



Part 2A of Form ADV: Firm Brochure

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Pathlight Capital LP (the “Adviser,” “we,” “our,” or “us”). If you have any questions about the contents of this brochure, please contact us at (617) 830-7055. 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.

Pathlight Capital LP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training in the investment advisory business.

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

Item 2 - Material Changes

This section of the Brochure addresses “material changes” that have taken place since the last annual update and will be posted to the SEC’s public disclosure website (IAPD). Since Pathlight Capital LP filed its most recent Part 2A of Form ADV on March 30, 2023 the following material changes occurred:

- Upon Omar Hemady’s departure from the Firm, Michael Quirk, Pathlight’s Chief Financial Officer, assumed the role of Chief Compliance Officer role on November 2, 2023.

Future Brochure filings will address “material changes” since the date of this filing concerning Pathlight Capital LP, which will either be delivered, or offered for delivery, to clients. A copy may also be downloaded from the SEC’s website, www.adviserinfo.sec.gov.

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Item 4 - Advisory Business

The Adviser is an investment advisory firm located in Boston, Massachusetts that commenced business in 2017. The Adviser specializes in advising on the collection of interest payments and other fees related to “stretch asset-based lending” or “Stretch ABL” across a variety of industries in order to generate strong risk adjusted returns.

The Adviser is principally owned and controlled by Daniel Platt. Mr. Platt is also the sole owner of the Adviser’s general partner, Pathlight GP LLC.

The Adviser provides investment advisory services to affiliated pooled investment vehicles (each a “Fund” and, collectively, the “Funds”) into which certain qualified investors will make investments, as well as separate accounts for unaffiliated pooled investment vehicles (each a “Separate Account Client,” and, together with the Funds, the “Clients”). The general partner or equivalent of each Fund will be an affiliate of the Adviser (the “General Partner”). The governing documents of each Client also provide for the establishment of parallel, co-investment or other alternative investment vehicles in certain circumstances. Client investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser. In this brochure, because it is uncertain whether such additional parallel, co-investment or alternative investment vehicles will be classified as clients of the Adviser, when we refer to a Fund or Client, we are also referring to such additional parallel, co-investment or alternative investment vehicles, if any.

The investment advisory services provided by the Adviser to each of its Clients primarily focus on investments related to the collection of interest payments and other fees related to Stretch ABL across a variety of industries in order to generate strong risk adjusted returns. The Adviser, on behalf of its Clients, intends to achieve this objective by investing primarily in first and second lien secured asset-based loans (each, a “Portfolio Investment” and collectively, the “Portfolio Investments”) to middle market companies headquartered in North America.

Each Client’s portfolio is managed pursuant to an investment management agreement with the Client, a limited partnership agreement or similar governing document, any investment guidelines attached thereto, the Client’s investment policy, and/or other governing documentation that may be entered into from time to time, and any applicable regulations. While it is anticipated that each of its Clients will follow the strategy stated above, the Adviser may tailor the specific advisory services with respect to each Client to the individual investment strategy of that Client. In addition, the governing documents of Clients may, in certain limited circumstances, impose restrictions on investing in certain securities or types of securities, for example in connection with regulatory or compliance reasons.

As of December 31, 2022, the Adviser manages approximately \$2,722,221,521, all of which is managed on a discretionary basis.

Item 5 - Fees and Compensation

The Adviser will enter into different fee arrangements on a Client by Client basis. It is critical that all Clients, and investors in all Clients, refer to the applicable Client's governing documents for a complete understanding of how the Adviser and its affiliates are compensated for advisory services. The following information is a summary only and is qualified in its entirety by each applicable Client's governing documents:

Management Fee. In consideration of management and advisory services provided by the Adviser, each Fund will pay to the Adviser a management fee (the "Management Fee") that is calculated and accrued as of the first day of each calendar month and payable in arrears equal to a percentage, typically ranging from .75% to 1.75% per annum, of capital contributions and/or commitments to the Fund.

Performance-Based Distributions or Fees. In addition to the Management Fee, an affiliate of the Adviser or the Adviser will generally receive a performance-based or capital appreciation-based distribution or fee based upon a percentage of the distributions made to each Fund investor, subject to both the return of capital contributions to investors and a preferred return to investors of generally 8% and catch-up distributions to the affiliate as more fully described in the governing documents of the applicable Client (the "Performance Compensation").

The Adviser will neither deduct fees from a Client's assets nor bill a Client directly. Management Fees will be payable by a Client to the Adviser and the Performance Compensation will be distributed by the Client to an affiliate of the Adviser or paid to the Adviser, in each case on the terms provided for in the applicable Client's governing documentation. Generally, the Adviser may draw-down capital commitments from the investors in a Fund or Client, or may use amounts that would otherwise be available for distribution to such investors, in order to meet the obligation to pay the Management Fee. The Adviser may also, in its discretion, accrue unpaid Management Fees, without interest, and issue a capital call (or offset distributions) in respect of such unpaid Management Fees on a later date as determined by the Adviser. The Adviser has negotiated, and may in the future negotiate, fees and the terms of performance compensation with investors in a Fund or a Client, and may, in its discretion, waive fees or performance compensation for certain investors.

With respect to a Fund, and as more fully described in the Fund's governing documents, a Fund bears the costs and expenses relating to its organization and formation, continuation, and business. Such expenses include:

Organizational Expenses. Expenses incurred in connection with (i) the offering and sale of the interests in the Fund (the "Interests"), excluding expenses incurred by a placement agent and placement agent fees, (ii) the organization of the Fund; (iii) the negotiation, execution and delivery of the partnership agreement, the investment management agreement and any related or similar documents, including, without limitation, the costs of negotiating any and all side letters and the preparation and execution of any related "most favored nations" election process, any related legal and accounting fees and expenses, printing costs, travel expenses and filing fees, and (iv) the organization of the applicable General Partner, and the Adviser will be paid by the Fund.

Fund Expenses. The Fund will be responsible for all expenses attributable to the operation of the Fund and its Portfolio Investments, including, but not limited to: (i) organizational expenses (including the organization of any alternative investment vehicle or other holding

vehicle, and the documentation related thereto); (ii) the Management Fee; (iii) all expenses incurred in connection with the location, identification, discovery, structuring, screening, evaluation (including due diligence), negotiation, acquisition, monitoring, insuring, servicing, financing and refinancing or disposition of Portfolio Investments, whether or not the investment is consummated, including any loan services fees or performance-based or profit participations, any costs related to the advance or administration of any loan being advanced by any lender, consultants' and finders' fees (which may include performance-based compensation, investment) banking fees, appraisal fees, taxes, brokerage and other finders fees, transfer fees, registration fees and similar fees and expenses, brokerage commissions and expenses, expenses related to total return swaps, clearing and settlement charges, initial and variation margin, reasonable travel expenses, reasonable rental or lodging expenses, third-party legal, compliance, accounting, audit, administration, consulting and other professional fees (including due diligence in connection therewith), information services, software, research related to Portfolio Investments, and other investment or disposition costs (to the extent not subject to reimbursement); (iv) expenses incurred in connection with the carrying or management of Portfolio Investments, including custodial, trustee, record keeping (including preparation of financial statements, and the costs and expenses of preparing and circulating reports and any fees or imposts of a U.S. or non-U.S. governmental authority imposed in connection therewith (including imposts or other U.S. and non-U.S. governmental or regulatory expenses of the General Partner and the Adviser)) and other routine administrative expenses of the Fund or its subsidiaries, including, but not limited to, the cost of the preparation of applicable tax returns of the Fund, blue sky and filing fees and other administrative fees (including fees and expenses of the Fund's administrator); (v) costs and liabilities (including damages) incurred in connection with any costs and expenses of any litigation, investigation or regulatory, self-regulatory, governmental or legal inquiries involving Fund activities, and the amount of any judgement or settlement paid in connection therewith, indemnification expenses, and insurance expenses (including premiums); (vi) all taxes, fees and other related charges payable by, or otherwise imposed on, the Fund, expenses incidental to the transfer, servicing, management and accounting for the Fund's cash and securities, including all charges of depositories and custodians, and all expenses incurred by the "partnership representative" of the Fund (or its subsidiaries); (vii) communication expenses, including, without limitation, costs associated with the preparation and delivery of reports, financial statements, tax returns, and Schedule K-1s to investors, (viii) all expenses and costs associated with Fund investor meetings; (ix) all expenses and costs of any Fund advisory boards; (x) all principal, interest, expenses and fees incurred in connection with any indebtedness of the Fund or other credit arrangement (including any line of credit, loan commitment or letter of credit for the Fund or related to any Portfolio Investment (or any underlying asset) or transfer agreements used in connection with transfers of loans originated by the Fund to other entities); (xi) expenses relating to defaults by Fund investors in the payment of any capital contributions; (xii) fees and out-of-pocket expenses of third-party professionals providing services to the Fund, such as legal, compliance, accounting, audit, administration, consulting, valuation, audit and tax return preparation; (xiii) expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities, including the General Partner (but only to the extent such restructuring or amendments to the constituent documents of the Fund and/or its affiliates) and the solicitation of any Fund investor consent; (xiv) expenses incurred in connection with distributions to the investors in the Fund; (xv) expenses related to any co-investments; and (xvi) any extraordinary expenses ((i) to (xvi) together, the "Fund Expenses").

Transaction, Break-up, and Other Fees. One or more of the General Partner, the general partner of a parallel fund, feeder fund or alternative investment vehicle, the Adviser or any of their respective members, partners, shareholders, directors, principals and employees, and the immediate family members of such persons, or individual retirement accounts, trusts or entities established for their benefit (each a “Pathlight Person”) may receive loan origination fees, collateral agent fees, consulting fees, advisory fees, management fees, transaction fees, work fees, administration fees, syndication fees, monitoring fees, closing fees, break-up fees or any other similar fees or remuneration of any kind or nature, whether in case or in-kind, from third parties in connection with a Portfolio Investment or potential Portfolio Investment to be made by a Fund (“Offset Fees”). To the extent that any Pathlight Person earns Offset Fees attributable solely to a proposed investment by a Fund (and not the portion of any Offset Fees attributable to the proposed investment by other funds or accounts), the Management Fees will be offset by one hundred percent (100%) of any such Offset Fees on a net basis. The Adviser or an affiliate will apply any Offset Amounts in excess of the Management Fees in a quarter to the Management Fees of the following quarter. Except as otherwise agreed with a Fund investor, the Adviser will distribute to each Fund any Offset Amounts that remain at the liquidation of the applicable Fund, which such amount shall in turn be returned to such Fund’s investors.

The Adviser has adopted and implemented policies and procedures that govern the allocation of any shared expenses among the Client accounts in a fair and equitable manner.

The Adviser does not maintain any trading accounts and does not anticipate using “soft” dollars. Please refer to Item 12, Brokerage Practices, for more information.

The Management Fees described above are anticipated to be payable quarterly in arrears. The Management Fee obligation of a Fund, and its investors, may only be terminated or modified as provided by the Fund’s governing documents and the investment management agreement between the Adviser and the Fund. The Management Fee will be calculated on an annual basis and is pro-rated for partial periods.

Other than as described above, neither the Adviser nor any of its supervised persons receive any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, the Adviser or its affiliates may receive performance-based fees or allocations from Clients. Additionally, the Adviser intends to charge performance-based compensation to all Clients (other than certain Clients organized as co-investment vehicles) and therefore not engage in side-by-side management. These payments, to the extent received, are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee.

To mitigate this conflict, all investment decisions and allocations will be made in accordance with the Adviser’s investment allocation policy, which is designed to ensure that all Clients are treated fairly and equitably in the allocation of investments.

In addition, the Adviser employs policies and procedures governing the identification, assessment and monitoring of conflicts of interest.

Item 7 - Types of Clients

As described in Item 4, the Adviser provides investment advisory services only to Funds, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”). Also, as described in Item 4, investors in the Funds may participate in the investments through parallel vehicles or alternative investment vehicles in accordance with the governing documentation of the applicable Fund. Such vehicles may also be Clients of the Adviser. Each investor in each Fund must be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended, a “qualified purchaser” for 1940 Act purposes and a “qualified client” for Advisers Act purposes.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Each Client intends to principally make first and second lien secured asset-based loans, or Stretch ABL, to middle market companies headquartered in North America. A Client's loans will typically be secured by a company's inventory, accounts receivable, intellectual property, machinery and equipment and/or real estate and are expected to be junior to senior secured loans.

INVESTING IN SECURITIES SUCH AS THOSE DESCRIBED ABOVE, AS WELL AS A FUND, INVOLVES A SIGNIFICANT RISK OF THAT ALL FUND INVESTORS SHOULD BE PREPARED TO BEAR.

For purposes of this Item 8, the term "Fund" refers, as appropriate, to each Client managed by the Adviser.

Risks Involved with an Investment in a Fund and Portfolio Investments:

Availability of Suitable Investment Opportunities. The pursuit of the Fund's investment strategy involves uncertainty. There can be no assurance that the Adviser will be able to locate and complete suitable investments that satisfy the Fund's objectives and that the Adviser believes will provide performance commensurate with the Fund's targets. If the Adviser does not locate suitable and compelling investment opportunities in which to deploy all of the Fund's capital, the Fund may not invest fully its available capital which may result in an adverse effect on performance results.

Competition. Other entities, including commercial banks, commercial financing companies, business development companies, insurance companies and other private funds compete with the Fund to make the types of investments that the Fund plans to make. Certain of these competitors may be substantially larger, have considerably greater financial, technical and marketing resources than the Fund will have and offer a wider array of financial services. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to the Fund. There may be intense competition for financings or investments of the type the Fund intends to make, and such competition may result in less favorable financing or investment terms than might otherwise exist. There can be no assurance that there will be a sufficient number of attractive potential projects available to the Fund to achieve target returns. In addition, some of the Fund's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Fund. The competitive pressures the Fund faces may have a material adverse effect on the Fund's business, financial condition, results of operations and cash flows.

Dependence on Key Personnel of the Adviser. The Fund will depend on the diligence, skill, experience and network of business contacts of the Adviser's investment team, in particular Mr. Platt. There can be no assurances that Mr. Platt will continue to provide investment services to the Adviser. The loss of Mr. Platt would limit the Fund's ability to achieve its investment objective and operate as anticipated.

Dependence on Adviser's Network. The Fund will depend on the Adviser to maintain its relationships with executives, senior and junior lenders, attorneys, sponsors, and advisors and the Fund expects to rely to a significant extent upon these relationships to provide it with potential investment opportunities. If the Adviser fails to maintain such relationships, or to develop new relationships with other sources of investment opportunities, the Fund will not be

able to grow its investment portfolio. In addition, individuals with whom the Adviser has relationships are not obligated to provide the Fund with investment opportunities, and the Adviser can offer no assurance that these relationships will generate investment opportunities for the Fund in the future.

Due Diligence Risk. When conducting due diligence and making an assessment regarding a potential Portfolio Investment, the Adviser will be required to rely on resources available to it, including internal sources of information as well as information provided by existing and potential obligors, lenders and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information.

Non-Specified Investments and Discretion in Determining Use of Proceeds. The Adviser has not yet identified the potential investments that the Fund will make with the net proceeds of the Fund's offering and the net proceeds of the Fund's offering will be used to make loans to portfolio companies that will not be meaningfully described to the Fund investors prior to such financing or investment. No assurance can be given as to when the Fund will make any Portfolio Investments. Fund investors will not have an opportunity to evaluate the specific merits or risks of any prospective Portfolio Investment. As a result, Fund investors will be dependent on the judgment of the Adviser in connection with the Portfolio Investment and management of the proceeds of this offering, including the selection of the Portfolio Investments. The Fund's reliance on the Adviser is substantially increased in a "blind" investment offering such as this (i.e., specific deals have not been targeted), because the Fund will be totally reliant upon the Adviser to locate, evaluate and negotiate for the funding of loans to portfolio companies. There can be no assurance that determinations ultimately made by the Adviser will permit the Fund to achieve its business objectives. The number of Portfolio Investments that the Fund makes and the diversification of its Portfolio Investments may be dependent on the amount of proceeds raised herein and will be reduced if less than the maximum amount of the offering is raised. The Fund's success will depend on its ability to identify suitable Portfolio Investments and to negotiate and arrange the closing of appropriate transactions. There can be no guarantee that a sufficient number of Portfolio Investments will be available and that the Fund will therefore be able to invest all funds committed by the Partners.

Rising Interest Rates. Rising interest rates could have a substantial adverse effect on the Fund's business. Rising interest rates could have a dampening effect on overall economic activity, the financial condition of the Fund's customers and the financial condition of the end customers who ultimately create demand for the capital we supply, all of which could negatively affect demand for the Fund's capital. Additionally, an increase in interest rates could make it difficult for us to obtain financing at attractive rates, impacting the Fund's ability to execute on the Fund's growth strategies or future acquisitions.

Distributions. Distributions will only be paid to the extent that the Fund has sufficient distributable assets to make such payments. The General Partner anticipates that there will be distributable assets available during the Fund's investment period, but there is no guarantee that the Fund will be able to generate such distributable assets. In addition, there will not be any distributable assets available for distribution until the Fund has made all payments required under any credit facility and all other payments required to be made for Fund expenses and other payables, and the General Partner has established a reserve for liabilities.

Delay in Return of Capital. It is uncertain as to when profits, if any, will be realized by the Fund. Losses on unsuccessful Portfolio Investments may be realized before gains on successful

Portfolio Investments are realized. Even if any of the Fund's Portfolio Investments prove successful, they are unlikely to produce a realized return to Fund investors for a period of several years. The return of capital and the realization of gains, if any, will generally occur only upon the maturity of a Portfolio Investment by the Fund. Furthermore, the expenses of operating the Fund (including the Management Fee payable to the Adviser) may exceed its income, thereby requiring that the difference be paid from the Fund's capital or drawdowns from Fund investors.

Failure to Achieve Adequate Financing. Although the Fund may obtain a line of credit to provide bridge financing for amounts that the Fund has called or expects to call as capital contributions, there can be no assurances that such financing will be available to the Fund or, if available, on terms acceptable to the Fund. Although the General Partner believes that such financing is not necessary in order for the Fund to achieve its investing objectives, the unavailability of such financing on terms acceptable to the Fund could deprive the Fund of a means to fund its Portfolio Investments and to mitigate the risks associated with the failure of a Fund investor to timely make its capital contributions.

Restricted Securities. The interests being sold in a Fund's offering are restricted securities under the Securities Act, for which no public or private market presently exists or is ever intended to exist. Transfers of the interests are subject to restrictions of U.S. federal and state securities laws and to the restrictions set forth in the Fund's governing agreement. As a result of such restrictions on transfer, it may be difficult or impossible to transfer the interests to any transferees. Accordingly, an investment in the interests should be made only if you can assume the risks of an illiquid investment.

Reinvestment of Capital. The General Partner will have the option to reinvest, recall or retain, as applicable, certain distribution proceeds. Accordingly, to the extent that capital is reinvested in Portfolio Investments, a Fund investor will remain subject to investment and other risks associated with such Portfolio Investments.

Conflicts Related to the Adviser Valuing Portfolio Investments. With certain limited exceptions, valuations of current income and disposition proceeds with respect to Portfolio Investments by the Fund will be determined by the Adviser and will be final and conclusive with respect to all Fund investors. Portfolio Investments are valued at the end of each fiscal quarter. Substantially all of the Portfolio Investments are expected to be in loans that do not have readily ascertainable market prices. Assets that are not publicly traded or whose market prices are not readily available are valued at fair value as determined in good faith by the Adviser. In connection with that determination, the Adviser will prepare Portfolio Investment valuations using sources and/or proprietary models depending on the availability of information on the Fund's assets and the type of Portfolio Investment being valued, all in accordance with the Fund's valuation policy. Because fair valuations, and particularly fair valuations of loans, are inherently uncertain, have the potential to fluctuate over short periods of time and are often based to a large extent on estimates, comparisons and qualitative evaluations of private information, the Fund's determinations of fair value have the potential to differ materially from the values that would have been determined if a ready market for these loans existed. This could make it more difficult for Fund investors to value accurately the Fund's Portfolio Investments and could lead to undervaluation or overvaluation of the Fund's interests. In addition, the valuation of these types of loans has the potential to result in substantial write-downs. The exercise of discretion in valuation by the General Partner gives rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Performance Compensation and the calculation of Management Fees. There

can be no assurance that valuation decisions of the General Partner with respect to an investment will represent the value realized by the Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

Rate of Return. There can be no assurance that Portfolio Investments will yield comparable results to those described in the Fund's offering documents or other materials provided to prospective Fund investors. Such investment rates of return are not a prediction of the potential or actual future performance of the Fund. Such rates of return were achieved in the past under different economic and industry environments with investment professionals who may differ from the investment professionals currently employed by the Adviser. Accordingly, there can be no assurance that these or comparable returns (or even positive returns) will be achieved by Portfolio Investments individually or in the aggregate or that there will be any return of capital.

Fund investors Do Not Participate in Management. Fund investors do not participate in the management of the Fund or in the conduct of its business or otherwise deal with third parties. Moreover, Fund investors have no right to influence the management of the Fund, whether by voting, withdrawing, removing, or replacing the General Partner or otherwise absent a "cause event". Any participation in the management or conduct of the business of the Fund or third-party dealings could subject a Fund investor to unlimited liability as a general partner.

Co-Investment Opportunities. From time to time pursuant to the terms of the Fund's governing agreement, in the discretion of the General Partner, Fund investors (including the General Partner or its affiliates) or third-party investors may be presented with opportunities to co-invest in Portfolio Investments alongside the Fund. In such event, the Fund may not be in a position to unilaterally control such Portfolio Investments or exercise certain rights associated with such Portfolio Investments. In addition, if a co-investing party removes its general partner or manager or terminates prior to the Fund, the ability of the Fund to exercise certain rights associated with its Portfolio Investment may require co-operation of a successor general partner/manager or other persons. Although such co-investments may be on the same terms as an investment by the Fund, potential conflicts are inherent in, and arise from, the General Partner's discretion in determining when to make such opportunities available to investors. In addition, once such co-investments are made, the Fund's interest and those of co-investing Fund investors have the potential to subsequently diverge as market conditions shift or other opportunities become available. Further, there is the possibility that a co-investing party may have financial difficulties resulting in a negative impact on the co-investment. If such co-investing party defaults on its funding obligations, it may be difficult for the Fund to make up the shortfall from other sources. The Fund may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of its Portfolio Investments. Any default by such co-investing party could have an adverse effect on the Fund, its asset and the interest of the Fund investors. In addition, the Fund may be liable for the actions of its co-investors. While the Adviser will attempt to limit the liability of the Fund through contractual arrangements and by reviewing the qualifications and previous experience of co-investors, it will not necessarily undertake private investigations with respect to prospective co-investors. The Fund is permitted to enter into compensation arrangements with third parties relating to such investments, including the incentive compensation arrangements. Though the Adviser considers the effect of such compensation on the expected returns, such compensation arrangements will reduce the returns to participants in the investments and create potential conflicts of interest between such parties and the Fund.

Additionally, allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the Fund, and because co-invest opportunities generally appeal to Fund investors and third parties, the Adviser expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the Fund.

As a general matter, Fund expenses typically will be allocated among all relevant funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by the Adviser or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. In exercising such discretion, the Adviser expects to be faced with a variety of potential conflicts of interest. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to the Fund or the Adviser.

Public Health Emergencies. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19, have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Fund.

Possession of Material Non-Public Information, Limiting the Adviser's Discretion. The investment team of the Adviser, including members of the Investment Committee, are authorized to serve as directors of, or in a similar capacity with, portfolio companies in which the Fund issues loans. In the event that material nonpublic information is obtained with respect to such portfolio companies, or the Fund becomes subject to trading restrictions under the internal trading policies of those portfolio companies or as a result of applicable law or regulations, the Fund could be prohibited for a period of time from purchasing or selling such loans or debt instruments of such portfolio companies, and this prohibition may have an adverse effect on the Fund.

Time and Resources that Individuals Associated with the Adviser May Devote to the Fund May be Diverted. The Adviser and its affiliates may manage other investment entities, and are not prohibited from raising money for and managing future investment entities, including the Adviser clients, that make the same types of investments as those the Fund targets. As a result, the time and resources that the Adviser devotes to the Fund may be diverted, and during times of intense activity in other programs they may devote less time and resources to the Fund than is necessary or appropriate. In addition, the Fund may compete with any such investment entity also managed by the Adviser for the same investors and investment opportunities.

Certain Consultants. The General Partner, the Adviser, their affiliates and their principals and employees expect to retain, on behalf of the Fund and/or Portfolio Investments, as applicable, placement agents, senior advisors and other consultants ("Consultants"). The Consultants may regularly provide services to, or in connection with, the Fund in relation to its activities, including but not limited to, the sourcing of transactions.

Confidential Information. The Fund's governing agreements contain confidentiality provisions intended to protect proprietary and other information relating to the Fund's Portfolio Investments. To the extent that such information is publicly disclosed, competitors of the Fund and/or its Portfolio Investments may benefit from such information, thereby adversely affecting the Fund, the Portfolio Investments, the General Partner, the Adviser and the economic interests of the investors.

Public Disclosure Obligations; FOIA. Some of the Fund's Fund investors may be public pension plans and listed investment vehicles, which are subject to public disclosure requirements. Such public disclosure requirements include the U.S. Freedom of Information Act ("FOIA"), governmental public records access laws, state and other jurisdiction's laws similar in intent or effect to FOIA, and any other similar statutory or regulatory requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to the Fund, or its investments, results from limited partnership interests being held by public investors, the Fund may be adversely affected. To the extent that the General Partner determines in good faith that, as a result of FOIA, any governmental public access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, a Fund investor or any of such Fund investor's affiliates may be required to disclose information relating to the Fund, its affiliates and/or any entity in which an investment is made (other than certain fund-level, aggregate performance information), which disclosure could, for example, affect the Fund's competitive advantage in finding attractive investment opportunities, the General Partner may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Fund investor, as more fully described in the Fund's governing agreement. Without limiting the foregoing, in the event that any party seeks the disclosure of information relating to the Fund, its affiliates and/or any entity in which an investment is made under FOIA or any such similar law, the General Partner may, in its discretion, initiate legal action and/or otherwise contest such disclosure, which may or may not be successful, and any expenses incurred therewith will be borne by the Fund. In addition, potential future regulatory changes applicable to investment advisors and/or the accounts they advise could result in the Adviser and/or the Fund becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain.

Cybersecurity Risk. With the increased use of technologies such as the Internet to conduct business, the Fund is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Fund's, the General Partner's or the Adviser's service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Fund's ability to value its Portfolio Investments, impediments to trading, the inability of investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting counterparties with which the Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other

financial institutions (including financial intermediaries and service providers for investors) and other parties. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Fund's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Fund cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Fund or its investors. The Fund and its investors could be negatively impacted as a result.

Fund Not Registered as an Investment Company. The General Partner believes the nature of the Fund will not subject it to, and the General Partner intends for the Fund to rely on exemptions from, the registration requirements of the 1940 Act. There is no assurance that the General Partner's belief in this regard is or will continue to be correct or that such exemptions will remain available. The performance of the Fund's investment portfolio could be materially adversely affected if the Fund or the General Partner were to become subject to the 1940 Act because of the various burdens of compliance therewith. Neither the Fund nor its counsel can assure Fund investors that, under certain conditions, changing circumstances or changes in the law, the Fund may not become subject to such regulation.

Heightened Regulation. The businesses of the Fund, the General Partner, the Adviser and their affiliates, as well as the financial services industry generally, are subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations or exchanges in the United States and other jurisdictions in which they operate relating to, among other things, antitrust law, anti-money laundering laws, anti-bribery laws, laws relating to foreign officials, privacy laws with respect to client information and the regulatory oversight of the trading and other investment activities of investment managers, including the Adviser. Each of the regulatory bodies with jurisdiction over the Fund, the General Partner, the Adviser or their affiliates, has the regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Any failure to comply with these rules and regulations could expose the Fund, the General Partner or the Adviser to liability or other risks.

Custodial Risk. One or more banks may act as custodians for certain assets of the Fund. If a custodian were to become insolvent, the Fund would, in respect of financial assets credited to securities accounts and held in street name, have only rights in common with other customers of the custodian and would not have ownership of, or rights with respect to, any specific financial assets maintained by the custodian. If any custodian has insufficient financial assets to satisfy all of its customers and its secured creditors, the Fund could suffer losses.

Loan Origination. The Fund will seek to originate loans, including but not limited to, secured and unsecured notes, senior and second lien loans, mezzanine loans and other similar investments. The Fund will retain all fees received in connection with originating or structuring the terms of any such investment. The Fund may subsequently offer such investments for sale to third parties, which could include certain other investment funds or separately managed accounts by affiliates of the General Partner. The decision by the Fund to accept or reject the offer may be made by a third party independent of the Fund, such as independent directors or an advisory or credit committee composed of individuals unaffiliated with the Fund. In determining the target amount to allocate to such an investment, the Fund may take into

consideration the fact that it may sell, assign or offer participations in such investments to the third parties described above.

As a result of its investment activities, it is possible that the Fund or the affiliated entities in which the Fund invests could be deemed to be engaged in the origination of debt or debt-linked investments for purposes of the applicable regulatory or other laws in jurisdictions in which such activities take place. The laws regarding the origination of debt or debt-linked investments are frequently highly complex and may include licensing requirements. The licensing processes can be lengthy and can be expected to subject the Fund or the affiliated entities in which it invests to increased regulatory oversight. In some instances, the process for obtaining a required license or exception certificate may require disclosure to regulators or to the public of information about the Fund, its direct or indirect investors, its loans, its business activities, its management or controlling persons or other matters. Failure, even if unintentional, to comply fully with applicable laws may result in sanctions, fines, or limitations on the ability of the Fund, the Adviser or affiliates of the foregoing to do business in the relevant jurisdiction or to procure required licenses in other jurisdictions all of which could directly or indirectly have a material adverse effect on the Fund. While the Fund may make secured investments, losses may still occur as a result of default and recourse to the underlying collateral may not be sufficient to cover such losses. No guarantee exists with respect to the adequacy of a Fund's security in respect of a loan investment.

Economic Recessions or Downturns. In the event of an economic slowdown or recession the portfolio companies in which the Fund makes loans, may be unable to repay the Fund's loans during such periods. In such event, the number of the Fund's non-performing assets is likely to increase and the value of the Fund's portfolio is likely to decrease during such periods. Adverse economic conditions may decrease the value of collateral securing some of the Fund's loans and debt securities and the value of the Fund's Portfolio Investments. Economic slowdowns or recessions could lead to financial losses in the Fund's portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase the Fund's funding costs. These events could prevent the Fund from increasing its investments and harm the Fund's operating results. A portfolio company's failure to satisfy financial or operating covenants imposed by the Fund or other lenders could lead to defaults and, potentially, termination of the portfolio company's loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the loans and debt securities that the Fund holds. The Fund will incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company.

Senior Secured Loans. The Adviser intends to invest a portion of the Fund's capital in senior secured loans. There is a risk that the collateral securing the Fund's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of a portfolio company to raise additional capital. In some circumstances, the Fund's lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Fund will receive principal and interest payments according to the loan's terms, or at all, or that the Fund will be able to collect on the loan should it be forced to enforce its remedies.

Second Lien and Subordinated Loans. The Adviser intends to invest a portion of the Fund's capital in second lien and subordinated loans. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the loans in which the Fund invests. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which the Fund is entitled to receive payments in respect of the loans in which the Fund invests. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to the Fund's investment in that portfolio company would typically be entitled to receive payment in full before the Fund receives any distribution in respect of its Portfolio Investment. After repaying senior creditors, a portfolio company may not have any remaining assets to use for repaying its obligation to the Fund. In the case of debt ranking equally with loans in which the Fund invests, the Fund would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. Additionally, certain loans that the Fund may make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such portfolio companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before the Fund. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then the Fund, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any. The rights the Fund may have with respect to the collateral securing the loans the Fund makes to its portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that the Fund may enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: (i) the ability to cause the commencement of enforcement proceedings against the collateral; (ii) the ability to control the conduct of such proceedings; (iii) the approval of amendments to collateral documents; (iv) releases of liens on the collateral; and (v) waivers of past defaults under collateral documents. The Fund may not have the ability to control or direct such actions, even if the Fund's rights are adversely affected.

Syndicated Investments. The Fund may originate certain Portfolio Investments and later syndicate a portion of one or more Portfolio Investments to unrelated third parties as well as parallel funds, feeder funds or other clients, if any. Thus, the Fund's success will depend in part on the ability of the Adviser and the Fund to originate loans on advantageous terms. In originating and purchasing loans, the Fund competes with a broad spectrum of lenders, some of which may have greater financial resources than the Fund. Increased competition for, or a diminishment in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to Fund investors. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies, particularly

companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Adviser will correctly evaluate the value of the assets collateralizing these loans or the prospects for successful repayment or a successful reorganization or similar action. The Fund will co-invest, from time to time, with other affiliates of the Adviser through syndicated investments where one or more parallel funds, feeder funds or other clients managed by the Adviser has a controlling or other interest in the issuer. To the extent the Fund holds securities that are different (or more junior or senior) than those held by such other funds or clients, the General Partner may be presented with decisions when the interests of the Fund and such other funds or clients are in conflict. It is possible that in a bankruptcy proceeding the Fund's interest may be subordinated or otherwise adversely affected by virtue of the other funds' or clients' involvement and any actions relating to its investment. This equitable subordination risk may also result from the Fund investing in debt and equity securities sponsored by affiliates of the Adviser.

Sub-investment Grade and Unrated Debt Obligations. The Fund may invest in sub-investment grade debt obligations. Investments in the sub-investment grade categories are subject to greater risk of loss of principal and interest than higher-rated securities and may be considered to be predominantly speculative with respect to the obligor's capacity to pay interest and repay principal. They may also be considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with non-investment grade securities, the yields and prices of such securities may fluctuate more than those for higher-rated securities. The market for non-investment grade securities may be smaller and less active than that for higher-rated securities, which may adversely affect the prices at which these securities can be sold and result in losses to the Fund, which, in turn, could have a material adverse effect on the performance of the Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the interests.

Bank Loans and Participations. The Fund may invest a portion of its assets in bank loans and participations. The special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to participations. The Adviser will balance the magnitude of these risks against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks will be borne by the Fund.

Collateral Risk. The collateral and security arrangements in relation to such secured obligations as the Fund may invest in will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by an obligor, such as, for example, thin capitalization, over-indebtedness, financial assistance and corporate benefit requirements. If the Fund's Portfolio Investments do not benefit from the expected collateral or security arrangements, this may adversely affect the value of or, in the event of default, the recovery of principal or interest from such Portfolio Investment. Accordingly, any such a failure to properly create or perfect collateral and security interests attaching to the Fund's Portfolio Investments could have a material adverse effect on the performance of the Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the interests.

A component of the Adviser's analysis of the desirability of making a given investment relates to the estimated residual or recovery value of such investment in the event of the insolvency of the obligor. This residual or recovery value will be driven primarily by the value of the anticipated future cash flows of the obligor's business and by the value of any underlying assets constituting the collateral for such investment. The anticipated future cash flows of the obligor's business and the value of collateral can, however, be extremely difficult to predict as in certain circumstances market quotations and third-party pricing information may not be available. If the recovery value of the collateral associated with the Fund's Portfolio Investments decreases or is materially worse than expected by the Fund, such a decrease or deficiency may affect the value of the Fund's Portfolio Investments. Accordingly, there may be a material adverse effect on the performance of the Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the interests.

Fraudulent Conveyance and Legislative Risks. Various laws enacted for the protection of creditors may apply to certain of the Fund's Portfolio Investments that are debt obligations, although the existence and applicability of such laws will vary between jurisdictions. For example, if a court were to find that an obligor did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by a Portfolio Investment and the grant of any security interest securing such Portfolio Investment, and, after giving effect to such indebtedness, the obligor: (i) was insolvent; (ii) was engaged in a business for which the assets remaining in such obligor constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court may: (a) invalidate such indebtedness and such security interest as a fraudulent conveyance; (b) subordinate such indebtedness to existing or future creditors of the obligor; or (c) recover amounts previously paid by the obligor (including to the Fund) in satisfaction of such indebtedness or proceeds of such security interest previously applied in satisfaction of such indebtedness. In addition, if an obligor in whose debt the Fund has an investment becomes insolvent, any payment made on such Portfolio Investment may be subject to avoidance, cancellation and/or clawback as a "-preference" if made within a certain period of time (which for example under some current laws may be as long as two years) before insolvency. In general, if payments on a Portfolio Investment are voidable, whether as fraudulent conveyances, extortionate transactions or preferences, such payments may be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Fund, there may be a material adverse effect on the performance of the Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the interests.

Possible Ineffectiveness of Risk Reduction Techniques. The Adviser may employ various risk reduction strategies designed to minimize the risk of the Fund's positions. A substantial risk remains, nonetheless, that such strategies will not always be possible to implement and may choose not to implement as a result of the costs and other burdens associated with such strategies, and when possible or chosen, will not always be effective in limiting losses. If the Adviser analyzes market conditions incorrectly or employs a risk reduction strategy that does not correlate well with the Fund's investments, such risk reduction techniques could increase rather than mitigate losses. These risk reduction techniques may also increase the volatility of the Fund and/or result in a loss if the counterparty to the transaction does not perform as promised.

Financial Fraud. Instances of fraud and other deceptive practices committed by senior management of certain portfolio companies in which the Fund invests may undermine the Adviser's due diligence efforts with respect to such companies, and if such fraud is discovered,

negatively affect the valuation of the Fund's Portfolio Investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact the Fund's investment program.

Risks Associated with Bankruptcy Cases. As part of the Fund's lending activities, the Fund may originate loans to portfolio companies that are experiencing significant financial or business difficulties, including portfolio companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financing may result in significant financial returns to the Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Fund will correctly evaluate the value of the assets collateralizing the Fund's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a portfolio company that the Fund invests, the Fund may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by the Fund to the borrower. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operation of a debtor. In those cases where the Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Fund.

Contingent Liabilities. Substantially all of the Fund's Portfolio Investments will involve loans. In connection with the disposition of such a Portfolio Investment, the Fund 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 a business. The Fund may also be required to indemnify the purchasers of such Portfolio Investments to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that the Fund must satisfy through the return of distributions previously made to the Fund.

Credit Risk. Performance and Fund investor yield on the interests may be affected by the default or perceived credit impairment of Fund's Portfolio Investments and by general or sector specific credit spread widening. Credit risks associated with the Fund's Portfolio Investments include (among others): (i) the possibility that earnings of the obligor may be insufficient to meet its debt service obligations; (ii) the obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of the obligor during periods of rising interest rates and economic downturn. An economic downturn and/or rising interest rates could severely disrupt the market for the investments and adversely affect the value of the Fund's Portfolio Investments and the ability of the obligors thereof to repay principal and interest. In turn, this could have a material adverse effect on the performance of the Fund, and, by extension, the Fund's business, financial condition, results of operations and the value of the interests. In the event of a default by a borrower, the Fund will bear a risk of loss of principal and accrued interest on that Portfolio Investment. Any such Portfolio Investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted Portfolio Investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest

rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted Portfolio Investments. In addition, significant costs might be imposed on the lender, further affecting the value of the Portfolio Investment. The liquidity in such defaulted Portfolio Investment may also be limited and, where a defaulted Portfolio Investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that Portfolio Investment. This would have a material adverse effect on the value of the Fund's portfolio, and, by extension, the Fund's business, financial condition, results of operations and the value of the interests. In the case of secured loans, restructuring can be an expensive and lengthy process which could have a material negative effect on the Fund's anticipated return on the restructured loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This would substantially reduce the Fund's anticipated return on the restructured loan.

Leverage. The Fund has the power to borrow funds and intends to do so when deemed appropriate by the Adviser, including to enhance the Fund's returns. The Fund may borrow funds from brokers, banks and other lenders to finance the Fund's investment operations, which borrowings may be secured by assets of the Fund. Leverage may be obtained, directly or indirectly through one or more special purpose vehicles or other structures, through one or more lines of credit or credit facilities (including, without limitation, subscription facilities) secured by assets of the Fund. The use of such leverage can, in certain circumstances, maximize the losses to which the Fund's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that an asset or the Fund is leverage. The cumulative effect of leverage by the Fund in a market that moves adversely to the Fund's investment could result in a substantial loss to the Fund, which would be greater than if the Fund were not leveraged. Conversely, the use of leverage can exaggerate positive upswings in the Fund's performance, even though such interim gains may not ultimately be realized by the Fund. Leverage may be achieved through, among other methods, direct borrowing and the use of swaps. The Fund's access to capital through leverage and borrowing could be impaired by market forces and regulatory changes.

Spread-Widening Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the debt instruments and other securities in which the Fund invests may decline substantially. In particular, purchasing debt instruments or other assets at what may appear to be "undervalued" or "discounted" levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instruments in which the Fund invests.

Risks Related to Changes in Interest Rates. Because the Fund intends to borrow money to make Portfolio Investments, the Fund's net investment income will depend, in part, upon the difference between the rate at which the Fund borrows funds and the rate at which the Fund invest those funds. As a result, the Fund can offer no assurance that a significant change in market interest rates would not have a material adverse effect on its net investment income in the event the Fund uses debt to finance its Portfolio Investments. In periods of rising interest rates, the Fund's cost of funds would increase, which could reduce its net investment income. The Fund may use interest rate risk management techniques in an effort to limit its exposure to

interest rate fluctuations. In addition, a rise in the general level of interest rates typically leads to higher interest rates applicable to the Fund's debt investments.

General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on the Fund's Portfolio Investments and investment opportunities and, accordingly, may have a material adverse effect on its rate of return on invested capital. In addition, an increase in interest rates would make it more expensive to use debt to finance the Fund's Portfolio Investments. Decreases in credit spreads on debt that pays a floating rate of return would have an impact on the income generation of the Fund's floating rate assets. Trading prices for debt that pays a fixed rate of return tend to fall as interest rates rise. Trading prices tend to fluctuate more for fixed rate securities that have longer maturities. Although the Fund has no policy governing the maturities of its Portfolio Investments, under current market conditions the Adviser expects that it will invest in a portfolio of debt generally having maturities of up to five years. This means that the Fund would be subject to greater risk (other things being equal) than an entity investing solely in shorter-term securities.

Inflation Risk. High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Fund's investments and its aggregated returns. Additionally, because the Fund's preferred return is not linked to the rate of inflation, as the rate of inflation increases the proportion of real returns (i.e., the nominal rate of return less the rate of inflation) treated as such preferred return decreases and the proportion of real returns subject to performance-based compensation increases.

Prepayment Risks. The terms of loans in which the Fund invests may permit the borrowers to voluntarily prepay loans at any time, either with no or a nominal prepayment premium. This prepayment right could result in the borrower repaying the principal on an obligation held by the Fund earlier than expected. This may happen when there is a decline in interest rates, when the borrower's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. The yield of the Fund's Portfolio Investments may be affected by the rate of prepayments differing from the Adviser's expectations. Assuming an improvement in the credit market conditions, early repayments of the debt held by the Fund could increase. To the extent early prepayments increase, they may have a material adverse effect on the Fund's investment objectives and profits. In addition, if the Fund is unable to reinvest the proceeds of such prepayments received in Portfolio Investments expected to be as profitable, the proceeds generated by the Fund will decline as compared to the Adviser's expectations.

Credit Markets Risk. Conditions in the credit markets may have a significant impact on the business of the Fund. The credit markets in the United States have experienced a variety of difficulties and changed economic conditions in recent years that have adversely affected the performance and market value of many securities and financial instruments. There can be no assurance that the Fund will not suffer material adverse effects from broad and rapid changes in market conditions in the future. Among other things, the level of investment opportunities may decline from the Adviser's current expectations. As a result, fewer investment opportunities may be available to the Fund, although if credit markets remain constrained, the

Fund may have the opportunity to take larger positions in potential transactions. One possible consequence is that the Fund may take a larger than anticipated period to invest capital, as a result of which, at least for some period of time, the Fund may be relatively concentrated in a limited number of investments. Consequently, during this period, the returns realized by the investors may be substantially adversely affected by the unfavorable performance of a small number of these investments.

Equity Investments. When the Fund invests in loans, the Fund may acquire warrants or other equity securities of portfolio companies as well. The Fund may also invest in equity securities directly. To the extent the Fund holds equity investments, the Fund will attempt to dispose of them and realize gains upon the disposition of such equity investments. However, the equity interests the Fund receives may not appreciate in value and, may decline in value. As a result, the Fund may not be able to realize gains from its equity interests, and any gains that the Fund does realize on the disposition of any equity interests may not be sufficient to offset any other losses the Fund experience.

Investments in Leveraged Companies. Investment in leveraged companies involves a number of significant risks. Leveraged companies in which the Fund invests may have limited financial resources and may be unable to meet their obligations under their loans and debt securities that the Fund holds. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Fund realizing any guarantees that the Fund may have obtained in connection with its Portfolio Investment. Smaller leveraged companies also may have less predictable operating results and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position. Leveraged companies may also experience bankruptcy or similar financial distress. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversarial proceedings and are beyond the control of the creditors. A bankruptcy filing by a portfolio company may adversely and permanently affect that company. If the proceeding is converted to a liquidation, the value of the portfolio company may not equal the liquidation value that the Adviser believed to exist at the time of the Fund's investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, the Fund's influence with respect to the class of securities or other obligations the Fund owns may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial. A portfolio company's failure to satisfy financial or operating covenants imposed by the Fund or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company's ability to meet its obligations under the loans or debt or equity securities that the Fund holds. The Fund will incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Agency Provisions in Loan Documents. The Portfolio Investments may include agented loans or loans subject to agency provisions. Agency provisions in the loan agreements governing the

loans acquired by the Fund may undermine enforcement actions against the collateral and expose the Fund to losses on the loans. Under the underlying loan agreement with respect to agented loans, the loan originator or another financial institution may be designated as the administrative agent and/or collateral agent. Under these arrangements, the borrower grants a lien to such agent on behalf of the lenders and directs payments to such agent, which, in turn, will distribute payments to the lenders, including the Fund. The agent is responsible for administering and enforcing the loan and generally may take actions only in accordance with the instructions from lenders holding a specified percentage in commitments or principal amount of the loan. In the case of loans that are part of a capital structure that includes both senior and subordinated loans, the agent may take such action in accordance with the instructions of one or more senior lenders without consultation with, or any right to vote (except in certain limited circumstances) by, the subordinated lenders. The loans held by the Fund may represent less than the amount sufficient to compel such actions or may represent subordinated debt which is precluded from acting and, under such circumstances, the Fund would only be able to direct such actions if instructions from the Fund were made in conjunction with other lenders that together comprise the requisite percentage of lenders then entitled to take or direct the agent to take action. Conversely, if the required percentage of lenders other than the Fund desire to take or direct the agent to take certain actions, such actions may be taken even if the Fund did not support such actions. Furthermore, if a loan held by the Fund is subordinated to one or more senior loans made to the borrower, the ability of the Fund to exercise such rights may be subordinated to the exercise of such rights by the senior lenders. However certain actions, such as amendments to the material payment terms of the loans, typically may not be taken without consent of all lenders, including the Fund. If the loan is a syndicated revolving loan or delayed draw term loan, other lenders may fail to satisfy their full contractual funding commitments for such loan, which could create a breach of contract resulting in a lawsuit by the borrower against the lenders (including the Fund even if it did not default) and adversely affect the fair market value of such loan.

There is a risk that an agent may become subject to insolvency proceedings. Such an event could delay, and possibly impair, the ability of the lenders for such agented loan to take any enforcement action against the related borrower or the collateral securing a loan and may require the lenders to take action in the agent's insolvency proceeding to realize on proceeds or payments made by borrowers that are in the possession or control of the agent.

In addition, it is expected that agented loans will allow for the agent to resign. Agented loans may or may not contain provisions for lenders to remove the agent. If an agent resigns or is removed, the lenders may be required to find, and the required percentage thereof agree to appoint, a successor agent that may be difficult to find or cost more than the predecessor agent.

Debtor-In-Possession ("DIP") Loans. DIP loans involve a fundamental credit risk based on the debtor's ability to make principal and interest payments and the inherent risks of the bankruptcy process. DIP loans are subject to a court approval process in which parties-in-interest may be heard but there can be no assurance that the Fund would be successful in obtaining favorable results. If the Adviser's calculations as to the outcome or timing of a reorganization are inaccurate, a company that has filed for bankruptcy may not be able to make payments on a DIP loan on time or at all. In addition, DIP loans may be privately negotiated transactions that have individualized terms. These positions may be illiquid and difficult to value. DIP loans may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the debtor and general market liquidity.

Cross-collateralization. Certain of the loans may be cross-collateralized. Cross-collateralization arrangements may be subject to challenge, which could result in the subordination of the Fund's interest in the collateral or the loan itself. Cross-collateralization arrangements involving more than one borrower could be challenged as fraudulent conveyances by creditors of the related borrower in an action brought outside a bankruptcy case or, if the borrower were to become a debtor in a bankruptcy case, by the borrower's representative (or the borrower as debtor-in-possession). If a court were to conclude that the granting of the liens to cross-collateralize a loan was a voidable fraudulent conveyance, such court could (a) subordinate all or part of the pertinent loan to existing or future indebtedness of that borrower, (b) recover payments made under that loan or (c) take other actions detrimental to the Fund, including, under certain circumstances, invalidating the loan or the Fund's interest in the collateral securing the cross-collateralized loan. Any of these actions could impair, delay or eliminate payments by the borrower of a loan that is cross-collateralized, which would adversely affect the returns expected by the Fund investors with respect to any such loan.

Investments in Middle-Market Companies. Investment in private and large-cap and mid-cap companies involves a number of significant risks. While large-cap and mid-cap companies may have potential for rapid growth, they often involve higher risks than larger companies. Large-cap and mid-cap companies have more limited financial resources than larger companies and may be unable to meet their obligations under their debt obligations that the Fund holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Fund realizing any guarantees it may have obtained in connection with its Portfolio Investment. Large-cap and mid-cap companies also 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 market conditions, as well as general economic downturns. Generally, little public information exists about these companies, and the Fund will rely on the ability of the Adviser's investment professionals to obtain adequate information to evaluate the potential returns and risks from investing in these companies. If the Adviser is unable to uncover all material information about these companies, the Adviser may not make a fully informed investment decision, and the Fund may lose money on its Portfolio Investments. Additionally, large-cap and mid-cap 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 one or more of the portfolio companies that the Fund invests in and, in turn, on the Fund. Large-cap and mid-cap companies also may be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence.

Investments in Companies in Regulated Industries. Certain industries, such as the healthcare, insurance and financial services industries, are heavily regulated. The Fund may make investments in portfolio companies operating in industries that are subject to greater amounts of regulation than other industries generally. Investments in portfolio companies that are subject to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such portfolio company. Governments have considerable discretion in implementing regulations that could impact a

portfolio company's business and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's business. Additionally, certain portfolio companies may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally may bring scrutiny and attention to the Fund itself, which could adversely affect the Fund's ability to implement its investment objectives.

Investment Modification Risk. The terms and conditions of loan agreements and related assignments may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from a Portfolio Investment could be modified, amended or waived in a manner contrary to the preferences of the Fund if a sufficient number of the other lenders concurred with such modification, amendment or waiver. There can be no assurance that any obligations arising from a Portfolio Investment will maintain the terms and conditions to which the Fund originally agreed. The exercise of remedies may also be subject to the vote of a specified percentage of the lenders thereunder. The Fund may consent to certain amendments, waivers or modifications to a Portfolio Investment requested by obligors or the lead agents for loan syndication agreements. The Fund may extend or defer the maturity, adjust the outstanding balance of any investment, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. Any amendment, waiver or modification of a Portfolio Investment could adversely impact the Fund's returns.

PIK Interest. To the extent that the Fund invest in loans with a PIK interest component and the accretion of PIK interest constitutes a portion of the Fund's income, the Fund will be exposed to risks associated with the requirement to include such non-cash income in taxable and accounting income prior to receipt of cash, including the following: (i) loans with a PIK interest component may have higher interest rates that reflect the payment deferral and increased credit risk associated with these instruments, and PIK instruments generally represent a significantly higher credit risk than coupon loans; (ii) loans with a PIK interest component may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral; (iii) the deferral of PIK interest increases the loan-to-value ratio, which is a fundamental measure of loan risk; and; (iv) even if the accounting conditions for PIK interest accrual are met, the borrower could still default when the borrower's actual payment is due at the maturity of the loan.

Recharacterization. Under Title 11 of the U.S. Code, a court may use its equitable powers to "recharacterize" the claim of a lender, i.e., notwithstanding the characterization by the lender and borrower of a loan advance as a "debt," to find that the advance was in fact a contribution in exchange for equity. Typically, recharacterization occurs when an equity holder asserts a

claim based on a loan made by the equity holder to the borrower at a time when the borrower was in such poor financial condition so that other lenders would not make such a loan. In effect, a court that recharacterizes a claim makes a determination that the original circumstance of the contribution warrants treating the holder's advance not as debt but rather as equity. In determining whether recharacterization is warranted in any given circumstance, courts may look at the following factors: (i) the names given to the instruments (if any) evidencing the indebtedness; (ii) the presence or absence of a fixed maturity or scheduled payment; (iii) the presence or absence of a fixed rate of interest and interest payments; (iv) the source of repayments; (v) the adequacy or inadequacy of capital; (vi) the identity of interest between the creditor and the equity holders; (vii) the security (if any) for the advances; (viii) the borrower's ability to obtain financing from outside lending institutions; (ix) the extent to which the advances were subordinated to the claims of outside creditors; (x) the extent to which the assets were used to acquire capital assets; and (xi) the presence or absence of a sinking fund to provide for repayment. These factors are reviewed under the circumstances of each case, and no one factor is controlling. The Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor held by the Fund should be recharacterized.

Risks Associated with Foreclosure. Certain loans made or invested in by the Fund may be secured by real estate, other physical assets or other illiquid collateral. To the extent the Fund needs to foreclose on such loans the Fund may, directly or indirectly, own such real estate, other physical assets or other illiquid collateral and may be subject to the risks incident to the ownership and operation of such assets. In addition, the Fund may, directly or indirectly, incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon and ultimately disposing of such property. There is no assurance that there will be a ready market for resale of real estate or such other assets or that such collateral will be sufficient to satisfy such defaulted loan obligation.

Non-Performing Nature of Loans. It is possible that certain of the loans purchased or originated by the Fund may be non-performing which may involve workout negotiations, restructuring and the possibility of foreclosure. These processes can be lengthy and expensive. Many of the non-performing loans ("NPL") will have been underwritten to "subprime," "Alternative A-Paper" or "expanded" underwriting guidelines. These underwriting guidelines are different from and, in certain respects, less stringent than the other general underwriting standards employed by originators. For example, these loans may have been originated to borrowers that have poor credit or that provide limited or no documentation in connection with the underwriting of the loan. Such loans present increased risk standards of delinquency, foreclosure, bankruptcy and loss than prime mortgage loans. An originator generally originates mortgage loans in accordance with underwriting guidelines it has established and, in certain cases, based on exceptions to those guidelines. These guidelines may not identify or appropriately assess the risk that the interest and principal payments due on a loan will be repaid when due, or at all, or whether the value of the property serving as collateral will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to an originator's underwriting guidelines in originating a NPL, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting guidelines may not in fact compensate for any additional risk.

Hedging Transactions. The Adviser anticipates that the Fund may engage in hedging transactions. The Adviser may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of the Fund's portfolio positions from changes in currency exchange rates and

market interest rates. Hedging against a decline in the values of the Fund's portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that the Fund is not able to enter into a hedging transaction at an acceptable price. The success of the Fund's hedging transactions will depend on the Adviser's ability to correctly predict movements in currencies and interest rates. Therefore, while the Fund may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if the Fund had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, the Adviser may not seek to establish a perfect correlation between such hedging instruments and the Portfolio Investment being hedged. Any such imperfect correlation may prevent the Fund from achieving the intended hedge and expose the Fund to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Swap Transactions. The Fund may enter into swap agreements with respect to securities, indices of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard "swap" transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount". Whether the Fund's use of swap agreements will be successful will depend on the Adviser's ability to select appropriate transactions for the Fund. Swap transactions may be highly illiquid. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund's ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. For example, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or contracting counterparty to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty

with which the Fund has forward contracts. Although the Adviser seeks to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligation could expose the Fund to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any currency market traded by the Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of the Fund. Market illiquidity or disruption could result in significant losses to the Fund.

Lender Liability Considerations and Equitable Subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Portfolio Investments, the Fund could be subject to allegations of lender liability. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination”. Because of the nature of certain of the Fund’s investments, the Fund could be subject to claims from creditors of a borrower that the Portfolio Investments issued by such borrower that are held by the Fund should be equitably subordinated. A significant number of the Portfolio Investments will involve investments in which the Fund would not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting the Fund’s Portfolio Investments could arise without the direct involvement of the Fund.

Potential Lack of Diversification. The Portfolio Investments may be concentrated in a limited number of portfolio companies and industries. The Fund does not have fixed guidelines for diversification, and while the Adviser is not targeting any specific industries, the Portfolio Investments may be concentrated in relatively few industries. As a result, the aggregate returns the Fund realizes may be significantly adversely affected if a small number of Portfolio Investments perform poorly or if the Fund needs to write down the value of any one Portfolio Investment. Additionally, a downturn in any particular industry in which the Fund is invested could significantly affect the Fund’s aggregate returns. In addition, if only the minimum amount of interests offered hereby are sold, the Portfolio Investments may be even less diversified, and the types Portfolio Investments available to the Fund may be more limited than if additional proceeds are obtained. This may have an adverse impact on the ability of the Fund to achieve its investment objectives.

Force Majeure. The Portfolio Investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to the Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more companies or its assets, could result in a loss to the Fund, including if its investment in such portfolio company is cancelled, unwound or acquired (which could be without what the Fund considers to be adequate compensation). To the extent the Fund is exposed to investments in portfolio companies that as a group are exposed to such force majeure events, the risks and potential losses to the Fund are enhanced.

Leverage, Subscription Credit Facility and Collateralization of Fund Assets. The Fund may use leverage in pursuing the Fund's investment objectives as well as bridging capital calls. In borrowing on behalf of the Fund, the General Partner is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the Fund investors would otherwise be entitled had the General Partner called capital, and thus could result in the General Partner receiving Performance Compensation sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a Fund investor may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to Fund investors will be commensurate with such costs.

Default Under a Credit Facility. In the event the Fund defaults under a credit facility, the Fund's business could be adversely affected as the Fund may be forced to sell a portion of its Portfolio Investments quickly and prematurely at prices that may be disadvantageous to the Fund in order to meet its outstanding payment obligations and/or support working capital requirements under the credit facility or such future borrowing facility, any of which would have a material adverse effect on the Fund's business, financial condition, results of operations and cash flows. In addition, following any such default, the agent for the lenders under a credit facility could assume control of the disposition of any or all of the Fund's assets, including the selection of such assets to be disposed and the timing of such disposition, which would have a material adverse effect on the Fund's business, financial condition, results of operations and cash flows.

LIBOR and Other Reference Rates. To the extent that (i) the Fund's investments (whether made, acquired or otherwise) and/or (ii) the Fund's and/or its affiliates' credit arrangements or facilities, hedging activities, derivative- or other structures, in each case, are subject to, utilize

or otherwise reference, whether directly or indirectly, a variable interest rate that is based on (or calculated with reference to) the London Interbank Offered Rate (“LIBOR”, and together with the Euro Interbank Offered Rate, the Canadian Dollar Offered Rate, the Secured Overnight Financing Rate (“SOFR”), the Sterling Overnight Index Average (“SONIA”), or any other reference rate, benchmark or index, including in each case, any permutations thereof and any credit spread adjustments thereto, collectively, the “Benchmark Rates”), the Fund may be subject to certain material risks. The Adviser does not have prior experience in investing during a period of Benchmark Rate transition and there can be no assurance that it will be able to manage the Fund’s business or performance in a profitable manner before, during or after such transition.

Interest Rate Risk with Respect to Indebtedness. A majority of the Fund’s investments are expected to have floating interest rates. Although the full extent of such risk cannot be predicted, the Fund is likely to experience a mismatch (i) between the applicable interest rate with respect to any one or more of its investments versus the Fund’s own indebtedness, (ii) timing and the applicable interest payment dates with respect to any one or more of its investments versus the Fund’s own indebtedness, and/or (iii) the amount of indebtedness incurred by the Fund and the Fund’s investments. Additionally, although the interest rates applicable to cash equivalents held by the Fund can be fixed- or floating-rate, they generally are, and expected to continue to be, lower than the interest rates applicable to the Fund’s investments. Accordingly, changes to LIBOR (or any other applicable floating Benchmark Rate) or the holding of significant assets in the form of cash equivalents could adversely affect the Fund’s ability to make debt service payments on the aggregate outstanding amount of indebtedness.

Subdivision of Debt Obligations. The Adviser, acting in respect of Fund, is permitted, from time to time, to subdivide a debt obligation into two or more tranches, each of which has different terms from the original obligation with respect to interest and principal repayment, seniority, subordination, default remedies, rights to collateral and other matters. The owner of the original obligation, which could have been acquired directly from a borrower in a negotiated transaction or in the secondary market, can retain an interest in one or more tranches and elect to dispose of any such interests, including in related-party Fund transactions. The subdivision or “tranching” of debt obligations typically will be undertaken when determined that it can achieve competitive advantages or other benefits. For example, a borrower would be expected to favor a lender that is prepared to negotiate a single, consolidated credit arrangement, instead of having to negotiate senior and subordinated loans and/or secured and unsecured loans with multiple lenders. Tranching can also facilitate access to debt obligations or other securities having specific features that suit the differing risk and return parameters of different funds on a more customized basis than is available in the market at the particular time. Participation in these tranching activities, either as a creator/seller of tranches to, or as a purchaser will give rise to a variety of potential conflicts of interest with Adviser and other Adviser clients.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT. PROSPECTIVE CLIENTS AND CLIENT INVESTORS SHOULD READ APPLICABLE GOVERNING DOCUMENTS, INCLUDING DETAILED RISK DISCLOSURES CONTAINED IN A FUND’S CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, CAREFULLY AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO INVEST.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of an adviser or the integrity of an adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

The Adviser is an affiliate of each General Partner. The General Partners generally are entitled to receive Performance Compensation from the Fund(s) for which they serve as general partner.

PLC Agent LLC, a wholly owned subsidiary of the Adviser, receives agent fees for serving as administrative agent and collateral agent on certain investments where it acts in these capacities. Such fees allocated pro-rata among all Funds or Clients participating in the Portfolio Investment. PLC Agent LLC then retains the pro rata amount of such fees allocated to any (1) entity that is not affiliated with the Adviser and (2) offshore Funds or Clients which are not permitted to receive such fees.

Other than with respect to the General Partner and PLC Agent LLC, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its Clients.

Though it may have the authority to do so under the terms of a Client's governing documents, the Adviser does not recommend or select other investment advisers for its Clients.

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

The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility.

Personal Trading. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO, a private placement, and other limited offerings; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

Investment Allocation and Aggregation. The Adviser and/or its affiliates from time to time act as investment manager in relation to, or be otherwise involved with, multiple Clients, including other investment funds, companies and investment firms, including those that follow an investment program substantially similar to that of Clients. The investment objectives and programs of certain Clients may be similar to, or overlap with, the investment objectives and proposed investment programs of other Clients and, therefore, certain affiliates regularly pursue investment opportunities with each other. As a result, the allocation of investment opportunities gives rise to potential and actual conflicts of interest. In making allocation decisions with respect to limited investment opportunities that could reasonably be expected to fit the investment objectives of Clients, the Adviser anticipates that it may consider one or more of the following factors that it deems relevant: the investment objectives, and any relevant investment restrictions, of Clients; the amount of available capital; available financing of the Clients; liquidity terms of the applicable Client(s); proximity of a Client to the end of its investment period and/or term; the size of the investment opportunity; legal, regulatory and tax considerations; the degree of risk arising from an investment; the expected investment return relative to the client’s target return and such other factors as the Adviser deems to be appropriate. These factors provide substantial discretion to the Adviser in allocating investment opportunities. If an investment opportunity is available in limited quantities, and subject to investment restrictions and fiduciary duties, the Adviser may have an incentive to allocate such investment opportunity to one particular Client rather than another Client. For example, such an incentive may arise if the economic interests of the Adviser and its affiliates or employees in certain of these Clients, when combined with their rights to Management Fees and/or Performance Compensation or other fees, are significantly larger than their direct and indirect economic interests in other Clients. Such an instance may lead to fewer, and less attractive, investment opportunities being made available to Clients than would have been the case had the Adviser and its employees been restricted from pursuing proprietary investments and/or investment programs on behalf of other Clients. In an attempt to resolve those conflicts in the context of allocating investment opportunities, the Adviser has developed a set of allocation procedures which will take into account many of the above enumerated factors, as well as other considerations, in determining how investment opportunities will be allocated among various the Adviser proprietary accounts, managed accounts and other affiliated and unaffiliated persons to whom such opportunities might be offered or with whom such opportunities may be participated in the future. All transactions among the Adviser Clients on the one hand and other affiliates of the Adviser on the other hand will be approved in a manner designed to comply with Section 206(3) of the Advisers Act, to the extent Section 206(3) applies to such transaction. The Adviser will not enter into transactions in which it knowingly and deliberately favors itself or one Client over another; however, the Adviser is given considerable discretion to make investments for other accounts and intends to do so to a significant extent.

Principal and Cross Transactions. The Adviser does not act as principal, either buying securities for itself or its affiliates from Clients or selling securities it or its affiliates own to Clients. However, if the Adviser were to decide to engage in any such “principal transaction” in the future, it will comply with the requirements of Section 206(3) of the Advisers Act: (i) disclosing to the client in writing the material terms of the transaction; and (ii) obtaining the written consent of the Client for such transaction (which such consent may be granted by the Client’s independent advisory board, board of directors or other independent committee of investor representatives). The Adviser will include in such disclosure: (1) its capacity as principal; (2) the cost to the Adviser of the security, in the case of a sale to a Client, or the price of the security in a resale, in the case of a purchase from a Client; and (3) the best price at which the transaction could be effected by or for the client elsewhere if such price is more advantageous to the Client than the purchase or sale with the Adviser.

The Adviser may cause its Clients to engage in trades (“cross trades”) with one or more other Client accounts if it is determined that the transaction is in the interests of both Client accounts (and consistent with the investment program, risk management and other relevant considerations) and conducted on a fair and equitable basis. Cross trading can reduce the transaction costs for both the buying and selling accounts and may allow for other beneficial efficiencies to Clients. However, cross trading presents a potential conflict of interest and may be appropriate only if the Adviser meets its fiduciary obligations to Clients on both sides of the transaction and where best execution requirements are met. Except for certain cross trades that are described in the governing documents of a Client, the advisory board of such Client must consent to each cross transaction in which such Client seeks to engage. Expenses incurred in a cross trade are allocated equitably between the transferee and the transferor by the Adviser.

From time to time, a Client may offer to another the Adviser Client and other the Adviser affiliates, participations in and/or assignments or sales of loans (or interests therein) that the Client has originated or purchased. In the event of such an offer to another the Adviser Client, the price of the participation, assignment or sale will be established based on independent valuations.

Material Non-Public Information. As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information and, therefore, such professionals may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any Fund investor or prospective Fund investor upon request.

The Adviser and its related persons, in their capacities as principals or affiliates of the General Partner of each Fund, may have indirect beneficial interests in the Portfolio Investments owned by clients and will share in any profits and losses generated by such investments.

In connection with establishing a Fund, the Adviser and certain affiliates have and in the future may have an economic interest in the Fund, the General Partner, or both. Any parallel vehicle established for Fund investors will invest alongside the Fund on substantially the same terms and conditions as and substantially at the same time as the investments in such investment by the applicable Fund, and any such investment shall be disposed of on substantially the same terms and conditions of and at substantially the same time as the relevant divestments by the Fund.

Co-investments. Additionally, as is detailed in each Fund's governing documents, the Adviser and certain of its affiliates, as well as Fund investors and other third parties, may co-invest alongside the Fund in a portfolio investment. In furtherance thereof, the Adviser may make these opportunities available to certain current investors; however, it may also choose to offer some or all of any available co-investment opportunity to one or more other investors that the Adviser deems, in its sole discretion, to be strategic to the investment or a particular Client. Such decisions will be made based on the Adviser's co-investment policy, which may change over time. As a result, current investors should not expect to be offered co-investment opportunities. To the extent any co-investment opportunity is in fact offered to co-investors, such co-investors participating may be required to pay amounts to the Adviser or its affiliates, including management fees, administration fees and other fees, carried interest or other incentive compensation, and operating expenses and other expense reimbursements associated with any co-investment vehicle through which they invest. The Adviser and its affiliates may elect to reduce or waive any or all such fees, carried interest and other amounts for the benefit of one or more co-investors without offering such reduction or waiver to the other co-investors. A co-investor will not receive the benefit of any transaction fees received by the Adviser or its affiliates in connection with a co-investment unless such co-investor is also paying management fees to the Adviser or its affiliates in respect of such co-investment. In addition, a co-investor will not receive a share of any topping, break up or broken deal fees received in connection with an unconsummated co-investment unless such co-investor has agreed to pay its share of broken deal expenses associated with such unconsummated co-investment. In general, Clients will bear 100% of all out of pocket expenses (including, without limitation, legal and accounting costs and travel expenses) associated with any investment that is unconsummated, including any portion thereof that may or would have been allocated to potential co-investors had such investment been consummated. The Adviser believes this approach to broken deal expenses is reasonable from the Clients' perspective for the following reasons: (i) the amount of broken deal expenses associated with an investment is expected to be the same, or substantially similar, regardless of whether co-investors participate in such investment; (ii) in most cases, it is impracticable to charge broken deal expenses to co-investors since such expenses are often incurred prior to the date on which a co-investor is contractually committed to participate in such investment; and (iii) the participation of co-investors can often provide material benefits to Clients, including facilitating the Adviser's efforts to diversify Clients' portfolio of investments and allowing Clients to participate in larger, and potentially attractive, investments with co-investors whose interests are more likely to be aligned with the interests of Clients than third party co-investors not selected by the Adviser.

IT IS CRITICAL THAT FUND INVESTORS REVIEW THE FUND'S OFFERING AND GOVERNING DOCUMENTS FOR A DETAILED DESCRIPTION OF POTENTIAL CONFLICTS OF INTEREST RELATED TO AN INVESTMENT IN A FUND. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY, DRAFTED IN ACCORDANCE WITH THE GENERAL INSTRUCTIONS FOR PART 2 OF FORM ADV, AND INVESTORS AND PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY REVIEW ALL CONFLICTS OF INTEREST SET FORTH IN THE RELEVANT OFFERING AND GOVERNING DOCUMENTS.

Item 12 - Brokerage Practices

The Adviser does not routinely select or recommend broker-dealers for the purchase and sales of securities but has the authority to do so. Furthermore, the Adviser does not maintain any trading accounts and does not use “soft” dollars received from broker-dealers from the purchase and sales of securities for its Clients.

Item 13 - Review of Accounts

The Adviser maintains comprehensive review procedures for the ongoing monitoring of the Portfolio Investments of its Clients. In connection therewith, the Adviser conducts periodic reviews of all Portfolio Investments held in each Client portfolio. All Adviser investment and operational staff participates in the ongoing monitoring of Client portfolios, although responsibilities vary by individual.

The Adviser will provide Clients and Fund investors, if applicable, with written audited annual financial statements, written periodic reports and other written communications.

Item 14 - Client Referrals and Other Compensation

The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to its Clients.

The Adviser or an affiliate may enter into an agreement with a third-party placement agent providing for compensation to be paid to the placement agent for referring investors to a Fund. Any such arrangement will be conducted in accordance with applicable laws and regulations, including Rule 206(4)-3 of the Advisers Act.

Item 15 - Custody

The Adviser is deemed to have custody of accounts of any Fund for which it or an affiliate acts as the Fund's general partner, managing member, or equivalent. For Funds, the Adviser will comply with the "Custody Rule" through the provision, on an annual basis, of audited financial statements to Fund Investors in any applicable Funds.

Audits will be performed by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles and distributed to Fund investors within 120 days of a Fund's fiscal year end.

Item 16 - Investment Discretion

The Adviser has discretionary authority to manage the securities of each Client, subject to the specific objectives, guidelines, and limitations set forth in the applicable offering and governing documents.

Item 17 - Voting Client Securities

The Adviser has authority to direct the vote of its Clients.

If the Adviser is called upon to vote proxies, it will vote such proxies in accordance with the proxy voting policies and procedures in the Adviser's compliance manual. Pursuant to SEC rule 206(4)-6, the Adviser has established policies and procedures to address voting procedures and any conflicts of interests involved in a proxy vote between the Adviser and Clients. Clients may obtain copies of the Adviser's proxy voting policies by contacting the Chief Compliance Officer.

Item 18 - Financial Information

The Adviser does not require or solicit prepayment of any fees greater than six months in advance.

The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.