



SCS FINANCIAL

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Form ADV Part 2A Brochure

April 30, 2021

This brochure provides information about the qualifications and business practices of SCS Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 204-6400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about SCS Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This brochure includes certain material changes as compared to SCS's previously filed annual update, dated March 31, 2021, and includes information related to Matheys Lane Capital Management LP, a registered investment adviser located in Providence, RI, that joined SCS on April 1, 2021

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Item 4. Advisory Business

SCS Capital Management LLC (“SCS”) was founded in 2002 as an investment firm that focuses on two primary market segments: high net worth families and institutional investors. SCS's mission is to provide client-aligned investment advice to high net worth families and institutions.

SCS is owned by Focus Operating, LLC, which is owned by Focus Financial Partners, LLC (“Focus LLC”); but is managed by Partners Perpetual Trust, LLC pursuant to a management agreement between Partners Perpetual Trust and Focus LLC. The following individuals comprise the Management Committee of Partners Perpetual Trust:

- Antony Abbiati – Founder & Chief Executive Officer
- Stephen Oristaglio - President & Chief Investment Officer
- Douglas Ederle - Founder, Managing Director and Co-Director of Private Client Group
- William Walser – Managing Director and Co-Director of Private Client Group
- Melissa Schneberger – Managing Director and Head of People & Culture
- Marcelo Vedovatto – Managing Director and Head of Operations & Analytics

Focus Financial Partners, LLC

SCS is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, SCS is a wholly owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus, LLC. Focus Financial Partners Inc. (“Focus Inc.”), is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2020, investment vehicles affiliated with Stone Point Capital, LLC (“Stone Point”) had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of eight directors on the Focus Inc. Board. As of the end of 2020, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. (“KKR”) had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of eight directors on the Focus Inc. Board. In the first quarter of 2021, Focus Inc. conducted a follow-on offering through which Stone Point reduced its ownership interest under 25% and KKR also reduced its ownership interest.

Focus LLC owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

Wealth and Investment Management. SCS provides investment advisory and wealth management services to individuals and related entities, including family trusts and foundations, corporations, business entities and private investment funds through its private client business.

SCS's financial planning professionals work with clients and their SCS relationship team to develop a wealth management strategy, income and cash flow planning, tax planning, and philanthropic strategy. SCS seeks to provide an integrated wealth and investment management program whereby investment portfolios reflect not only SCS's financial market outlook, but integrate the client's strategic long-term goals, including income and spending needs, as well as tax and estate planning objectives. Services provided to these advisory clients include identifying investment objectives, including preferences or restrictions, and risk tolerance, developing and documenting asset allocation, investment policy and investment strategy, implementing the investment strategy, performing regular administration, monitoring and reporting of financial assets and performing due diligence on traditional, hedge and alternative fund managers. Investment advisory and wealth management services are based on the Investment Advisory Agreement ("IAA") entered by an advisory client and SCS. The IAA provides SCS with the authority to recommend and retain other investment advisers and invest in SCS-managed pooled investment vehicles and in other funds that are not affiliated with SCS for certain portions of a client's assets.

For purposes of this Brochure, "clients" generally refers to the wealth management clients of SCS and not the SCS pooled investment vehicles themselves.

Pooled Investment Vehicles. SCS also serves as investment adviser to several pooled investment vehicles such as limited liability companies, limited partnerships, and offshore corporations, including several unregistered pooled investment vehicles that are offered and sold to high net worth individual investors as well as institutional investors including endowments, foundations, and other entities, in each case that are both "accredited investors" as defined in Regulation D under the Securities Act and "qualified purchasers" as defined in the Investment Company Act. A list of the current SCS-managed pooled investment vehicles is set forth in Item 10 in this Brochure. Most of the clients of SCS invest in one or more of the SCS pooled investment vehicles. To avoid a conflict of interest, SCS does not charge management or performance fees to investors in the SCS pooled investment vehicles who are wealth management clients of SCS.

As of April 1, 2021 (measured as of January 2021), SCS's assets under management were approximately \$28,956,461,000. Of this amount, approximately \$23,989,238,000 was managed by SCS on a discretionary basis, and \$4,967,222,748 on a non-discretionary basis.

Item 5. Fees and Compensation

Wealth Management Clients

Asset Based Fees. SCS charges a fee to its clients based on a percentage of assets under management. This fee is intended to compensate SCS for designing the overall wealth management plan for the client, including asset allocation, investment manager selection and monitoring, direct investment management of a portion of the client's assets, as well as to compensate SCS for broader wealth management services which are provided by SCS. SCS's fee schedule is generally as follows:

<u>Assets Under Management</u>	<u>Annual Rate</u>
First \$25 million	0.60%
\$25 million to \$50 million	0.50%
\$50 million to \$100 million	0.45%
\$100 million to \$250 million	0.40%
Greater than \$250 million	0.35%

In general, all family relationships are aggregated to determine the blended fee rate. Fees are payable quarterly in advance on the first day of each calendar quarter based on the market value of assets under management on the last day of the preceding quarter unless an alternate arrangement is mutually agreed upon. The fees are debited from the client's custodial account by SCS, as authorized by the client, unless otherwise specified in the investment advisory agreement. In the event an advisory relationship is terminated prior to the end of a quarter, SCS's compensation would be pro-rated to the date of termination and any unearned portion reimbursed. The client and SCS may each terminate the advisory relationship upon 30 days written notice to the other. SCS charges a minimum annual fee of \$150,000.

SCS, in its discretion, may negotiate asset-based fees but such fees will generally fall within the above range.

Consulting Fees. For certain clients, SCS is contracted to provide business advisory services unrelated to the investment management services provided to the clients. Under these arrangements, the clients pay SCS an agreed upon consulting fee that is billed quarterly in arrears.

External Investment Manager Fees. Fees charged by the external investment managers selected by SCS to manage portions of the client's assets are separate from and in addition to SCS's asset-based fees described above. These fees are set out in each investment manager's investment advisory agreement or, in the case of mutual funds or private funds in the prospectus or offering memorandum. SCS is responsible for monitoring each relationship and reviewing the fees charged. When able to negotiate fees that are lower than an investment manager's standard fee schedule, SCS passes these savings directly through to clients.

Additional Expenses Incurred by Clients. In addition to asset based advisory fees, clients will incur charges for custody services, brokerage, and other transaction costs associated with the buying and selling of securities within their accounts. See Item 12 in this Brochure regarding Brokerage Practices.

Pooled Investment Vehicles

Management and Performance Fees. For investors who are not SCS wealth management clients, SCS charges a management fee (the “Management Fee”) consisting of a percentage of assets under management. The Management Fee for each pooled investment vehicle varies with the vehicle but ranges, on an annual basis, from 0.40% to 0.75% of the market value of each investor’s investment in an SCS-managed pooled investment vehicle. Depending on the vehicle, the Management Fee is payable either (i) quarterly in advance as of the first business day of each calendar quarter, after giving effect to any contributions of capital to the vehicle on that day or (ii) accrued monthly and paid quarterly in arrears. A pro-rated Management Fee generally is assessed on any investment in a pooled investment vehicle made as of a date other than the first (or last, as applicable) day of the calendar quarter. In addition, for certain entities, SCS or an affiliate may charge a performance allocation (the “Carried Interest”), which is described below under “Performance-Based Fees and Side-by-Side Management.”

SCS may, in its sole discretion, waive or reimburse all or a portion of the Management Fee or Carried Interest or, as agreed to by the relevant investor in a pooled investment vehicle, charge a Management Fee or Carried Interest that is lower than, or otherwise on different terms than, those described above. SCS may waive or reimburse fees or charge lower fees with respect to the investment of any investor that is affiliated with or otherwise related to SCS, the pooled investment vehicles, or their affiliates.

To avoid a conflict of interest, SCS does not charge management or performance fees to investors in the SCS pooled investment vehicles who are wealth management clients of SCS. These investors will, however, bear their pro-rata portion of the applicable fund’s expenses, including legal, accounting, and the fees and expenses paid at the Portfolio Fund (as defined below) level.

Other Expenses. The pooled investment vehicles managed by SCS bear all of their own investment and operating expenses, which generally include overhead and administrative expenses, including filing fees, legal expenses, tax preparation expenses, administrator’s fees and the fees associated with an annual audit. In addition, expenses relating to due diligence, research, investment related travel expenses, and fees associated with external manager background checks are incurred by the pooled investment vehicle. The pooled investment vehicles will also bear a pro rata portion of the expenses of each Portfolio Fund in which the vehicle invests, including the management and incentive fees payable to the external investment managers (as defined below) of such Portfolio Funds.

Additional Information on Fees and Expenses. The above description is a brief summary of certain fees and expenses applicable to the pooled investment vehicles. A more complete description of the fees to be paid to SCS and its affiliates by investors who are not wealth management clients of SCS in connection with an investment in each vehicle, as well as the expenses of each vehicle, is available in the offering memorandum and other governing documents of such vehicle, which are

made available to each eligible prospective investor before an investment in the pooled investment vehicle is made.

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

Private Equity Pooled Investment Vehicle Carried Interest

For certain investors in SCS pooled investment vehicles who are not wealth management clients of SCS, SCS earns a Carried Interest consisting of a percentage of the pooled investment vehicle's distributions to investors. The Carried Interest ranges from 5% to 15% of the distributions in excess of the return of capital and Preferred Return distributions to investors. The Preferred Return which is distributed to investors prior to any Carried Interest generally is equal to an 8% cumulative annual compounded return on each investor's aggregate capital commitments. Portfolio Funds may earn a Carried Interest even if the portfolio in the aggregate incurs a loss. SCS will comply with the applicable requirements of Rule 205-3 under the Investment Advisers Act in connection with the Carried Interest. A more detailed description of the Carried Interest is included in the applicable pooled investment vehicle's offering memorandum. As discussed in Item 5 above, SCS does not charge a Carried Interest for those investors in its pooled investment vehicles that pay an asset-based fee to SCS for wealth management services.

Wealth Management Performance Fee

For certain wealth management clients, SCS charges a performance fee consisting of a percentage of the accounts net realized and unrealized profits. Clients who have agreed to pay performance fees are typically charged lower asset-based fees. The performance fee generally is equal to 15% of the net realized and unrealized gains on investments only to the extent that the value of the investments exceeds the "Hurdle". The "Hurdle" is the agreed upon blended benchmark for the client account. The performance fee is calculated annually based upon the anniversary date of the opening of the client's account. In addition, the performance fee will only be charged if the performance over the prior calendar year and the prior three years is positive and has outperformed the agreed upon blended benchmark. SCS will comply with the applicable requirements of Rule 205-3 under the Investment Advisers Act in connection with any wealth management performance fee.

General

The Performance Fee applicable to certain client accounts and pooled investment vehicles may create an incentive for SCS to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, the Performance Fee may create an incentive for SCS to favor client accounts and pooled investment vehicles that charge Performance Fees and are likely to be higher fee-paying accounts over other client accounts or pooled investment vehicles in the allocation of investment opportunities. SCS follows principles for allocating investment opportunities in a manner that it believes will ensure that all clients and pooled investment vehicles are treated fairly and equitably, with the goal of preventing these conflicts from influencing the allocation of investment opportunities among clients and pooled investment vehicles. Furthermore, because the Performance Fee is calculated on a basis that includes unrealized appreciation of most pooled investment vehicles' assets, the Performance Fee may be greater than if it were based solely on realized gains.

Item 7. Types of Clients

As described under “Advisory Business” above, the types of clients to whom SCS generally provides investment management services include high net worth individuals and related entities, including family trusts and foundations, corporations and business entities, as well as privately offered pooled investment vehicles.

SCS generally requires its clients to have a minimum of \$25 million of assets under management and/or be subject to a minimum relationship fee level. Under certain circumstances, the minimum account size and/or relationship fee may be waived. SCS pooled investment vehicles have a lower minimum investment, which generally ranges from \$100,000 to \$1,000,000. Under certain circumstances, the minimum investment amount may be waived. In order to be eligible to invest in the vehicles, prospective investors must be “accredited investors” as defined in Regulation D under the Securities Act and “qualified purchasers” as defined in the Investment Company Act.

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

Primary Investment Strategies

In managing clients' assets, SCS formulates an overall investment strategy which considers the client's individual financial landscape and investment objectives, including his or her income, spending and lifestyle needs and particular tax circumstances. To assist in setting the strategy, SCS offers to review a client's tax, estate planning, and insurance programs. Specifically, SCS provides the following investment services to its clients as appropriate in their individual circumstances:

Asset Allocation and Portfolio Design. SCS designs an asset allocation strategy for each client which works in conjunction with the client's overall wealth management plan. The strategy considers the client's risk tolerance and return objectives to design a portfolio that combines lower return, lower risk investment classes, such as high-quality bonds, with higher return seeking asset classes such as public and private equity investments. Most of the portfolio is typically invested with external investment managers (as defined below) and in SCS pooled investment vehicles. Depending on the needs of each client, SCS may also purchase securities directly in the financial markets to implement a portion of a wealth management program. Examples include, but are not limited to, high quality taxable and tax-exempt bonds, cash instruments and exchange traded funds, etc.

Traditional and Alternative Assets Manager Review and Selection. SCS utilizes both commercially available and proprietary databases to track the universe of investment managers in both traditional (*e.g.*, long-only marketable securities) and alternative assets (*e.g.*, venture capital funds, buyout funds, mezzanine stage investment funds, directional and absolute return hedge funds). SCS focuses on investment managers which have demonstrated a high degree of expertise at implementing a particular investment strategy or strategies. SCS recommends third party investment managers (referred to herein as "external investment managers") which specialize in the major asset classes, including cash management, fixed income, large, medium and small capitalization stocks, international securities and alternative investments such as private equity and hedge funds. To identify particular external investment managers to manage portions of its clients' assets either directly or through investments in public or private funds managed by the external investment managers, SCS utilizes a rigorous screening process, evaluating a range of quantitative factors based upon the external investment manager's (i) historical performance, (ii) risk-return profile, (iii) consistency of returns, (iv) downside risk, (v) use of leverage, and (vi) market/peer group correlation. SCS also considers qualitative factors, which may include (i) the experience and integrity of the external investment manager's management team, (ii) the soundness and capacity of the investment strategy employed by the external investment manager, (iii) the external investment manager's risk management strategies, and (iv) the quality of the external investment manager's infrastructure.

SCS typically enters into discretionary agreements with clients whereby SCS is granted limited power of attorney to select, engage and replace, if necessary, external investment managers and make investments in pooled investment vehicles on the clients' behalf to implement the wealth management program. In either case, SCS then monitors the selected managers and funds on an ongoing basis to ensure that they continue to adhere to SCS's high standards of quality, risk control and tax efficiency. In limited circumstances, SCS will serve in a non-discretionary capacity.

Portfolio Implementation. SCS works to reduce the administrative burdens on its clients that come with implementing the various components of the client's overall investment plan. SCS clients have the option of executing a Limited Power of Attorney that authorizes SCS to engage external investment managers on behalf of the client. In all cases, SCS assists the client to complete necessary paperwork and oversee and monitor the implementation and investment processes of the various investment managers selected.

Portfolio and Performance Monitoring. SCS provides its clients with a consolidated report on a quarterly basis which provides the total portfolio returns. The estimated performance will be compared to relevant benchmark indices. The report will also include SCS's commentary on the relevant markets.

Private Investment Pooled Vehicles

The SCS private investment programs are designed to provide investors with access to a diversified portfolio of private equity, private credit, and private real assets fund investments. SCS seeks to achieve strong relative performance through manager selection while risk is managed through portfolio construction and diversification across strategies, geographies, sectors, and vintages. SCS seeks to achieve the investment objective of each pooled investment vehicle by investing the portfolios' assets among a group of underlying private equity, credit, or real assets funds ("Portfolio Funds") managed by both new and existing investment managers.

The private equity vehicles' portfolios are typically composed of a mix of strategies which SCS classifies into four categories: Buyouts, Venture Capital, Growth Equity, and Special Situations. Buyout managers generally focus on control-oriented investments targeting growing to mature businesses with high cash flows. Venture Capital managers typically seek early investment in companies ranging from seeing entrepreneurs to investing in pre-profit companies with high growth potential. Growth Equity managers generally look to make minority investments in companies which have passed the seed or venture stage and operate at or near breakeven with high growth potential. Finally, Special Situations managers generally make deep value acquisitions of companies in some form of financial or operational distress seeking to stabilize and reform the firm's operations.

The private credit vehicles' portfolios are typically composed of a mix of strategies which SCS classifies into two categories: Income and Opportunistic strategies. Income managers typically pursue direct lending to private equity sponsor-backed companies or other middle market senior secured lending focusing on stable income backed by strong collateral. Opportunistic managers typically invest in discounted debt purchased in the secondary market, rescue financings, or non-performing loan portfolios. These managers may also invest in non-traditional strategies such as medical royalties & debt, specialty finance lending, niche structured credit, litigation finance, and other uncorrelated assets.

The private real assets vehicles' portfolios are typically composed of a mix of strategies which SCS classifies into two categories: real estate and natural resources. Real Estate managers may focus on value-add strategies such as significant capital improvements, asset repositioning, or major leasing undertakings or may pursue more opportunistic investments such as major development projects or those requiring significant redevelopment or rehabilitation. Natural Resource managers

in the portfolio typically focus on opportunities arising from the evolution of shale oil, midstream oil and gas infrastructure, opportunities in metals and mining, and other natural resource related opportunities.

Hedge Fund Pooled Vehicles

The SCS hedge fund pooled investment vehicles are designed to provide investors with access to a diversified portfolio of Hedged Equity and Absolute Return investments. SCS seeks to achieve strong relative performance through manager selection while risk is managed through portfolio construction and diversification across strategies, geographies, and sectors. SCS seeks to achieve these investment objectives by investing the pooled investment vehicles' assets among a group of underlying hedge funds ("Portfolio Funds") managed by both new and established external investment managers.

In general, the Hedged Equity program's objective is to pursue a higher up-capture return with volatility lower than the equity markets while the Absolute Return Strategies program's objective is to pursue a lower volatility portfolio that targets more steady returns and lower downside risk. The Hedged Equity Portfolio Funds generally pursue equity long/short investment strategies though the program may also invest in Portfolio Funds pursuing other strategies. The Absolute Return Strategies' Portfolio Funds generally pursue multi-strategy, relative value, macro, credit, and equity strategies, amongst others.

SCS will select external investment managers on the basis of various criteria, which may include, among other things, the external investment manager's investment performance during various time periods and market cycles, the fund's infrastructure, and the external investment manager's reputation, experience, training and investment philosophy. In addition, SCS favors external investment managers that have a substantial personal investment in the Portfolio Funds that they manage. The identity and number of Portfolio Funds that a SCS pooled investment vehicle invests in will vary over time.

Summary of Certain Material Risks

Investing in securities involves risk of loss that clients and investors in pooled investment vehicles should be prepared to bear.

The following is a brief summary of certain material risks associated with the investment strategy and methods of analysis for SCS's investment allocations. Since the assets of the SCS pooled investment vehicles and SCS's clients are invested in Portfolio Funds managed by external investment managers and securities selected by such external investment managers, certain of the risks discussed below are applicable to both SCS pooled investment vehicles and external investment managers. In addition, not all of these risks will be equally relevant to each SCS pooled investment vehicle or each external investment manager. A more detailed description of the risks associated with each SCS pooled investment vehicle's investment strategies as well as other risks associated with an investment in each SCS pooled investment vehicle is included in the relevant SCS entity's offering memorandum in effect from time to time. *Additional information regarding certain material risks applicable to each SCS pooled investment vehicle is set forth in the private placement memorandum of each SCS pooled investment vehicle.*

Risks Associated with Asset Allocation and External Investment Manager Strategies

Selection and Monitoring of Managers and Funds. There is a risk that SCS, in its selection process, will not identify appropriate external investment managers or Portfolio Funds for client portfolios, existing weaknesses in an external investment manager's compliance or operational controls or existing material regulatory, financial or other operational issues. Further, there is a risk that an external investment manager or Portfolio Fund does not meet SCS's expectations over time, develops significant weaknesses in its compliance or operational controls that could materially adversely affect a client's investment or could develop material regulatory, financial or other operational issues.

Multiple Managers. The overall success of SCS's strategies depends on, among other things, (i) the ability to develop a successful asset allocation strategy, (ii) the ability to select external investment managers and Portfolio Funds and to allocate the assets amongst them, and (iii) the ability of the external investment managers to be successful in their strategies. The past performance of such strategies is not necessarily indicative of their future profitability. No assurance can be given that the strategy or strategies utilized will be successful under all or any future market conditions.

Because SCS may allocate client assets to multiple Portfolio Funds or accounts of external investment managers who make their trading decisions independently, it is possible that one or more of such external investment managers may, at any time, take positions which may be opposite of positions taken by other external investment managers. It is also possible that external investment managers may on occasion take substantial positions in the same security or group of securities at the same time. The possible lack of diversification caused by these factors may subject a fund's portfolio to more rapid change in value than would be the case if the fund's portfolio were more widely diversified. In addition, a particular external investment manager may take positions for a fund which may be opposite to positions taken for its other clients.

Dependence on External Investment Managers. Each SCS pooled investment vehicle will be highly dependent upon the expertise and abilities of the external investment manager of the Portfolio Funds in which it invests. Such external investment manager will have investment discretion over such funds' assets and, therefore, there is a risk that an event having a negative impact on one of the external investment managers, such as a significant change in personnel or corporate structure or resources, may adversely affect funds' results. External investment managers selected by SCS may not have extensive track records. SCS may take certain precautions to limit the amount of assets it allocates to newly established or inexperienced external investment managers.

Due diligence considerations. SCS will conduct due diligence which SCS believes is adequate to select Portfolio Funds and external investment managers. However, due diligence is not foolproof and may not uncover problems associated with a particular Portfolio Fund or its external investment manager. For example, one or more of the external investment managers may engage in improper conduct, including unauthorized changes in investment strategy, which may be harmful and may result in losses to the fund or client account. SCS may rely upon representations made by external investment managers, accountants, attorneys, prime brokers, and/or other investment professionals. If any such representations are misleading, incomplete, or false, this may

result in the selection of an external investment manager that might have otherwise been eliminated from consideration had fully accurate and complete information been made available to SCS.

While the Portfolio Funds may be subject to certain investment restrictions, there can be no assurance that the Portfolio Funds' external investment manager will comply with such restrictions. Moreover, the SCS pooled investment vehicles will rely upon the valuations provided by the prime brokers or administrators of the Portfolio Funds and it cannot verify the accuracy of such valuations throughout a given Portfolio Fund fiscal year. SCS pooled investment vehicles receive verification of underlying Portfolio Funds annually as part of the SCS vehicle audit process. If an external investment manager deviates from an investment restriction, or the prime broker or administrator provides incorrect valuations, the Portfolio Fund and the applicable SCS vehicle could be adversely affected.

Cybersecurity. The computer systems, networks and devices used by SCS and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Certain Investment Risks

General. Investments selected directly by SCS and/or the Portfolio Funds or external investment managers selected by SCS may decline in value for any number of reasons, including changes in the overall market for equity and/or debt securities, and factors pertaining to particular portfolio securities, such as management, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, the availability of additional capital and labor, general economic conditions, political conditions and other similar conditions.

Alternative Investment Funds. Investments in alternative assets, such as hedge funds, private equity funds, and other private investment funds often are: (i) highly speculative and invest in complex instruments and structures including derivatives and structured products; (ii) illiquid with limited withdrawal or redemption rights; (iii) leveraged; (iv) subject to significant volatility; (v) subject to long holding periods; (vi) less transparent than public investments; (vii) subject to significant restrictions on transfers; (viii) affected by complex tax considerations; and (ix) in the

case of private equity funds, affected by capital call default risk. In addition to the above, investors in these strategies will be subject to fees and expenses which will reduce profits or increase losses.

Risks Specific to Strategies of SCS Pooled Investment Vehicles. The pooled investment vehicles pursue their own investment strategies, such as long/short equity, relative value, and event driven strategies. Please refer to the private placement memorandum of each pooled investment vehicle for a discussion of the principal risks specific to that pooled investment vehicle's investment strategies. Each pooled investment vehicle may engage, directly or indirectly, in the trading of derivative instruments. Please see each pooled investment vehicle's private placement memorandum for a discussion of the principal risks related to the pooled investment vehicle's investment in derivatives.

Fixed Income Securities. Fixed-income securities, including investment grade securities, are subject to certain common risks, including (i) if interest rates go up, the value of fixed-income securities in a fund's portfolio generally will decline; (ii) the issuer or guarantor of a fixed-income security may default on its payment obligations, become insolvent or have its credit rating downgraded; (iii) the value of a fixed-income security may decline as a result of the issuer's falling credit rating; (iv) during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing a fund to reinvest in lower yielding securities; (v) during periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments, which may lock in a below market interest rate, increase the security's duration and reduce the value of the security; and (vi) SCS's or the external investment manager's judgment about the attractiveness, relative value or potential appreciation of a particular sector, security or investment strategy may prove to be incorrect.

Separately Managed Accounts. Some of the SCS pooled investment vehicles may invest some of their respective assets in separately managed accounts, whereby Portfolio Managers manage a portion of the applicable SCS pooled investment vehicle's assets directly, rather than through a pooled investment vehicle. Although there are certain advantages associated with separately managed accounts, there are also certain risks, including, without limitation, the potential that the actions of the Portfolio Manager could expose all of the applicable SCS pooled investment vehicle's assets to liability and the requirement that such SCS pooled investment vehicle itself be a party to prime broker agreements and other trading agreements utilized by the Portfolio Manager in pursuing its investment strategy. In addition, although SCS may have greater visibility with respect to the securities held in separately managed accounts, the management of such securities will still reside with the applicable Portfolio Managers of such accounts, and although SCS will still conduct a similar level of monitoring and due diligence as it does for other investments made by the applicable SCS pooled investment vehicle, it will not generally take action (or direct the actions of the Portfolio Managers) in connection with securities held in a separately managed account.

Concentration of Investments. The identity and number of Portfolio Funds that an SCS pooled investment vehicle invests in will vary over time. In addition, certain SCS pooled investment vehicles may invest in a limited number of Portfolio Funds in comparison to other multi-manager funds. Certain of the SCS pooled investment vehicles may from time to time have a material percentage of their respective assets in one or more Portfolio Funds or concentrated in one or more

investment strategies and a loss in any investment could have a material adverse impact on the applicable SCS pooled investment vehicles' capital. There is a risk that an SCS pooled investment vehicle's investments will not be diversified in all market conditions. The possible lack of diversification may subject the investments of such SCS pooled investment vehicle pooled investment vehicle to more rapid change in value than would be the case if the assets of such SCS Fund were more widely diversified.

Short Sales. The investment programs of certain of the Portfolio Funds may include short selling. Short sales are subject to numerous risks. If the price of the security sold short increases between the time of the short sale and the time the Portfolio Fund replaces the borrowed security, the Portfolio Fund will incur a loss; conversely, if the price declines, the Portfolio Fund will realize a short-term capital gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. Although the Portfolio Fund's gain is limited to the price at which it sold the security short, its potential loss is theoretically unlimited. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Portfolio Fund Leverage. Certain of the Portfolio Funds may borrow funds from brokerage firms and banks. An SCS pooled investment vehicle will have no control over the amount of leverage used by a Portfolio Fund. In addition, the Portfolio Funds may indirectly leverage their portfolios by investing in instruments with embedded "leverage" features such as options, swaps, forwards, contracts for differences and other derivative instruments. While leverage presents opportunities for increasing the Portfolio Fund's total return, it has the effect of potentially increasing losses to the Portfolio Fund as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly, by a Portfolio Fund could be magnified to the extent that leverage is employed by the Portfolio Fund. The cumulative effect of the use of leverage by a Portfolio Fund in a market that moves adversely to the investments of the entity employing the leverage could result in a loss to the Portfolio Fund that would be greater than if leverage were not employed by such Portfolio Fund. In addition, to the extent that the Portfolio Funds borrow funds, the rates at which they can borrow may affect the operating results of the Portfolio Funds. In general, the anticipated use of short-term margin borrowings by the Portfolio Funds results in certain additional risks to the applicable SCS pooled investment vehicle. For example, should the securities that are pledged to brokers to secure the Portfolio Funds' margin accounts decline in value, or should brokers from which the Portfolio Funds have borrowed increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), then the Portfolio Fund could be subject to a "margin call", pursuant to which the Portfolio Funds must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a precipitous drop in the value of the assets of a Portfolio Fund, the Portfolio Fund might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses.

Derivative Investments. Some SCS pooled investment vehicles and the Portfolio Funds may invest in other derivative instruments, which may include futures, options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency, or index at a fraction of the cost of investing in the underlying asset. The

value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement cannot only result in the loss of the entire investment, but may also expose the Portfolio Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and 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.

Hedging Transactions. Certain SCS pooled investment vehicles and the Portfolio Funds may utilize certain financial instruments for both investment and risk management purposes. These instruments could include writing or buying options and other derivatives, as well as shorting securities, funds, indices, or swaps, and combining long and short positions in securities and instruments to reduce overall risk. The success of a Portfolio Fund's hedging strategy will depend on the Portfolio Manager's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. The change in the correlation may also result in the hedge increasing the overall risk of the portfolio. There is also a risk that such correlation will change over time rendering the hedge ineffective. Since the characteristics of many securities change as markets change or time passes, the success of a Portfolio Fund's hedging strategy may also be subject to a Portfolio Manager's ability to correctly readjust and execute hedges in an efficient and timely manner.

Small and Mid-Cap Risks. A portion of some Portfolio Funds' assets may be invested in securities of small-cap and mid-cap issuers. While the securities of a small or mid-cap issuer may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small and mid-cap issuers may also present greater risks. For example, (i) some small and mid-cap issuers often have limited product lines, markets, or financial resources, (ii) they may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy, and (iii) their securities may be thinly traded and may be more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers.

Purchasing of Initial Public Offerings. From time to time, some of the Portfolio Managers may purchase securities that are part of initial public offerings ("new issues"). The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for Portfolio Funds to trade these securities without unfavorably impacting their prices. Rule 5130 and Rule 5131 of the U.S. Financial Industry Regulatory Authority, Inc. restrict certain persons from participating in new issues and, therefore, certain investors in one or more of the SCS pooled investment vehicles may be restricted from participating in the profits and losses attributable to new issues.

Non-U.S. Investments. It is expected that certain of the Portfolio Funds will invest in securities of non-U.S. companies and foreign countries and in non-U.S. currencies. Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict a Portfolio Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the United States. Moreover, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. There is also less regulation, generally, of the securities markets in foreign countries than there is in the United States. The risks of investing in non-U.S. investments described herein apply to an even greater extent to investments in emerging markets.

Exchange Traded Funds. SCS pooled investment vehicles may invest in exchange traded funds ("ETFs"). Equity-based ETFs are subject to risks similar to those of stocks; fixed income-based ETFs are subject to risks similar to those of bonds. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Foreign investments have unique and greater risks than domestic investments.

Money Market Instruments. Some of the Portfolio Funds and SCS pooled investment vehicles may invest, for defensive purposes or otherwise, some or all of their respective assets in high quality fixed-income securities, money market instruments, and non-U.S. money market mutual funds, or hold cash or cash equivalents in such amounts as the applicable Portfolio Fund's Portfolio Manager deems appropriate under the circumstances. Pending allocation of the offering proceeds and thereafter, from time to time, a SCS pooled investment vehicle also may invest in these instruments. Money market instruments are high quality, short term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. Government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements.

Fund Expenses. The expenses of a SCS pooled investment vehicle (including the payment of its pro rata share of expenses of the Portfolio Funds in which such SCS pooled investment vehicle invests) may be a higher percentage of net assets than would be found in other investment entities. Each SCS pooled investment vehicle bears its pro rata share of expenses of any entity in which such SCS pooled investment vehicle invests, including fixed fees and any incentive allocations or other performance compensation.

Item 9. Disciplinary Information

None.

Item 10. Other Financial Industry Activities and Affiliations

SCS Pooled Investment Vehicles

SCS provides advice to clients regarding investments in private investment vehicles that may invest in both traditional and alternative asset classes. These include private investment funds or funds of private investment funds that invest in equity securities, fixed income securities, venture capital funds, buyout funds, mezzanine stage investment funds, private lending, directional and absolute return hedge funds, among other strategies. SCS may use a combination of private investment funds sponsored by external investment managers, and/or private investment vehicles managed by SCS to manage some or all of a client's assets. To avoid a financial conflict of interest, SCS does not charge investment management fees, performance fees, or a carried interest for those investors in the SCS pooled investment vehicles that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses of the SCS pooled investment vehicles. Below is a list of the investment vehicles managed by SCS.

Private Equity

The Private Equity pooled investment vehicles pursue their investment objectives primarily by investing their assets in private equity funds managed by third-party managers. The underlying funds generally focus on investing in several private equity categories, which may include venture capital, growth equity, buyouts (ranging from lower middle market to large market funds and including sector-focused funds), special situations (including distressed debt and secondaries), real estate, and related investments. The Private Equity pooled investment vehicles include:

- Private Equity I, LLC
- Private Equity II, LLC
- Private Equity III, LLC
- Private Equity IV, LLC
- Private Equity IV Offshore, LP
- Private Equity V, LLC
- Private Equity V Offshore, LP
- Private Equity VI, LP
- Private Equity VI Offshore, LP
- Private Equity VII, LP
- Private Equity VII – Buyouts, LP
- Private Equity VII – Venture/Growth, LP
- Private Equity VII Offshore, LP
- Early-Stage Venture Opportunities, LP

Private Equity IV Offshore, LP, Private Equity V Offshore, LP, Private Equity VI Offshore, LP, and Private Equity VII Offshore, LP invest substantially all of their assets in Private Equity IV, LLC, Private Equity V, LLC, Private Equity VI, LP, and Private Equity VII, LP respectively. Private Equity VII, LP invests substantially all of its assets in Private Equity VII – Buyouts, LP and Private Equity VII – Venture/Growth, LP. Investors in these pooled investment vehicles who are not wealth management clients of SCS generally pay SCS an investment management fee of 0.75% annually. For certain pooled investment vehicles, SCS earns a Carried Interest consisting

of a percentage of the vehicle's distributions to investors. The Carried Interest generally is equal to 5%, or 10% for Early-Stage Venture Opportunities, LP, of the distributions in excess of the return of capital and Preferred Return distributions to investors. The Preferred Return which is distributed to investors prior to any Carried Interest generally is equal to an 8% cumulative annual compounded return on each investor's aggregate capital commitments. To avoid a financial conflict of interest, SCS does not charge investment management fees or a Carried Interest for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

Private Co-Investment Opportunities

The Co-Investment pooled investment vehicles pursue their investment objectives primarily by investing their assets in co-investment opportunities alongside third-party investment managers. The Private Co-Investment pooled investment vehicles include:

- Private Co-Investment Opportunities, LLC
- Private Co-Investment Opportunities Offshore, LP
- Private Co-Investment Opportunities II, LP

Private Co-Investment Opportunities Offshore, LP invests substantially all of its assets in Private Co-Investment Opportunities, LLC. Investors in the Co-Investment Funds may pay SCS an investment management fee of 0.75% annually. In addition, SCS earns a Carried Interest consisting of a percentage of the distributions to investors. The Carried Interest generally is between 12.5% to 15% of the distributions in excess of the return of capital and Preferred Return distributions to investors. The Preferred Return which is distributed to investors prior to any Carried Interest generally is equal to an 8% cumulative annual compounded return on each investor's aggregate capital commitments. To avoid a financial conflict of interest, SCS does not charge investment management fees or a Carried Interest for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

Private Credit

The Private Credit pooled investment vehicles' investment objectives are to seek high cash yield and attractive total returns over the economic cycle by investing their assets primarily in private debt funds managed by third-party managers. The underlying funds focus on investing in fixed income and credit instruments, which may include mezzanine/private placement investments, private debt investments in middle market companies, secondary purchases of assets or portfolios consisting of syndicated loans, special situations, rescue financings and other related investments. The Private Credit pooled investment vehicles include:

- Private Credit I, LLC
- Private Credit II, LLC
- Private Credit III, LLC
- Private Credit III Offshore, LP
- Private Credit IV, LP
- Private Credit IV - Income, LP
- Private Credit IV - Opportunistic, LP

- Private Credit IV Offshore, LP

Private Credit IV, LP invests substantially all of its assets in Private Credit IV – Income, LP and Private Credit IV – Opportunistic, LP. Investors in the Private Credit pooled investment vehicles may pay SCS an investment management fee of 0.75% annually. For certain pooled investment vehicles, SCS earns a Carried Interest consisting of a percentage of the distributions to investors. The Carried Interest generally is equal to 5% of the distributions in excess of the return of capital and Preferred Return distributions to investors. The Preferred Return which is distributed to investors prior to any Carried Interest generally is equal to an 8% cumulative annual compounded return on each investor’s aggregate capital commitments. To avoid a financial conflict of interest, SCS does not charge investment management fees or a Carried Interest for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

Private Real Assets

The Private Real Assets pooled investment vehicles pursue their investment objectives primarily by investing its assets in private real assets funds managed by third-party managers. These funds are expected to focus on investing primarily in private real estate as well as private energy, infrastructure, and other natural resources-related investments. The Private Real Assets pooled investment vehicles include:

- Private Real Assets I, LLC
- Private Real Assets II, LLC
- Private Real Assets II – Natural Resources, LLC
- Private Real Assets II – Real Estate, LLC
- Private Real Assets III, LLC
- Private Real Assets III – Natural Resources, LLC
- Private Real Assets III – Real Estate, LLC

Private Real Assets II, LLC subsequently invests substantially all its assets into two master funds, Private Real Assets II – Natural Resources, LLC and Private Real Assets II – Real Estate, LLC. Private Real Assets III, LLC subsequently invests substantially all its assets into two master funds, Private Real Assets III – Natural Resources, LLC and Private Real Assets III – Real Estate, LLC. Investors in the Private Real Assets Funds may pay SCS an investment management fee of 0.75% annually. For certain pooled investment vehicles, SCS earns a Carried Interest consisting of a percentage of the distributions to investors. The Carried Interest generally is equal to 5% of the distributions in excess of the return of capital and Preferred Return distributions to investors. The Preferred Return which is distributed to investors prior to any Carried Interest generally is equal to an 8% cumulative annual compounded return on each investor’s aggregate capital commitments. To avoid a financial conflict of interest, SCS does not charge investment management fees or a Carried Interest for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

Private Impact

Private Impact, LP pursues its investment objectives primarily by investing its assets in social or environmental impact-oriented private equity and private real assets funds managed by third-party investment managers. Investors in Private Impact, LP may pay SCS an investment management fee of 0.75% annually. In addition, SCS earns a Carried Interest consisting of a percentage of the distributions to investors. The Carried Interest generally is equal to 5% of the distributions in excess of the return of capital and Preferred Return distributions to investors. The Preferred Return which is distributed to investors prior to any Carried Interest generally is equal to an 8% cumulative annual compounded return on each investor's aggregate capital commitments. To avoid a financial conflict of interest, SCS does not charge investment management fees or a Carried Interest for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

Hedge Fund Pooled Investment Vehicles

The hedge fund pooled investment vehicles pursue their investment objectives by allocating their assets primarily to hedge funds managed by third-party investment managers. The hedge fund pooled investment vehicles include:

- Hedged Equity, LLC
- Hedged Equity - Offshore, Ltd
- Absolute Return Strategies, LLC
- Absolute Return Strategies - Offshore, Ltd

Hedged Equity - Offshore, Ltd invests substantially all of its assets in Hedged Equity, LLC and Absolute Return Strategies - Offshore, Ltd invests substantially all of its assets in Absolute Return Strategies, LLC. In general, the Hedged Equity program's objective is to pursue a higher up-capture return with volatility lower than the equity markets while the Absolute Return Strategies program's objective is to pursue a lower volatility portfolio that targets more steady returns and lower downside risk. The Hedged Equity portfolio generally pursues equity long/short investment strategies though the program may also invest in Portfolio Funds pursuing other strategies. The Absolute Return Strategies' portfolio generally pursues multi-strategy, relative value, macro, credit, and equity strategies, amongst others. Investors may pay SCS an investment management fee of 0.60% annually as described in the private placement memorandum. To avoid a financial conflict of interest, SCS does not charge investment management fees for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

SCS Insurance Global Series I & SCS Insurance Global Series II

SCS Insurance Global Series I and SCS Insurance Global Series II (the "SCS Insurance Global Series") are insurance dedicated funds within the SALI Multi-Series Fund, L.P. (the "SALI Fund"). SALI Fund Management, LLC is the investment manager of the SALI Fund. SALI Fund Management, LLC has entered into a sub-advisor agreement with SCS to manage the assets of the SCS Insurance Global Series. Investors in the SCS Insurance Global Series pay SALI an investment management base fee and will also bear their pro-rata portion of legal, accounting, and other non-investment management expenses of the fund. The investment objective of SCS Global Series is to seek attractive absolute and relative returns with volatility that is lower than that of the

equity market and returns that demonstrate a low to moderate correlation to both the equity and fixed income markets.

Public Equity

The public equity pooled investment vehicle, Public Markets, LLC, pursues its investment objectives by allocating its assets primarily to publicly traded and privately placed public equity securities, either directly through the purchase of such public equity securities or indirectly through the hiring of one or more underlying public equity external investment managers who invest directly or indirectly in such public equity securities and other similar instruments.

The investment objective of Public Markets, LLC is to seek long-term capital appreciation from investments in equity or equity-like securities. Investors may pay SCS an investment management fee of 0.40% annually. To avoid a financial conflict of interest, SCS does not charge investment management fees for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

Fixed Income

The fixed income pooled investment vehicles pursue their investment objectives by allocating its assets primarily to publicly traded and privately placed fixed income securities, either directly through the purchase of such fixed income securities or indirectly through the hiring of one or more underlying fixed income external investment managers who invest directly or indirectly in such fixed income securities and other similar instruments. The Fixed Income pooled investment vehicles include:

- Multi-Sector Credit, LLC
- Multi-Sector Credit - Offshore, Ltd

The investment objective of Multi-Sector Credit is to allocate its assets primarily to privately placed and publicly traded fixed income securities, either directly through the purchase of such fixed income securities or indirectly through the hiring of one or more underlying fixed income external investment managers who invest directly or indirectly in such fixed income securities and other similar instruments. Multi-Sector Credit Offshore, Ltd invests substantially all of its assets in Multi-Sector Credit, LLC. To avoid a financial conflict of interest, SCS does not charge investment management fees for those investors that pay a wealth management fee to SCS. All investors will, however, bear their pro-rata portion of legal, accounting, and other non-investment management expenses.

Focus Financial Partners

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because SCS is an indirect, wholly owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of SCS. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

SCS has recommended, and will in the future recommend, that clients invest in products or investment vehicles managed and/or sponsored directly by Stone Point, KKR, or one of their affiliates (each such vehicle, an “Owner-Affiliated Fund”), if SCS determines that such investments are in the best interests of clients. Any fees charged by such Owner-Affiliated Funds will be paid directly or indirectly to Stone Point, KKR, and/or their affiliates. A conflict of interest exists because (1) Stone Point and KKR are an indirect owners of SCS; (2) Stone Point and KKR have representation on the board of SCS’s parent company, Focus Financial Partners Inc.; and (3) Stone Point, KKR, and/or their affiliates will benefit financially if SCS recommends investments in the Owner-Affiliated Funds. Although SCS will only recommend such investments if it believes that they are in the best interests of clients, it is nonetheless possible that this conflict of interest might influence SCS’s advice, consciously or unconsciously. To mitigate this conflict of interest, we have fully disclosed such conflict here in this Brochure.

We also have business arrangements with other Focus Partnership firms, who are indirect, wholly-owned subsidiaries of Focus LLC and Focus Inc., under which certain clients of these Focus Partnership firms have the option of investing in certain private investment vehicles that we manage. SCS is an affiliate of these firms by virtue of being under common control with them.

SCS does not believe the Focus Partnership presents a material conflict of interest with our clients. SCS provides these services to such clients pursuant to limited partnership agreement documents and in exchange for a fund-level management fee and performance fee paid by clients of other Focus Partnership firms. The allocation of the Focus Partnership firms’ clients’ assets to SCS’s pooled investment vehicles, rather than to an unaffiliated investment manager, increases SCS’s compensation and the revenue to Focus LLC relative to a situation in which Focus Partnership firms’ clients are excluded from SCS’s pooled investment vehicles. As a consequence, Focus LLC has a financial incentive to cause Focus Partnership firms to recommend that their clients invest in SCS’s pooled investment vehicles, which creates a conflict of interest with those Focus Partnership clients who invest in SCS’s pooled investment vehicles. More information about Focus LLC can be found at www.focusfinancialpartners.com.

We believe this conflict is mitigated because of the following factors: (1) SCS and its pooled investment vehicles have met the due diligence and performance standards applied by the Focus Partnership firms; (2) subject to redemption restrictions, the Focus Partnership firms are willing and able to reallocate their clients’ assets to other, unaffiliated investment vehicles, in part or in whole, if SCS’s services become unsatisfactory in the judgment of, and at the sole discretion of, each of the Focus Partnership firms; and (3) we have fully and fairly disclosed the material facts regarding this relationship in this Brochure.

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

SCS and its officers and employees attempt to avoid or minimize conflicts of interest that may arise as a result of the management of clients' portfolios and the SCS pooled investment vehicles. From time to time SCS may recommend or cause an SCS wealth management client to invest in a private investment fund in which SCS, or a person associated with SCS, may have an investment, or act as general partner, manager, or investment adviser or investment sub adviser, including the SCS pooled investment vehicles. In order to ensure that SCS wealth management clients do not pay SCS or its affiliates multiple levels of fees, SCS does not charge a Management Fee and, if applicable, a Performance Fee or Carried Interest payable by the SCS pooled investment vehicle to SCS or its affiliates for any SCS wealth management client that pays an asset-based wealth management fee to SCS.

SCS has adopted a Code of Ethics, a copy of which is available upon request to any client or prospective client, which sets forth standards of business conduct for its supervised persons which reflect the fiduciary obligations of SCS to its clients. Pursuant to the Code, all of SCS's officers and employees are restricted from trading individual publicly traded equities and options on equities. Employees owning equities that were acquired prior to being subject to the Code of Ethics must pre-clear any sale of these shares and may not acquire additional shares. All officers and employees are required to pre-clear any securities to be purchased in a private placement (which would include interests in private investment funds), and pre-clear the sales of any securities acquired in a private placement.

Officers and employees are required to submit personal holdings reports at the time they become an officer or employee and annually thereafter. SCS may become aware of client positions in individual securities through its supervision of external investment managers engaged by the client and external investment managers that manage Portfolio Funds in which the SCS pooled investment vehicles invest. SCS's policy is that no individual may in any way use information acquired by him or her in the conduct of his or her employment by SCS when this may occur at the expense of a client or is in any way contrary to a client's interests. Accordingly, each such person whose functions or duties relate to providing investment advice to clients is required to avoid knowingly purchasing or selling securities in such a way as to compete in the marketplace with clients, or otherwise to adversely affect their transactions, use knowledge of client security transactions effected by external investment managers for clients to profit by the market effect of such transactions, or give to others information of proposed or current purchases, sales or holdings by any client (to the extent privy to such information from external investment managers) because of a possibility of such others taking action detrimental or potentially detrimental to such client, or improperly using such knowledge for their own use or benefit. SCS's compliance officer reviews transactions of advisory-level associated persons on a periodic basis.

Item 12. Brokerage Practices

Selection of Brokers

Although SCS typically has the discretion to select or recommend broker-dealers for client transactions, it does so only in limited circumstances, as most assets of each client's accounts are usually invested with external investment managers or in Portfolio Funds (through the SCS pooled investment vehicles). In limited circumstances, clients may direct SCS to use one or more particular broker-dealers in managing their accounts.

When SCS does select broker-dealers, SCS's decisions as to which broker-dealer to use to execute client transactions is generally made on a transaction-by-transaction basis. However, as discussed below, in certain circumstances transactions for multiple accounts may be aggregated. In selecting a particular broker-dealer to effect a securities transaction for a client account or a pooled investment vehicle, SCS's primary objective is to seek to obtain "best execution." Price, giving effect to brokerage commissions (if any) and other transaction costs, is an important factor, but the selection may also take into account other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's responsiveness, reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, knowledge of the market for the particular security, specialization in the type of security traded by the client, relationships with other market participants, and the value of any research products and services and brokerage services provided by the broker-dealer. SCS need not, however, solicit competitive bids and does not have an obligation to seek the lowest available commission cost. When SCS engages external investment managers to implement clients' wealth management programs under discretionary authority, it generally will allow the external investment manager to direct brokerage according to each external investment manager's broker selection policy. In limited instances, however, SCS may direct external investment managers to use particular broker-dealers to effect securities transactions for SCS client accounts. In this case, external investment managers under the direction by SCS to use a specific broker-dealer may aggregate all transactions effected under this direction. As described below, such direction may benefit both the client and SCS.

The Role of Products and Services in Brokerage Allocation

SCS has arrangements with certain broker-dealers pursuant to which SCS receives products or services from those broker-dealers when client securities transactions are executed through those broker-dealers. These arrangements with brokers generally fall within the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") which provides a safe harbor for the receipt of "research" products and services from the broker-dealer. Most of the products and services provided by brokers to SCS would be characterized as "research". During the last fiscal year, the types of products and services acquired through these arrangements include data, research, and software. SCS generally uses such products and services for the benefit of all of SCS's accounts, sometimes including accounts other than those that pay commissions to the broker-dealer providing the products or services.

Unless otherwise directed by a client, SCS may also allocate a specific amount of brokerage to individual broker-dealers based on brokerage or research services rendered. The procedure for such an allocation may entail SCS's determining that obtaining a particular research or brokerage

service or product will enhance execution quality or efficiency or assist SCS in providing investment management services. To the extent consistent with SCS's duties to its clients and only if SCS determines that the commission is reasonable in relation to the value of the brokerage and research services received, SCS may direct brokerage to brokers that provide such services or products in amounts sufficient to obtain the particular services or products. Provided that SCS determines in good faith that the commission charged is reasonable in relation to the value of brokerage and research services provided by the broker, SCS may cause a client account to pay a broker an amount of commission greater than the amount another broker-dealer may charge. Generally, brokerage firms do not charge SCS a separate fee for proprietary research and other services. The continued provision of such services to SCS is not conditioned on SCS directing any particular level of transactions to these brokerage firms.

SCS's use of client brokerage commissions to obtain research or other products or services, benefits SCS because SCS does not have to produce or pay for the research, products, or services it receives in such arrangements. This may create an incentive for SCS to select or recommend a broker-dealer based on SCS's interest in receiving the research or other products or services, rather than on the interests of its clients in receiving the most favorable execution. Brokerage and research services received by SCS could benefit client accounts other than the account generating the soft dollar credits. SCS's receipt of research services will not reduce a client's fees, including any Management Fee or Performance Fee.

SCS reviews transaction results from time to time to determine the quality of execution and services provided by the various broker-dealers through whom SCS executes client transactions, to evaluate the reasonableness of the compensation paid to such broker-dealers in light of all the factors described above.

Qualified Custodians: Support Services

Client assets that SCS manages must be maintained by each client in an account at a "qualified custodian," generally a broker-dealer or bank. SCS may recommend that our clients use National Financial Services, LLC or Fidelity Brokerage Services LLC ("Fidelity"), a registered broker-dealer as the qualified custodian. While SCS may recommend that clients use Fidelity as custodian/broker, each client will decide whether to do so and will open its own account with Fidelity or another custodian/broker by entering into an account agreement directly with it. SCS does not open the account for a client, although SCS may assist clients in doing so. Even though a client's account is maintained at a custodian/broker, SCS can still use other brokers to execute trades for such client's account as described herein.

SCS has entered into an agreement with Fidelity, through which Fidelity pays for certain support services and products received by SCS to help manage and administer client accounts and to help SCS manage its client business. These services may include computer software, consulting services, research services, back office services, recordkeeping, and client reporting.

The support to be provided by Fidelity will offset costs that SCS would otherwise be required to bear. In addition, the support services provided by Fidelity may be used by SCS to service all or a substantial number of the firm's client accounts, including accounts not maintained at Fidelity. SCS may enter into additional arrangements in the future with other brokerage firms that provide

SCS with similar benefits. The receipt by SCS of these products and services from Fidelity will not reduce a client's fees, including any Management Fee or Performance Fee.

SCS's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of these arrangements. These support services are not contingent upon SCS committing any specific amount of business to Fidelity in trading commissions or assets in custody or investing in products. As part of its fiduciary duty to clients, SCS endeavors at all times to put the interests of its clients first. Clients and future clients should be aware, however, that the receipt of economic benefits by SCS in and of itself creates a potential conflict of interest. For example, SCS will not have to pay for the products and services itself. Given the benefit provided to SCS by Fidelity, this creates an incentive for SCS to select or recommend that clients utilize this broker for custody and brokerage services. This conflict exists even though clients will not pay more for investment transactions effected by, and/or assets maintained at, Fidelity.

Schwab Advisor Network®

SCS participates in the Schwab Adviser Network which is designed to help investors find an independent investment advisor. For clients that are referred to SCS by Schwab, SCS pays a Participation Fee to Schwab based on the assets held in the referred clients' household accounts. This fee is paid by SCS and not the referred client. SCS has agreed not to charge clients referred by Schwab fees or costs greater than the fees or costs SCS charges other clients with similar portfolios who were not referred by Schwab. Schwab does not supervise SCS and has no responsibility for SCS's management of clients' portfolios or SCS's other advice or services. SCS's participation in Schwab's referral program may raise potential conflicts of interest for clients that are referred to SCS by Schwab.

For clients that are referred to SCS by Schwab, SCS pays a Non-Schwab Custody Fee if a referred client's accounts are not maintained by, or if the assets are transferred away from, Schwab though SCS would not pay this fee if the referred client was solely responsible for the decision to not keep the accounts at Schwab. SCS has an incentive to recommend that referred client accounts be held, or remain, in custody at Schwab.

For clients that are referred to SCS by Schwab, Schwab will not charge a separate custody fee but will receive commissions and other transaction-related compensation for securities trades executed through Schwab. If trades are executed through broker-dealers other than Schwab, Schwab would charge a fee for clearance and settlement of these trades which are in addition to the other broker-dealer's fees.

Directed Brokerage

Clients may instruct SCS to use one or more particular broker-dealers in managing their accounts. Clients may benefit from such direction to use a broker that also serves as custodian of the client's assets because the custodian may waive certain of the costs associated with maintaining the portfolio if a sufficient number of securities transactions in the portfolio are effected by that custodian or one of its affiliates. SCS, in its discretion, or its clients also may direct brokerage for the purpose of executing a commission recapture program that can significantly reduce the brokerage commissions paid on individual security transactions. Clients may specify whether a

particular broker/dealer is to be used even though SCS and the external investment managers may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. Clients who may be willing to direct the use of a particular broker-dealer for transactions should understand that such direction will prevent SCS and external investment managers from effectively negotiating brokerage compensation on their behalf, that best execution may not be achieved, and a disparity in commission charges may exist between the commissions charged to other clients. In this case, SCS also would not be able to aggregate orders with other clients. In directing brokerage business to brokers, those clients may lose possible advantages that other clients may have and they should consider whether the commission expenses, execution, clearance, and settlement capabilities, and (if applicable) any amount of the commissions that may be attributable to custodian fees, are comparable to those that SCS and the external investment managers could otherwise attain for its clients.

Aggregation of Client Orders

SCS may place orders of securities for two or more clients with broker-dealers if SCS reasonably believes an aggregated trade will achieve best execution. These "bunched", or block trades may result in lower commissions and better purchase or sale prices than if SCS placed multiple single orders. By aggregating trades, SCS may also avoid holding cash and securities involved in an aggregated trade longer than necessary and avoid paying additional compensation that may result from single orders. In some cases, SCS's clients have directed SCS to effect transactions through a particular broker-dealer, which may limit opportunities for batching transactions in the same securities for multiple accounts.

SCS is a fiduciary that owes each of its clients a duty of loyalty. This duty requires that each client be treated fairly and that proprietary trading by SCS or its personnel not be favored over client accounts. It is SCS's policy to aggregate (or bunch) orders of two or more clients to achieve better trade execution, provided the aggregation of such orders is in the best interest of each participating client, is fair and equitable to all clients participating in the bunched trade, and favors no client over another client.

Item 13. Review of Accounts

Nature of Review of Accounts

SCS's personnel (individually or as part of a group) monitor and review the performance of client accounts and the SCS pooled investment vehicles on a regular basis. In addition, SCS evaluates each client's individual wealth management plan periodically. This evaluation involves a review of the client's full financial landscape by such client's relationship team member and a senior investment professional to determine whether modifications in the overall wealth management plan are warranted. Within the context of seeking to implement the client's wealth management plan, SCS evaluates the composition and performance of the client's investment portfolio, including client assets allocated to external investment managers and invested in public or private investment funds. In addition to statements provided by custodians, SCS provides clients with a quarterly written statement summarizing their account.

The administrator of each SCS pooled investment vehicle generally provides investors in such entity or their designee with monthly statements (quarterly statements in the case of SCS Private Equity, Private Credit, and Private Real Assets pooled investment vehicles) setting forth estimated performance and annual audited financial statements.

Item 14. Client Referrals and Other Compensation

SCS may enter into strategic third-party marketing agreements with selected firms in order to distribute SCS pooled investment vehicles. These relationships will follow SCS's due diligence to ensure that the distribution agreement supports the strategic direction of SCS.

SCS has other business and non-business relationships with other industry participants including consultants, investment advisers, fund managers and broker-dealers. For example, the managers of investment funds or accounts in which SCS places its clients (including through the SCS pooled investment vehicles) may themselves be clients or affiliates of SCS. Similarly, individuals who are employees or principals of companies with which SCS engages in investment advisory, brokerage or other services arrangements may be, or become, clients of SCS. Although these relationships may present a conflict of interest, or the appearance of a conflict of interest, SCS will only recommend such investments or services if it believes that they are in the best interests of clients, it is nonetheless possible that these conflicts of interest might influence SCS's advice, consciously or unconsciously.

Custodian Support Services

Client assets that SCS manages must be maintained by each client in an account at a "qualified custodian," generally a broker-dealer or bank. SCS may recommend that our clients use National Financial Services, LLC, or Fidelity Brokerage Services LLC ("Fidelity"), a registered broker-dealer as the qualified custodian. While SCS may recommend that clients use Fidelity as custodian/broker, each client will decide whether to do so and will open its own account with Fidelity or another custodian/broker by entering into an account agreement directly with it. SCS does not open the account for a client, although SCS may assist clients in doing so. Even though a client's account is maintained at a custodian/broker, SCS can still use other brokers to execute trades for such client's account as described herein.

SCS has entered into an agreement with Fidelity, through which Fidelity pays for certain support services and products received by SCS to help manage and administer client accounts and to help SCS manage its client business. These services may include computer software, consulting services, research services, back-office services, recordkeeping, and client reporting.

The support to be provided by Fidelity will offset costs that SCS would otherwise be required to bear. In addition, the support services provided by Fidelity may be used by SCS to service all or a substantial number of the firm's client accounts, including accounts not maintained at Fidelity. SCS may enter into additional arrangements in the future with other brokerage firms that provide SCS with similar benefits. The receipt by SCS of these products and services from Fidelity will not reduce a client's fees, including any Management Fee or Performance Fee.

SCS's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of these arrangements. These support services are not contingent upon SCS committing any specific amount of business to Fidelity in trading commissions or assets in custody or investing in products. As part of its fiduciary duty to clients, SCS endeavors at all times to put the interests of its clients first. Clients and future clients should be aware, however, that the receipt of economic benefits by SCS in and of itself creates a potential conflict of interest. For example, SCS will not have to pay for the products and services itself. Given the benefit provided to SCS

by Fidelity, this creates an incentive for SCS to select or recommend that clients utilize this broker for custody and brokerage services. This conflict exists even though clients will not pay more for investment transactions effected by, and/or assets maintained at, Fidelity.

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For clients that are referred to SCS by Schwab, SCS pays a Non-Schwab Custody Fee if a referred client's accounts are not maintained by, or if the assets are transferred away from, Schwab though SCS would not pay this fee if the referred client was solely responsible for the decision to not keep the accounts at Schwab. SCS has an incentive to recommend that referred client accounts be held, or remain, in custody at Schwab.

For clients that are referred to SCS by Schwab, Schwab will not charge a separate custody fee but will receive commissions and other transaction-related compensation for securities trades executed through Schwab. If trades are executed through broker-dealers other than Schwab, Schwab would charge a fee for clearance and settlement of these trades which are in addition to the other broker-dealer's fees.

Focus Financial Partners, LLC

SCS's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include SCS, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including SCS. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors, and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including SCS. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause SCS to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including SCS. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

No entities have provided conference sponsorship to Focus in the last year.

Item 15. Custody

With respect to accounts over which SCS has or is deemed to have custody of client assets, SCS directs the client's qualified custodian to send an account statement at least quarterly to such client indicating all amounts disbursed from the account (including the amount of any fees paid to SCS), all transactions occurring in the account during the period covered by the statement (amount of funds and each security), and a summary of the account positions and portfolio value at the end of the period. Clients will receive account statements directly from broker dealers or other qualified custodians and clients should carefully review such statements. In addition, SCS will include in each account statement sent directly to clients a legend urging each client to compare the statements it receives from SCS with those delivered by the qualified custodian. A client may designate an independent representative to receive account statements on its behalf. The independent representative may not (a) control, be controlled by or be under common control with SCS; or (b) have, or have had within the past two years, a material business relationship with SCS.

With respect to SCS pooled investment vehicles over which SCS and/or one of its affiliates is deemed to have custody, SCS requires that each such vehicle be subject to an audit by an independent accountant and distribute financial statements, audited in accordance with U.S. generally accepted accounting principles, to investors on an annual basis.

Item 16. Investment Discretion

SCS typically enters into discretionary agreements with clients whereby SCS is granted authority to purchase and sell securities and other instruments for the client's account in accordance with investment guidelines and also provides SCS with a limited power of attorney to select, engage and replace, if necessary, external investment managers and make investments in pooled investment vehicles on the clients' behalf to implement the wealth management program. In limited circumstances, SCS will serve in a non-discretionary capacity.

SCS exercises discretion over each SCS pooled investment vehicle based on the vehicle's applicable investment objectives, policies and strategies disclosed in its private placement memorandum and set forth in its other governing documents.

Item 17. Voting Client Securities

Unless otherwise specifically directed by a client in writing, SCS will vote proxies it receives in line with the client's best interests. SCS will generally be hiring third party managers to invest the client's assets and therefore will not typically be in receipt of proxy or offering materials. However, in some cases, such as prior to the selection of a third-party manager, or in the case of investment funds, SCS may be responsible for voting client proxies. SCS utilizes a third-party proxy voting service to electronically vote client proxies based on voting criteria provided by SCS. Fund matters submitted to SCS for consent by underlying funds are reviewed and approved by SCS personnel. If SCS determines that there is a potential conflict of interest, SCS's Chief Compliance Officer shall resolve any conflict in a manner that is in the collective best interest of SCS's clients. Clients may obtain a copy of SCS's proxy voting policies and procedures as well as information regarding how SCS voted their securities by requesting this information in writing from their client representative at SCS Capital Management, LLC, 888 Boylston Street, Suite 1010, Boston, MA, 02199.

Item 18. Financial Information

Not applicable.