to, or overlap with, the investment strategies or objectives of other fund clients. In particular, the Adviser currently expects the Bregal Sagemount team to advise "debt funds" that will invest in similar companies to those invested in by certain other fund clients. Please refer to "Allocation of Investment Opportunities" below.

A certain fund client of the Adviser (the "SPAC Client") invests into the sponsor of a special purpose acquisition company (the "SPAC"), which was formed for the purposes of effecting a merger, share exchange, asset acquisition, share repurchase, reorganization or similar business combination with one or more businesses (each, a "SPAC Target"). The SPAC's and SPAC sponsor's directors and officers include certain of the Adviser's deal team members, who stand to benefit through their ownership interests in the SPAC Client. The Adviser does not anticipate the materialization of any investment allocation conflicts between the SPAC and other fund clients of the Adviser because the SPAC Targets are significantly larger in size than the investment opportunities sought by the fund clients.

Future investment activities by the Adviser, including the establishment of other investment funds and providing advisory services to other clients, gives rise to additional conflicts of interest. As discussed in more detail under "Allocation of Investment Opportunities," there may be situations where different Bregal platform businesses have the opportunity to invest in and may compete for investment in the same investment opportunities. Situations may arise in which private investment funds or accounts managed by the Adviser or its affiliates or other related parties have made investments that would have been suitable for investment by another fund client but, for various reasons, were not pursued by, or available to, such other fund client. Although not anticipated, it is possible that the Adviser, Family Investments, affiliates of the Adviser or other related parties

may engage in business activities unrelated to fund clients that could create conflicts of interest. The Adviser seeks to resolve any such conflicts, and any other conflicts of interest that may arise, consistent with its fiduciary duties.

In addition, the activities in which Bregal Investments, Family Investments, affiliates of Bregal Investments or other related parties are involved may limit or preclude the flexibility that certain fund clients may otherwise have to participate in investments. In some instances, fund clients may be forced to waive voting rights or sell or be unable to sell existing investments as a result of the relationships that Bregal Investments may have or transactions or investments Bregal Investments, Family Investments, affiliates of Bregal Investments or other related parties may make or have made. In addition, the Adviser may determine not to invest a fund client's assets in a portfolio company, or may sell an existing investment, in order to avoid adverse regulatory implications.

Subject to applicable fiduciary duties and compliance requirements, the Adviser, Bregal Investments, Family Investments, affiliates of the Adviser or Bregal Investments or other related parties and employees, including employees of the Adviser, may invest for their own accounts in investment entities, including potential competitors of fund clients. Investors in fund clients do not receive any benefit from any such investments.

Parallel Entities. A fund client's general partner may form one or more separate vehicles for tax or regulatory purposes or to facilitate investment by strategic or certain other investors, including members of such general partner (each such vehicle, a "Parallel Entity"). Such Parallel Entities may invest in parallel with a fund client either entirely or with respect to a certain subset of investments made by such fund client.

Allocation of Investment Opportunities. The Firm's policy is to allocate investment opportunities in a manner that is consistent with its fiduciary obligations and the governing documents of the relevant Funds and other Client accounts. Unless disclosed otherwise in the governing documents of the relevant Funds and other Client accounts, the Firm generally seeks to allocate investment opportunities fairly and equitably among the Funds and all other Client accounts, where and to the extent applicable, such that no Client will be systematically disadvantaged over time. The proper method of allocating investment opportunities can be complex and requires careful evaluation and application. A number of factors may be considered when multiple Clients are capable of purchasing or selling a particular security or other investment product based on their respective investment objectives, including, without limitations, the amount of available cash, the impact that any such transaction may have on an existing portfolio's diversification, risk and volatility characteristics, existing investments, liquidity, contractual commitments or regulatory obligations and other similar considerations (together, the "Allocation Factors").

With respect to investment opportunities that the Firm has determined to be within the investment strategy of both Bregal Sagemount Credit Opportunities Fund II LP ("COF II") and a series of Bregal Sagemount Credit Solutions L.P. ("BSCS") while the investment period of COF II remains open, the Firm will seek to allocate such investment opportunity to each of COF II and the relevant series of BSCS in proportion to their respective available capital inclusive of leverage determined at the time the investment is made, unless the Firm determines that a different allocation is necessary or appropriate taking into consideration the Allocation Factors.

With respect to any investment opportunities that the Firm has determined to be within the investment strategy of two or more series of any Funds that are series limited partnerships pursuing substantially similar investment strategies, the Firm will seek to allocate such investment opportunities to the relevant series in proportion to their respective available capital inclusive of leverage determined at the time the investment is made, unless the Firm determines that a different allocation is necessary or appropriate taking into consideration the Allocation Factors.

Co-Investment Opportunities. From time to time, the Firm in its sole and absolute discretion may give certain persons or entities an opportunity to co-invest alongside a Client in certain investments. All such co-investment opportunities must be consistent with the Firm's fiduciary duty to the Clients and subject to the restrictions contained in the Advisory Agreement of the relevant Client, and any side letter agreements or other negotiated terms with respect to such Client.

The terms of any such co-investment, including the fees and carried interest, if any, will be negotiated by the Firm and the potential co-investor on a case-by-case basis. Any such co-investment in the same securities as those in which a Client invests shall be at the same price as that paid by the Client.

In exercising the Firm's discretion to decide how to allocate investment opportunities with respect to co-investment parties, the Firm may consider certain factors, which may include, but are not limited to: Bregal Investments, Inc. Supervisory Procedures and Compliance Manual.

- The size and financial resources of the potential co-investment party and the ability of that person or entity to efficiently and expeditiously participate in the investment opportunity with the relevant Client;
- Any confidentiality concerns the Firm may have that may arise in connection with providing the potential co-investment party with specific information relating to the investment opportunity;
- The Firm's past experiences and relationships with the potential co-investment party;
- The Firm's evaluation of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the potential co-investment party would act upon the investment opportunity if offered;
- The Firm's evaluation of whether the co-investor is able to provide strategic perspectives and/or credibility or otherwise add value to the investment at the operational level.

The CCO and any designee shall monitor the allocation of co-investment opportunities and identify potential conflicts. If conflicts are identified, the CCO shall oversee the consideration of appropriate disclosure to existing and potential investors, and shall have authority to administer any controls put in place in an effort to mitigate such conflicts.

Alternative Investment Vehicles. In order to achieve certain tax, regulatory and administrative efficiencies, a fund client may acquire investments through various entities that are affiliates of, and under common control with, such fund client (each, an “AIV”). A fund client’s general partner may require some or all of the fund client investors and the general partner to be admitted as partners, members or other similar investors in, and has the right to direct capital contributions of such partners to, one or more AIVs. None of the fund client’s general partner, the Adviser or their affiliates or other related parties receives any additional fees or compensation for forming or serving as a manager of an AIV, although such persons may be reimbursed for reasonable out-of-pocket expenses incurred in the provision of such services.

Side Letters. Certain of the fund clients have entered into and expect in the future to enter into agreements, or “side letters,” with certain prospective or existing investors whereby such investors, including, in some cases, investors that may be affiliated with the Adviser or its related persons, are subject to terms and conditions that are more advantageous than those set forth in the governing documents for the particular fund client and which apply to other investors in the fund client. For example, a side letter could provide for special rights to make future investments in a fund client, other investment vehicles or managed accounts; provide a waiver or rebate in fees to be paid by the investor and/or other terms; include rights to receive reports from a fund client on a more timely or frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Adviser, on behalf of the fund clients, with an investor. The determination of whether to enter into a side letter is solely at the discretion of the Adviser and could, among other things, be based on the size of the investor's investment in a fund client or affiliated investment entity, or other similar commitment by an investor to a fund client. In some cases, a side letter that benefits a party to that side letter could work to the detriment of other investors. Absent an agreement to the contrary or as required by applicable law, the Adviser is not obligated to inform other investors of the terms of any side letter or offer equally favorable terms to such other investors.

Composition of Investors in Fund Clients and Parallel Entities. Relatively large investments by persons or entities, including Family Investments, that have relationships with Bregal Investments (such persons or entities, “Related Investors”) are made in fund clients and/or in fund clients’ Parallel Entities, and, in some cases, such investments may constitute a majority of a fund client’s committed capital. Both because of the size of such capital commitments and because of the relationships between Related Investors and Bregal Investments, the interests of Related Investors are always taken into account by the Adviser and its affiliates and other related parties. While the Adviser believes that the interests of the Related Investors and the interests of other investors in a fund client are generally aligned, if the interests of the Related Investors and the interests of other investors in a fund client do diverge, the Adviser and its affiliates and other related parties will have an incentive to act in a manner that they believe to be in the best interests of the Related Investors.

Carried Interest. As discussed in Item 6, the existence of the Carried Interest may create an incentive for the Adviser or certain of its personnel or related parties to cause a fund client to make more speculative investments than it would otherwise make in the absence of the Carried Interest.

Other Relationships with Portfolio Companies. A fund client's general partner, the Adviser and/or their respective affiliates and other related parties may have or may develop relationships with representatives of portfolio companies in which the fund client invests. Such relationships may include serving as a member of the board of directors or advisory board of such entity, seeking a buyer or equity investor on behalf of such entity or advising such entity as to appropriate candidates, other than the fund client, for such acquisition or investment.

Service Providers. The service providers (including any administrators, lenders, brokers, attorneys, consultants and investment banking firms) of a fund client, its portfolio companies, Bregal Investments or any of their respective affiliates or other related parties may be investors in the fund client and/or sources of investment opportunities and co-investors or counterparties therewith. This may influence the fund client's general partner in deciding whether to select such a service provider or have other relationships with Bregal Investments. Moreover, certain service providers (or banking firms) to a fund client and its portfolio companies may also provide services to or have other relationships with Bregal Investments. These other services and relationships may influence the fund client's general partner in deciding whether to select such a provider to perform services for the fund client and its portfolio companies (the cost of which is generally borne directly or indirectly by the fund client).

Advisory Committee. As specified in their governing documents, each fund client has an investor advisory committee (the "Advisory Committee") composed of certain investors in such fund client. The Advisory Committee provides such advice and counsel as requested by the fund client's general partner in connection with actual or potential conflicts of interest and other matters related to the fund client.

Allocation of Fees and Expenses. A fund's general partner and the Adviser have discretion, subject to the terms of the fund's governing documents, to allocate expenses among themselves, portfolio companies, third-party funds, third parties, fund investors in their individual capacities and the fund. The allocation of items allocable to more than one fund or account would generally be allocated based on size of the account (based on capital or commitments) or its position that generated the expense.

Due to a fund's expected relationships with its portfolio companies, the fund's general partner and the Adviser are expected to be able to influence the management of the portfolio companies to agree to assume fees and expenses, including fees and expenses payable to the general partner and the Adviser (subject to the terms of the fund's governing documents). In allocating these expenses and establishing these arrangements, the general partner and Adviser have various and actual conflicts of interest and an incentive to increase their own fees and decrease their own expenses. While some of these fees and expenses may be offset against the Management Fee, others may not be or there may be only a partial offset. Moreover, those fees and expenses which do offset the Management Fee may have the effect of accelerating the receipt of those amounts by the general partner or the Adviser. Some fee and expense arrangements, such as monitoring fees, between a portfolio company and the fund's general partner or the Adviser may have terms which exceed the expected holding period of the investment by the fund and provide for acceleration of fees in the event of a realization of the investment.

Among the expenses that may be allocated are so-called “broken-deal” expenses. These may include legal, due diligence and other expenses incurred with respect to transactions that are not consummated. Broken-deal expenses are generally paid by the fund notwithstanding the fact that there may have been co-investors in the transaction if the transaction had been consummated. The law firms and other service providers involved in fund transactions may provide a discount on fees and expenses incurred in broken deals and may receive a premium on fees for consummated transactions. A fund generally benefits from any discounts and also incurs any premiums on the transactions in which it is involved. It is possible that over time the benefits of these arrangements may not be shared in the same proportion as the expenses.

Legal counsel and other service providers may provide services paid for by a fund and also provide services to the general partner and the Adviser. Discounts or other advantageous billing arrangements made available to the general partner and the Adviser are not required to be extended to any fund and the benefits thereof are not required to be shared with any fund, notwithstanding that the volume of work generated by the fund would be an important factor in obtaining the arrangement.

Participating Affiliates. In providing investment advice to its clients, the Adviser may use the resources of other Bregal Investments entities to provide research, portfolio management and related investment management services (collectively, “Advisory-Related Services”) to the Adviser’s clients. Any such arrangement is subject to a memorandum of understanding (“MOU”) between the Adviser and the relevant Bregal Investments entity (“Non-U.S. Adviser”). Under the MOU, each such Non-U.S. Adviser is a participating affiliate, as such term is used in relevant relief granted by the SEC staff. Under the MOU, each Non-U.S. Adviser and any Non-U.S. Adviser personnel providing Advisory-Related Services to or for the Adviser’s clients are considered “persons associated with” the Adviser, which has the meaning of the term “person associated with an investment adviser” as defined in Advisers Act Section 202(a)(17). Each MOU requires the relevant Non-U.S. Adviser to agree to submit to the jurisdiction of U.S. courts for actions arising under the United States securities laws in connection with the Advisory-Related Services provided by the Non-U.S. Adviser, or any Non-U.S. Adviser personnel, to the Adviser’s clients.

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

The Adviser has adopted a Code of Ethics (the “Code”) and certain other policies and procedures that obligate the Adviser and its supervised persons to put the interests of clients first before their own interests, that prohibit supervised persons from taking inappropriate advantage of their positions and obligate supervised persons to comply with all applicable securities laws. The Code also includes provisions requiring periodic reporting of supervised persons’ personal securities transactions and holdings, preclearance certain securities transactions, reporting violations of the Code, provision of the Code to supervised persons and written acknowledgment of receipt of the Code and any amendments. The Code also includes additional policies and procedures designed to seek to ensure compliance with aspects of the federal securities laws. The Adviser will supply a complete copy of its Code to any client or prospective client or any investor or prospective investor in a client who requests a copy of the Code.

Although fund clients typically invest in independent portfolio companies, it is possible that they also will invest in vehicles advised by or that have other relationships with Bregal Investments. Additionally, other vehicles advised by or that have other relationships with Bregal Investments may invest in a fund client. It is also possible that persons associated with the Adviser may have an ownership interest in one or more such vehicle that is advised by or that has other relationships with Bregal Investments.

Item 12. Brokerage Practices

As discussed in more detail in Item 4, the Adviser's investment advice to clients pertains primarily or exclusively to individual private transactions. As a result, the Adviser's transactions on behalf of clients are generally privately negotiated and may not involve a broker-dealer. The Adviser, in such cases, seeks efficient transaction execution consistent with the Adviser's fiduciary duty to clients. In some cases, the Adviser utilizes one or more investment banks for portfolio company sales and may invest in companies that are using an investment bank to run their sale process.

If a broker-dealer is used for client transactions, the Adviser will evaluate the broker-dealer based on several factors, which may include price, reputation and ability to execute the relevant transaction(s). The Adviser has a fiduciary duty to seek to achieve "best execution" for its clients. This does not necessarily entail seeking to achieve the lowest possible commission; rather, seeking to achieve best execution involves a qualitative evaluation by the Adviser of all factors the Adviser deems relevant under the circumstances, including the full range and quality of brokerage services available.

The Adviser does not have a formal "soft-dollar" program pursuant to which the Adviser receives research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions. However, the Adviser may from time to time receive information from investment banks concerning deal flow and related matters.

As noted above, the Adviser's investment advice to clients pertains primarily or exclusively to individual private transactions. In that context, the aggregation of securities purchase or sale orders is not applicable.

Item 13. Review of Accounts

The Adviser's investment teams, dedicated portfolio monitoring team, and the Adviser's Chief Executive Officer, Alain Carrier review fund portfolios on an ongoing basis. Each fund also has an investment committee ("IC") that holds monthly portfolio review meetings. At the monthly meetings, the relevant investment team updates the IC on the progress and status of a portion of the fund's portfolio companies, typically with the intention that all portfolio companies are reviewed at least twice a year or more frequently in the initial year of an investment or if there are performance concerns with any such portfolio company.

A fund generally furnishes annual audited financial statements to all investors within 120 days of the end of the fund's fiscal year (or 180 days if the fund is structured as a fund-of-funds) and within a specified period of days following approval by the auditors. A fund generally also, on a quarterly or other specified basis, prepares and distributes to fund investors unaudited valuations of portfolio companies.

Item 14. Client Referrals & Other Compensation

Other than certain related entities as specified in a fund's governing documents, no one who is not a client provides an economic benefit to the Adviser for providing investment advice or other advisory services to clients.

Except as described below, neither the Adviser nor any related person of the Adviser directly or indirectly compensates any person who is not the Adviser's supervised person for client or investor referrals. The Adviser has engaged an unaffiliated third party to assist the Adviser with capital raising from institutional investors. The third party's compensation for its services under this arrangement consists primarily of a flat fee together with a fee based on aggregate capital commitments, as further specified in the relevant agreement.

Item 15. Custody

Certain fund structures or other arrangements (such as the role of the Adviser's related persons) may result in the Adviser being deemed to have custody of a particular fund client's funds and securities. Under the Advisers Act, Rule 206(4)-2 (the "Custody Rule") imposes conditions on the Adviser with respect to securities and other assets subject to the Custody Rule for which the Adviser is deemed to have custody. The Adviser complies with the Custody Rule through (i) an annual audit as specified under Rule 206(4)-2(b)(4), (ii) distribution of audited financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") to all investors within 120 days of the end of the fund's fiscal year (or 180 days if the fund is structured as a fund-of-funds), and (iii) an audit upon liquidation and distribution of audited financial statements prepared in accordance with GAAP to all investors promptly after the completion of such audit.

Item 16. Investment Discretion

As detailed in the relevant fund's governing documents, a fund's general partner normally receives investment recommendations from the Adviser but retains sole discretion over the investment of the fund's capital as well as the ultimate realization of any profits. The fund's general partner normally has sole and absolute discretion in structuring, negotiating, purchasing, financing, monitoring and eventually divesting investments made by the fund.

A fund's investments are made in accordance with the applicable guidelines, objectives, limitations and other terms specified in the fund's organizational documents.

Item 17. Voting Client Securities

The Adviser has adopted policies and procedures reasonably designed to comply with the requirements of Advisers Act Rule 206(4)-6.

The Adviser generally accepts authority to vote securities on behalf of a fund client. To the extent it does so, the Adviser determines whether and how to vote corporate actions and proxies on a case-by-case basis according to the following guidelines, as applicable: (i) the Adviser will attempt to consider all aspects of the vote that could affect the value of the issuer or that of the fund; (ii) the Adviser will vote in a manner that it believes is consistent with the fund's stated objectives; and (iii) the Adviser will generally vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Adviser has a particular reason to vote to the contrary. Fund clients and fund client investors generally may not direct the Adviser's vote of securities on behalf of a fund client.

In the event that a potential conflict of interest arises between the Adviser and a fund client with respect to voting securities on behalf of a fund client, the Adviser will proceed according to the following. A conflict of interest will be considered material to the extent that it is determined by the chief compliance officer that the conflict has the potential to influence the Adviser's decision making in voting the proxy. If such a material conflict is deemed to exist and cannot be resolved, the Adviser will refrain completely from exercising its discretion with respect to voting the proxy or will instead refer that vote to an outside service for its independent consideration. If it is determined that any such conflict or potential conflict is not material, the Adviser may vote the proxy.

When a portfolio company investment involves the right to appoint one or more directors to the board of such portfolio company, the Adviser's investment team typically recommends candidates for these positions subject to review and final approval by the fund client's general partner. A fund client's governing documents provide further detail on such process. Each portfolio company investment typically involves the right to appoint one or more directors.

Investors should be aware that the authority to appoint directors of portfolio companies presents potential conflicts of interest. The Adviser frequently recommends Adviser personnel, or personnel of the Adviser's related entities, to be directors of portfolio companies. A conflict of interest may arise where the portfolio company's board, including Bregal personnel, must make a determination regarding a matter in which the Adviser has an interest. For instance, a conflict of interest may arise where a portfolio company's board must vote on an agreement with the Adviser under which the Adviser is compensated for services to the portfolio company.

Fund investors may obtain information from the Adviser about how the Adviser voted securities on behalf of the fund by contacting the Adviser. Fund investors may obtain a copy of the Adviser's proxy voting policies and procedures upon request.

Item 18. Financial Information

This Item is not applicable.