

**LS BDC  
ADVISER, LLC**

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This brochure provides information about the qualifications and business practices of LS BDC Adviser, LLC (“LS Adviser” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at [compliance@lafayettesquare.com](mailto:compliance@lafayettesquare.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

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

**Item 2: Material Changes**

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Not applicable.

### **Item 3: Table of Contents**

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<b>Item 2: Material Changes .....</b>	<b>3</b>
<b>Item 3: Table of Contents .....</b>	<b>4</b>
<b>Item 4: Advisory Business.....</b>	<b>5</b>
<b>Item 5: Fees and Compensation .....</b>	<b>7</b>
<b>Item 6: Performance-Based Fees and Side-By-Side Management .....</b>	<b>10</b>
<b>Item 7: Types of Clients .....</b>	<b>11</b>
<b>Item 8: Methods of Analysis and Investment Strategies .....</b>	<b>12</b>
<b>Item 9: Disciplinary Information .....</b>	<b>20</b>
<b>Item 10: Other Financial Industry Activities and Affiliations .....</b>	<b>21</b>
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>23</b>
<b>Item 12: Brokerage Practices .....</b>	<b>24</b>
<b>Item 13: Review of Accounts .....</b>	<b>25</b>
<b>Item 14: Client Referrals and Other Compensation.....</b>	<b>26</b>
<b>Item 15: Custody .....</b>	<b>27</b>
<b>Item 16: Investment Discretion .....</b>	<b>28</b>
<b>Item 17: Voting Client Securities .....</b>	<b>29</b>
<b>Item 18: Financial Information .....</b>	<b>30</b>

## IMPORTANT NOTE ABOUT THIS BROCHURE

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*This brochure is not:*

- *an offer or agreement to provide advisory services to any person;*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any private fund or other pooled investment vehicle; or*
- *a complete discussion of the features, risks, or conflicts associated with any advisory service, private fund, or pooled investment vehicle.*

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), LS Adviser provides this brochure to current and prospective clients. LS Adviser may also, in its discretion, provide this brochure to current or prospective investors in a private fund or pooled investment vehicle, together with other relevant documents (e.g., governing documents, offering or private placement memorandum, investment advisory agreement), prior to, or in connection with, such persons’ investment in the fund or vehicle. Additionally, this brochure is available through the SEC’s Investment Adviser Public Disclosure website.*

*Although this publicly available brochure describes LS Adviser’s investment advisory services, persons who receive this brochure (whether or not from us) should be aware that it is designed solely to provide information necessary or appropriate to respond to certain disclosure obligations under the Advisers Act. As such, the information in this brochure differs from information provided in investor documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any investor documents, the relevant investor documents shall govern and control.*

*No offer or solicitation for an investment in a fund or vehicle will be made before the delivery of additional documents to a prospective investor. Prospective investors should read the documents carefully and consult with their tax, legal, and financial advisors before making any investment decision.*

## Item 4: Advisory Business

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### *Advisory Firm and Principal Owners*

LS Adviser, a Delaware limited liability company, was organized on February 19, 2021 and is a registered investment adviser under the Advisers Act. LS Adviser is a wholly-owned subsidiary of Lafayette Square Holding Company, LLC, which is principally owned by Damien Dwin.

### *Advisory Services*

LS Adviser's advisory services include identifying prospective investments, analyzing investment opportunities, conducting research, performing due diligence on potential investments, deciding what securities to buy and sell, negotiating and structuring investments, and monitoring investments. We provide our investment management services primarily to business development companies and privately offered funds. For privately offered funds, LS Adviser expects such funds to be excepted from the definition of an investment company under the Investment Company Act of 1940, as amended ("Investment Company Act"), in reliance on the exceptions provided by Section 3(c)(1), Section 3(c)(5) and/or Section 3(c)(7) thereof.

LS Adviser provides investment advisory services to a business development company (the "BDC"). LS Adviser also will provide investment advisory services to a private fund (the "Private Fund") and together with the BDC, the "Funds") that LS Adviser expects will be sold on a private placement basis to an individual institutional investor. Lafayette Square Private Fund Manager, LLC serves as the managing member of the Private Fund ("Managing Member") and is an affiliate of LS Adviser. The Funds aim to generate favorable risk-adjusted returns, including current income and capital appreciation, principally from directly originated investments in middle market businesses that are primarily domiciled, headquartered and/or have a significant operating presence in the United States. To accomplish this, the BDC may acquire, originate, hold, sell, provide financing, or otherwise make investments primarily in first and second lien loans and, to a lesser extent, in subordinated and mezzanine loans and equity and equity-like securities, including common stock, preferred stock, and warrants. The BDC will primarily serve borrowers with established operating histories that generate annual revenues of between \$10 million and \$1 billion and annual EBITDA of between \$10 million and \$100 million. Similarly, the Private Fund may acquire, originate, hold, sell, provide financing, or otherwise make investments primarily in floating rate first lien senior secured loans based on a differentiated strategy focused on U.S. based non-sponsored businesses with annual EBITDA target between \$10,000,000 and \$100,000,000, provided that some investments may also be made with sponsored businesses. The Funds will also seek to strengthen the work experience and well-being of employees at its portfolio companies by incentivizing and coordinating the delivery of supportive and impactful services to such employees. These curated services will primarily focus on the alleviation of financial insecurity and economic mobility issues. Over time, the Funds anticipate that these services have the potential to (i) positively affect employee well-being and (ii) enhance the risk-adjusted financial returns of the portfolio companies (including by increasing employee retention, morale and productivity). Along with services focused on financial issues, these services may address other objectives, such as health and wellness, education, and benefits and resource navigation.

### ***Availability of Customized Services***

The Adviser tailors its advisory services to the specific investment objectives and restrictions of the Funds as set forth in the related client documents. LS Adviser does not tailor its advisory services to the needs of the investors in the Funds (the “Members”). However, LS Adviser has the right to enter into agreements, such as side letters, with certain Members that could provide for investment terms or information rights that are more favorable than the terms provided to other Members. All investors should refer to the investor documents for the Funds for further information on investment objectives, fees, strategies, and restrictions.

### ***Regulatory Assets Under Management***

As of the date hereof, LS Adviser anticipates managing assets on both a discretionary and non-discretionary basis. Per LS Adviser’s Form ADV Part 1, LS Adviser has \$193,400,000 regulatory assets under management, including both discretionary assets of the BDC as well as non-discretionary assets of the Private Fund. To elaborate further, as of the date hereof, LS Adviser has received signed subscription agreements for its discretionary Funds totaling approximately \$284,780,000, but due to investor concentration limits agreed to with certain investors, LS Adviser has only accepted, and therefore currently manages, approximately \$145,495,000 of Fund assets on a discretionary basis. In addition, LS Adviser currently manages the Private Fund on a non-discretionary basis with \$200 million in committed and contingent capital, \$100 million of which will not be available until the first anniversary of this brochure unless the anchor investor elects not to fund such tranche.

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## **Item 5: Fees and Compensation**

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### ***Advisory Fees***

The Adviser will receive fees as compensation for its advisory services provided to the Funds, as described in the investor documents. In addition, the Adviser can enter into side letters with respect to fees or information rights for any Private Funds. With respect to the BDC, the Adviser cannot enter into side letters with respect to fees or information rights that are more favorable than the terms provided for any other investor.

#### ***Management Fee***

Management fees for the Funds range from 0.75% - 1.50%, with the percentage based on committed capital or invested, with respect to the Private Funds, and based on a percentage of the average value of gross assets with respect to the BDC (gross assets equal the total assets of the BDC as set forth on the BDC's balance sheet) at the end of the two most recently completed calendar quarters. Except with respect to the BDC, management fees may be reduced or waived at the discretion of the Adviser, including with respect to certain Members that are members, partners, affiliates, or employees of the Adviser or its affiliates. With respect to the Private Funds, management fees may also be reduced by certain transactional fees and excess organizational expenses in accordance with the investor documents. The fees are described in further detail in the investor documents.

#### ***Performance-Based Fee***

The Adviser or certain affiliates of the Adviser, such as the Managing Member, could receive performance-based fees or allocations from the Funds, which, in certain cases, could take the form of "carried interest". With respect to Private Funds, any carried interest rates are highly customized and negotiated with the client.

With respect to the BDC, the Adviser may receive an incentive fee based on pre-incentive fee net investment income of the BDC (the "Income-Based Fee") and an incentive fee, determined and paid in arrears, based on net capital gains as of the end of each calendar year or upon the termination of the investment advisory agreement (the "Capital Gains Fee"). Please refer to the BDC's latest Annual Report on Form 10-K filed with the Securities and Exchange Commission for a discussion of how the Income-Based Fee and Capital Gains Fee are calculated and the timing of receipt by the Adviser.

Please refer to Item 6 of this brochure for additional information on performance-based fees.

The Management Fee and Performance-Based Fee collectively are the "Advisory Fees".

To the extent that the Adviser or Managing Member hire any third parties to assist in managing the Funds, any sub advisory fees will be paid to such parties from the Advisory Fees.

### ***Deduction of Advisory Fees***

Management fees are deducted from the Funds' assets and charged quarterly in arrears. Performance-based fees are deducted from the Funds' assets and charged as described above.

### ***Other Fees and Expenses***

Besides Management Fees and Performance-Based Fees paid for advisory services related to the Funds, there are other fees and expenses associated with the Adviser's management.

#### ***Expenses Incurred by the Fund***

The Funds will incur Organizational Expenses (as defined below) and Company Expenses (as defined below) in accordance with the investor documents. Fees and expenses charged to future investors could differ.

The Funds, subject to their investor documents, will pay certain expenses incurred in connection with the formation, organization, and closing of the Funds ("Organizational Expenses") that include (but are not limited to) legal, accounting, filing, marketing and other organizational expenses, and as further described in the investor documents. Organizational Expenses may be subject to an expense cap, where expenses that exceed the specified cap will be borne by the Managing Member and/or its affiliates.

The Funds, subject to its investor documents, will also pay other reasonable and customary costs and expenses associated with its investment activities and operations ("Company Expenses") as further described in the investor documents. In limited circumstances, the Funds could incur brokerage and other transactional costs. Please refer to Item 12 of this brochure for additional information on brokerage and other transaction costs.

#### ***Management Fee Offset for Transaction Fees***

The Private Funds, subject to their investor documents, typically receive an offset against their Management Fees in an amount equal to 100% of any Transaction Fees (defined below), meaning the Management Fees are reduced by such Transaction Fees. Such fees, in each case, received from third parties by the Adviser, the Managing Member or their affiliates in respect of the purchase or disposition of investments include any transactional fees, such as directors' or similar fees (in all cases net of expenses), or loan administration, pre-payment, up-front, consulting, investment banking, monitoring, transaction, break-up, or other similar fees ("Transaction Fees"). Notwithstanding the foregoing, the Managing Member or its affiliates may keep certain fees, including arrangement and administrative fees related to transactions.

*Please note the fees and expenses discussed above are intended to provide a description of the types of fees and expenses that are typically charged to the Funds, but it is not exhaustive of the fees and expenses the Funds may incur or pay to third parties, nor is it inclusive of all fees and expenses that could be incurred by an investor in holding an interest in the Fund. The specific fees and expenses applicable to the Funds are set forth in the relevant investor documents. Fees and expenses charged to future investors could differ. Prospective investors should carefully review the investor documents prior to making an investment in any Fund.*



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

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As the Adviser manages accounts that have a performance-based fee or allocation, the potential to earn carried interest creates an incentive for the Managing Member and/or the Adviser to make or acquire investments on the Funds' behalf that are riskier or more speculative than what it otherwise would. Similarly, carried interest incentivizes the Adviser or affiliates to make decisions regarding the timing or structure of investment realizations that may not be in the best interest of clients and investors. Furthermore, in evaluating investments and other management strategies, the opportunity to earn carried interest based on the Funds' returns may lead the Managing Member or the Adviser to favor maximizing returns over the preservation of capital. Investments with higher yield potential are generally riskier or more speculative, which could result in increased risk to the Members. To mitigate potential conflicts of interest associated with carried interest, the Adviser maintains robust governance, allocation and valuation processes that are applied to all investments. Please see below for further discussion of the Adviser's allocation policy.

As of the date hereof, the Adviser manages the Private Fund and a business development company as clients. If an investment opportunity meets the objectives of multiple clients, the potential to earn higher or accelerated fees creates an incentive to favor the allocation of investment opportunities to clients that pay such fees (and to favor the clients that have the potential to pay the highest such fees). The Adviser has a robust investment allocation policy whereby it allocates investment opportunities among clients (and any co-investors) in a manner that is fair and equitable over time, taking into consideration each client's investment objectives, strategy, risk tolerance, and guidelines, in accordance with such investment allocation policy. An allocation working group established by the Adviser assesses (1) whether a particular investment opportunity (including any follow-on investment in, or disposition of, an existing portfolio company held by a client) is appropriate at that time for a particular client, and (2) if it is, what is the appropriate size of the opportunity for such client (generally expected to be allocated on a *pro rata* basis when there are multiple clients). In answering both prongs, the allocation working group may consider a variety of factors, including investment guidelines, legal or regulatory considerations, and available capital. The Adviser can also pursue investments for its own account or the accounts of affiliates or employees, which creates certain conflicts of interest, as described further in Item 11 of this Brochure.

## **Item 7: Types of Clients**

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LS Adviser provides investment advisory services to pooled investment vehicles only. Members could include institutions, commercial banks, trusts, pension plans, insurance companies, foundations, endowments, family offices, private funds, and high net worth individuals. As the Funds are privately placed and relies upon certain exceptions from the Investment Company Act, investors in the Funds must meet certain suitability and net worth qualifications such as being an “accredited investor” as defined by Regulation D under the Securities Act of 1933. Personnel who are “knowledgeable employees,” as defined in Rule 3c-5 under the Investment Company Act, can also be permitted to invest in the Funds.

The minimum investment amount is stated in the investor documents, and the Adviser or Managing Member, as applicable, can reduce or waive the minimum investment at its discretion.

## **Item 8: Methods of Analysis and Investment Strategies**

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

The Adviser will source potential investments, conduct research and due diligence on prospective investments and equity sponsors, analyze investment opportunities, structure investments, and monitor investments on an ongoing basis. All investments will be considered based on their risk-adjusted return profile and in the context of a client's overall portfolio risk tolerance and diversification objectives. With respect to the BDC, the Adviser has final approval over investment decisions, including whether an asset is bought or sold. With respect to the Private Fund, the Adviser, along with the initial member, have final approval over investment decisions.

The Adviser will conduct extensive analysis before the Adviser approves an investment on behalf of the Funds, including a comprehensive review of the asset's operating fundamentals, physical characteristics, legal, regulatory, environmental and tax aspects, and return expectations.

The due diligence process typically includes, but is not limited to:

- discussion of the sources and uses of proceeds and the transaction rationale;
- a qualitative and quantitative assessment of the company;
- an analysis on the defensibility of its business model;
- a review and assessment of the company's performance and operating metrics;
- analysis of competitive and industry dynamics;
- a comprehensive financial review of management and third-party financial information including, in most cases, a Quality of Earnings report;
- a meeting(s) with management and owners;
- sensitivity testing of company projections for key input factors;
- a valuation analysis with transaction comparables, publicly traded comparables, and DCF analysis;
- calls with key customers and independent expert advisors;
- review of loan documentation, accompanied by outside counsel and;
- legal and compliance diligence, including reference and background checks.

After an investment is made, the Adviser and/or its delegate will perform or oversee development, ongoing management, monitoring and financial reporting. The Adviser will be responsible for maintaining adherence to the investment objective and strategy, tracking performance, and oversight of the investment activities on an ongoing basis to ensure consistency with the Fund's objectives and the investor documentation.

### ***Material Risks for Client Investment Strategies***

#### **Generally**

- *Dependence on the Adviser and Key Personnel.* The success of the Adviser's investment strategies depends upon the diligence, skill, and network of business contacts of the Adviser, and its delegates. There can be no assurance that certain key personnel (including Mr. Dwin or Phil Daniele) will continue to be associated with the Adviser or its delegates. The Adviser's success

will depend to a significant extent on the continued service and coordination of its investment team. The Adviser's ability to grow the investment portfolio for clients depends on its existing relationships and the ability to build future relationships, but these relationships will not always generate investment opportunities.

- *Limited Operating History:* The Adviser is a newly-formed entity with a limited operating history and without a track record.
- *Operational and Management Risk:* This risk is the prospect of loss resulting from inadequate or failed procedures, systems, or policies and may include, among others, employee errors, systems failures, criminal activity, cyber-breaches, or any event that disrupts business processes.
- *Work From Home Risk:* The Adviser, like many businesses during the spread of COVID-19, has encouraged or mandated that its personnel work from home in an effort to, amongst other things, promote a technology-first business model and help slow the spread of the coronavirus pandemic. To the extent personnel, as a result of working remotely, rely more heavily on technology systems for their business-related communications and information sharing, the Adviser could be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations in the event it is the target of such incident or attack.
- *The Adviser Uses Leverage in Managing Client Assets, which can Magnify Gains and Losses.* The Adviser may utilize indebtedness that is secured by capital commitments and by investments of the funds it manages. In addition, if certain investments are cross-collateralized, borrowing incurred with respect to one investment can impair the transferability and/or the value of other investments. There can be no assurance that the Adviser will be able to obtain indebtedness on terms available to the market or to any competitor, or that indebtedness will be accessible on favorable terms. The failure by the Adviser to obtain indebtedness on favorable terms (or at all) could adversely affect returns.
- *Limitations of Investment Due Diligence.* The Adviser's due diligence may not reveal all of a portfolio company's liabilities and may not reveal other weaknesses in its business. There is no assurance that the due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment in, or a loan to, a company, the Adviser will assess the strength and skills of the company's management and other factors that it believes are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Adviser will rely on the resources available to it and, in some cases, an investigation by third parties. This process is particularly important and highly subjective with respect to newly organized entities because there may be little or no information publicly available about the entities.
- *Liquidity Risk.* The securities purchased by the Adviser will be illiquid in most cases, and there is no assurance that such investments will be realized in a timely manner. A substantial portion of the investments made by the Adviser in leveraged companies are and will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult to sell such investments if the need arises. In addition, if the Adviser is required to liquidate all or a portion of its portfolio

quickly, it may realize significantly less than the value at which it previously recorded its investments.

- *Investments in private and middle market portfolio companies are risky.* Investments in private and middle market companies involve a number of significant risks. Generally, little public information exists about these companies, and the Adviser will rely on the ability of its investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If the Adviser is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and clients may lose money on the investments. Middle market companies generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion, or maintain their competitive position. Middle market companies may have limited financial resources, may have difficulty accessing the capital markets to meet future capital needs, and may be unable to meet their obligations under their debt securities that the Adviser's clients hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the clients realizing any guarantees they may have obtained in connection with investments. In addition, such companies 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. Additionally, middle market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation, or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, on clients. Middle market companies also may be parties to litigation and changing regulatory oversight and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence.
- *Co-Investments.* The Adviser is expected to co-invest with both affiliated investment vehicles managed by the Adviser or its affiliates and/or third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venture or partner has different interests or goals that are inconsistent with those of clients, or takes actions contrary to a client's investment objectives. In addition, in certain circumstances, a client may be liable for the actions of its co-ventures.

Additionally, it is possible that the investment strategies and techniques used by LS Adviser will not produce the intended results. LS Adviser will apply its investment techniques and risk analyses in making investment decisions, but there is no guarantee that a client's investment objective or return expectations will be achieved.

**Item 9: Disciplinary Information**

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Not applicable. The Adviser, its supervised persons, and its affiliates have no legal or disciplinary history to report.

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

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### ***Relationships that are Material to the Advisory Business or Clients***

The Private Fund is an LLC with a Managing Member that is an affiliate of the Adviser, and this relationship causes conflicts of interest to arise that could impact the management of the Private Fund. The BDC is a corporation advised by the Adviser. As the Adviser also advises the Private Fund, conflicts of interest arise as the Private Fund has investment objectives that in some instances may overlap or conflict with the investment objectives of the BDC. As described in Item 6 of this Brochure, the Managing Member could in the future receive carried interest in connection with the services provided to Private Funds, and the Adviser may receive performance-based fees in connection with the services provided to the BDC and the conflicts of interest created by performance-based fees are discussed further in response to Item 6 of this Brochure. The Adviser maintains policies and procedures reasonably designed to manage the conflicts of interest related to performance-based fees.

The Adviser has also entered into certain intercompany agreements with an affiliate to provide employees to the Adviser for a fee. This arrangement presents a conflict of interest because the parties are affiliates, meaning the contract was not negotiated at arm's length, and the Adviser is externalizing its own costs, and has an incentive to underhire for its needs to save such an expenditure and to overpay to enrich the affiliate and its owner, who also ultimately owns the Adviser.

In addition, the Adviser's related persons can invest as Members in the Funds as discussed previously in Item 6 and further in Item 11 of this brochure.

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

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### ***Code of Ethics***

LS Adviser has adopted a Code of Ethics (the “Code”) under Advisers Act Rule 204A–1. The Code applies to all of the Advisers’ supervised persons and is designed to ensure that the Adviser meets its fiduciary obligations with respect to its clients and other regulatory requirements, as well as reinforces a culture of compliance. The Code includes:

- Our philosophy of honesty, integrity, and professionalism in our conduct, including with respect to our fiduciary duty to our clients; our personnel’s handling of conflicts of interest between personal and professional relationships and interests; and promoting compliance with applicable government laws, rules, and regulations.
- Provisions that relate to compliance with the federal securities laws, including (among others):
  - Requirements related to confidentiality, and prohibitions on insider trading of material-nonpublic information;
  - Reporting of employee personal securities transactions;
  - Pre-clearance and reporting of outside business activities;
  - Pre-clearance of certain types of investments by certain employees;
  - Prohibition on political contributions; and
  - Limitations on, and reporting of, gifts and entertainment.

At the time of hiring and annually thereafter, access persons must certify their compliance with the Code. A copy of the Code is available to any client or prospective client upon request.

### ***Participation or Interest in Client Transactions***

The Adviser and its affiliates can invest in pooled investment vehicles that it manages, directly or indirectly, and accordingly might have economic interests that are comparable to the interests of other investors in these pooled investment vehicles. The Adviser or its affiliates or another client could be presented with an investment opportunity that is not made available to the pooled investment vehicles, even if the investment opportunity fits within the investment parameters of such vehicles. The Adviser and its affiliates could also participate in securities transactions in which clients are or were invested. These conflicts of interest would be disclosed in the investor documents, or other disclosure materials.

The Adviser may, on behalf of the Funds, purchase or sell a security, as part of unrelated transactions, in which an affiliate directly or indirectly has an equity or debt interest in the same or a different tier of a portfolio company’s capital structure. To the extent a client holds investments in the same portfolio company or in an affiliate thereof that are different (including with respect to their relative seniority) than those held by an Adviser’s affiliate, the Adviser will be presented with a conflict of interest when the interests of the two co-investors are in conflict. If the portfolio company in which an affiliate of the Adviser has an equity or debt investment and in which a client has an equity or debt investment elsewhere in the portfolio company’s capital structure, becomes distressed or defaults on its obligations under the private credit investment, the Adviser will have conflicting loyalties between its duties to its clients. In that regard, actions may be taken that may be adverse to a client. In those circumstances where clients and affiliates of the Adviser hold investments in different classes of a company’s debt or equity, the Adviser may also, to the fullest extent permitted by applicable law, take steps to reduce the potential



for adversity between the parties, including causing a client to take certain actions that, in the absence of such conflict, it would not take, such as (A) remaining passive in a restructuring or similar situations (including electing not to vote or voting pro rata with other security-holders), (B) divesting investments or (C) otherwise taking action designed to reduce adversity.

## **Item 12: Brokerage Practices**

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### ***Broker-Dealer Selection***

The Adviser will invest primarily in loans, and generally will not engage broker-dealers or other intermediaries to execute such transactions. When the Adviser buys or sells securities that require a broker-dealer, it will, with the exception of the Private Fund, have discretionary authority to select the broker or dealer to execute the transactions and to negotiate the commission cost to be paid. With respect to the Private Fund, if the Adviser has occasion to select brokers or dealers, it will seek to obtain best execution for client transactions (*i.e.*, the most favorable results reasonably attainable under the circumstances, taking into account a variety of factors, including price and costs as well as qualitative factors), and the Managing Member will have final approval.

In selecting broker-dealers, the Adviser would consider a broker-dealer's execution capabilities, reputation, and access to the middle market. Broker-dealers will be selected according to various characteristics, including but not limited to the integrity, ethics and trustworthiness of the broker; the speed and quality of trade execution to minimize market price impact and maximize value for clients; the cost; the competence of broker-dealer personnel and support staff, the efficient clearance and settlement of trades, and commitment to technology and a preeminent trading system. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers. While the Adviser considers fees and would assess the reasonableness of the compensation, the Adviser would not necessarily select the broker that offers the lowest commission, consistent with its duty to seek best execution.

### ***Order Aggregation***

To the extent that the Adviser is purchasing or selling the same security for more than one client, the Adviser can aggregate orders in an effort to reduce transaction costs and will seek to allocate such transactions fairly and equitably among the clients.

## **Item 13: Review of Accounts**

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### ***Performance Review and Monitoring***

The Adviser reviews the valuation of client assets and the performance of their underlying investments at least quarterly, and when material changes occur. Such reviews are designed to ensure that clients' assets are managed in accordance with applicable investment objectives and guidelines. With respect to all clients, the Adviser is responsible for the investment process from cradle-to-grave for each investment, from opportunity origination to asset disposition. The Chief Executive Officer is responsible for the supervision of the Adviser and has ultimate authority over clients' investment activities.

### ***Nature and Frequency of Reporting***

The Adviser (or its affiliates) will provide annual financial statements for the funds it manages that are prepared in accordance with GAAP and audited by an independent accounting firm to all Member(s) within 120 days (or an earlier date as described in investor documents) after the applicable fund's fiscal year-end (or as soon as reasonably practicable thereafter). The preparation and delivery of the audited financial statements are intended to comply with Advisers Act Rule 206(4)-2. In addition to the audited financial statements, LS Adviser or the Managing Member, as applicable, provides unaudited financial reports to Member(s) on at least a quarterly basis. LS Adviser or the Managing Member, as applicable, also provides Members with tax information necessary for the completion of income tax returns on an annual basis. Further information on the reports provided by the Funds is contained in the investor documents. As discussed, Members can negotiate for additional information rights.

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

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The Adviser does not receive an economic benefit from anyone, other than the Funds, for providing investment advice or other advisory services to the Funds. Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person for advisory client referrals. However, the Adviser could use an unaffiliated third-party placement agent to solicit investors to invest in a fund managed by the Adviser.

## **Item 15: Custody**

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Pursuant to Advisers Act Rule 206(4)-2, the Adviser and its affiliates are deemed to have legal custody of client assets when they serve as a general partner or managing member (or in a similar capacity) for a fund. The Adviser provides investment advice to private funds that generally invest in non-transferable privately-placed uncertificated investments purchased from the issuer, which are not required to be held by a qualified custodian if certain conditions are met. Other than these types of investments, securities and cash will be maintained with a qualified custodian.

Audited annual financial statements for the funds are prepared by an independent public accountant registered with and subject to regular inspection by the PCAOB. Audited financial statements are distributed to the Members within 120 days of the end of the fund's fiscal year (or an earlier date as described in investor documents).

**Item 16: Investment Discretion**

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The Adviser has discretionary authority over the BDC, meaning the Adviser has all rights and powers necessary to carry out the vehicle's investment, management, and disposition activities, including the ability to decide what securities to buy and sell for the vehicle. The Adviser will enter into an investment advisory agreement with respect to the client prior to assuming this authority. The investment advisory agreement and other investor documents also set forth any restrictions on this authority.

### **Item 17: Voting Client Securities**

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The Adviser primarily invests in loans or privately placed securities that do not provide voting rights to the owners of such securities. In the event that the Private Fund receives proxies for securities, the Managing Member retains full discretion to exercise voting authority and could consult with, or delegate such discretion to, the Adviser. In the future, if a client holds voting securities and the Adviser has discretion or is delegated discretion to vote the proxies by the Managing Member, the Adviser will implement policies and procedures in the best interest of its clients and in a manner that addresses any potential conflicts of interest. Such policies and procedures and information regarding how the Adviser voted the proxies would be made available to investors of the fund upon request by contacting the Adviser's Chief Compliance Officer.

**Item 18: Financial Information**

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Not applicable.