

## **Apax Partners, L.P.**

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Part 2A of Form ADV: Firm Brochure  
December 2013

**This brochure provides information about the qualifications and business practices of Apax Partners, L.P. If you have any questions about the contents of this brochure, please contact us at [adv@apax.com](mailto:adv@apax.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Apax Partners, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

Item 2 is not applicable to Apax Partners, L.P.

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#### **Item 4. Advisory Business**

For purposes of this brochure, the “**Adviser**” means Apax Partners, L.P. a Delaware limited partnership, together (where the context permits) with certain of its affiliates that provide advisory services to and/or receive advisory fees from funds advised by Apax Partners, L.P. (collectively, the “**Funds**” and each, a “**Fund**”). Such affiliates may or may not be under common control with the Adviser, but possess a substantial identity of personnel and/or equity owners with the Adviser. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below), or may serve as general partners of the Funds.

The Adviser provides investment supervisory services to investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”), and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”).

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives, investments are generally made in companies doing business in the Retail & Consumer, Tech & Telecom, Healthcare, Media, and Financial & Business Services sectors. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory agreements (each, an “**Advisory Agreement**”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

The Adviser is wholly owned by Apax Partners, Inc. and Apax Partners LLC. The Adviser has been in business since 2005. As of March 31, 2013, the Adviser manages a total of \$1,896,803,184 of client assets, all of which is managed on a discretionary basis.

#### **Item 5. Fees and Compensation**

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund an advisory fee (each, an “**Advisory Fee**”). Advisory Fees are paid through issuing capital calls and deducted from the accounts of the Funds quarterly in advance. Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis. To the extent a Fund utilizes a placement agent to offer and sell

interests of the Fund, the fees charged by any such placement agent may be paid by the Fund and indirectly borne by the investors in the Fund, as permitted by the Fund's organizational documents. The Advisory Fees paid by such Fund may be reduced by the amount of fees paid by the Fund to any placement agent, as set forth in the Fund's organizational documents. For Funds whose investors are not solely qualified purchasers as defined in Section 2(a)(51) of the 1940 Act, such Funds may charge an Advisory Fee of up to 2.5% per annum. The Advisory Fees for these Funds are calculated based upon capital commitments or adjusted capital contributions and may be lower than this amount at various stages during the life of such Funds.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund's Advisory Agreement, organizational documents and/or other documentation received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described below are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors. Such waivers may, in accordance with applicable Fund organizational documents, be treated as satisfying an amount of the contribution obligations of certain Adviser affiliates to the Funds and such affiliates may receive an interest in Fund profits reflecting the notional investment of such waived amount. The fee structures described herein may be modified from time to time with respect to particular investors.

The Adviser and its affiliates may perform management, advisory, transaction-related, financial advisory and other services ("**Related Services**") for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales, monitoring, break-up fees and similar fees. These fees may be substantial. Although these fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of a portion of such fees. The amount and manner of such reduction, if any, is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Additionally, a portfolio company may reimburse the Adviser for expenses (including without limitation first class travel expenses) incurred by the Adviser in connection with its performance of services for such portfolio company. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

As further set forth in the Advisory Agreements and organizational documents of the Funds, the Adviser will generally bear all costs associated with compensation of its employees, rent, utilities and office supplies. To the extent not paid by the underlying portfolio companies in which a Fund invests, the Funds will generally be responsible for all other expenses, including Advisory Board expenses, legal, accounting, consulting, origination, and diligence expenses related to the Funds' investing activities.

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

Generally, a portion of the profits of each such Fund is allocated to the capital account of and/or distributed to its general partner, if any, as “carried interest” (the “**Carried Interest**”).

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates or subject to varying hurdles (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest at a higher effective rate or subject to a lower hurdle before paying Carried Interest, or allocate investment opportunities to such Funds. Generally, as set forth in the organizational documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

## **Item 7. Types of Clients**

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “accredited investors” as defined under Regulation D under the Securities Act and in many of the Funds are also generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, insurance companies, university endowments, sovereign funds, funds of funds, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

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

The Adviser seeks to generate returns by investing in partnership with proven management teams of growth oriented companies in five core sectors: Retail & Consumer, Tech & Telecom, Healthcare, Media, and Financial & Business Services sectors. The Funds typically expect to invest a substantial majority of their assets in North American companies. The Adviser targets the most attractive opportunities around the globe and across various stages, whether buyout, growth capital or late-stage investments. Furthermore, the Adviser generally seeks to play an

active role in the development of its portfolio companies, generally through positions on a company's board of directors.

## **Risks**

There are significant risks and potential conflicts of interest inherent in investing in the Funds. Certain of these risks and potential conflicts of interest are summarized below. However, investments in the Funds are subject to additional risks not discussed herein. Prospective investors should carefully consider all of the risks related to investing in a Fund that are set forth in the private placement memorandum or other offering document for the applicable Fund.

**Recent Financial Market Fluctuations.** General fluctuations in the market prices of securities may affect the value of the investments held by a Fund. Instability in the securities markets may also increase the risks inherent in a Fund's investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise. The duration and ultimate effect of current market and economic conditions and whether such conditions may worsen cannot be predicted and it is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future.

**Business Risk of Investments.** Investments in portfolio companies in which the Funds make investments involve a high degree of business risk and uncertainty. These portfolio companies may be in a very early stage of development, may not have a proven operating history, may be operating at a loss or may have significant variations in operating results. Furthermore, these portfolio companies may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. The Funds will not necessarily have the opportunity to evaluate the relevant economic, financial and other information which will be used in the selection, structuring, monitoring and disposition of assets. In addition, the portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel.

**Leveraged Nature of Investments.** While investments in highly leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. A Fund's portfolio companies may involve high degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company.

**Highly Competitive Market for Investments.** The business of identifying and structuring transactions of the nature contemplated by the Funds is highly competitive. The Funds will be competing for investments with other private equity investment vehicles and other companies, including institutional investors. The size and number of private equity investment vehicles has grown dramatically in recent years, and it is likely that these trends will continue in the future. There can be no assurance that the Funds will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve a superior rate of return, or fully invest its committed capital.

**Time Required to Maturity of Investment.** It is anticipated there will be a significant period of time (up to five years or more) before the Funds have completed their investments in portfolio companies. Such investments may typically take from three to ten years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Funds' investments prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Funds' investments will occur for a significant period of time from the initial closing date.

**Illiquidity of Fund's Portfolio Investments.** It is anticipated that all or a substantial portion of the Funds' investments will consist of securities that are subject to restrictions on sale by the Funds because they were acquired from the issuer in "private placement" transactions or because the Funds are deemed to be affiliates of the issuer. Generally, the Funds will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. When restricted securities are sold to the public, the Fund may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under that Act. In addition, practical limitations may inhibit the Funds' ability to liquidate certain of their investments in the portfolio companies since the issuer will be privately held and the Funds will own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

**Risk of Minority Positions.** If, as part of its overall investment strategy, a Fund elects at any time to hold a minority position in one or more portfolio companies, it may not be able to exercise control over such companies.

**Risk of Facilitating Investments.** If a Fund makes a facilitating investment with the intent of refinancing such investment, there is a risk that the Fund may be unable to complete such a refinancing and may be left owning a long-term investment in a junior debt or equity security. Such a long-term investment might significantly increase the investment concentration of a Fund and would be likely to yield a lower rate of return than the other types of investments considered by the Fund.



**Adverse Consequences of Ownership of Controlling Interests in Portfolio Companies.** It is expected that a Fund will often own a controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by the Fund, contractual arrangements between the company and the Fund, and other relevant factual circumstances could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the Fund. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be thought to control, participate in the management of or influence the conduct of portfolio companies. This could expose the assets of a Fund to claims by a portfolio company, its other security holders, its creditors or governmental agencies.

**Special Risks Associated with Offshore Investments.** A Fund may invest a portion of its capital commitments in portfolio companies that are headquartered and that have their principal operations outside the United States and Canada. These investments involve special risks not typically associated with investments in the securities of U.S. issuers, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability, (b) differences between U.S. and non-U.S. securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in non-U.S. markets, the relatively greater price volatility and illiquidity of non-U.S. securities markets, (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another and the possibility of fluctuations in exchange rates, and (d) tax-related issues, including the possibility of withholding taxes, confiscatory non-U.S. taxes, and the possibility of double taxation of income earned overseas.

**Certain Regulatory Considerations.** A Fund may make investments in industries that are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities, and counties in which they operate. New and existing regulations and the burdens of regulatory compliance may have a material adverse effect on companies that operate in these industries.

**Investments in Pass-through Entities.** As more and more businesses are organized as limited liability companies, it is likely that a Fund's investment portfolio may include one or more entities treated as "pass-through entities" for federal income tax purposes. The Funds will use reasonable best efforts to avoid structuring such investment in a manner that would result in the recognition of unrelated business taxable income or income effectively connected with a U.S. trade or business if other investment structures are available that provide reasonably equivalent expected returns (*e.g.*, by holding such an investment indirectly through a corporation), but it is possible that such investments could result in (a) the generation of taxable income for a Fund and its investors, even though they will not necessarily receive the cash flow related to such taxable income, (b) the generation of UBTI for tax-exempt investors, and (c) the treatment of the Funds (and therefore their investors, including investors that are domiciled outside the United States) as being engaged in the conduct of a U.S. trade or business.

**Failure to Achieve Investment Objective.** There can be no assurance that the Funds will be able to achieve their targeted returns or achieve its investment objectives. Any given investment made by the Funds may prove to be worthless. Investors in the Funds should be able to absorb a

loss of some or all of the capital invested in the Funds.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

### **Related General Partners**

Various limited liability companies and limited partnerships, which may be owned by certain principals and employees of the Adviser, serve as general partners of the Funds. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

### **Affiliated Advisers**

Apax Partners, LLP (“**LLP**”), a United Kingdom limited liability partnership that advises various pooled investment funds and is registered with the Financial Services Authority in the United Kingdom, is affiliated with the Adviser. LLP files as an exempt reporting adviser with the Securities and Exchange Commission.

LLP has primary responsibility for providing investment advice to private investment funds that are not directly advised by the Adviser (the “**Apax European Funds**”). In addition, various other affiliated entities of LLP and the Adviser participate in providing advisory or research services to the Apax European Funds from time to time, directly or indirectly.

The Funds may from time to time participate in transactions alongside clients of an affiliated adviser. For a description of material conflicts of interest created by the relationship among the Adviser and its affiliate advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

### **Code of Ethics**

Apax has adopted a written Code of Ethics that is applicable to all of its staff, as well as staff of its affiliates, including the Adviser, and certain independent contractors (collectively, “**Apax Personnel**”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “**Advisers Act**”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Apax Personnel and their families and households may purchase investments for their own accounts, subject to the terms of the Code of Ethics. Under the Code of Ethics, Apax Personnel are also required to file certain periodic reports with Apax’s Compliance Department as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Apax Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware.

A copy of the Code of Ethics is available to any client or prospective client upon written request to [adv@apax.com](mailto:adv@apax.com).

### **Conflicts of Interest**

Affiliates of the Adviser engage in a broad spectrum of activities. As a result, there may arise instances where the interests of the Adviser or one of its affiliates conflicts with the interests of the Funds and its investors. The Adviser has adopted policies and procedures regarding the identification and management of conflicts. In addition, such conflicts are resolved in accordance with the offering and organizational documents of the Funds, which generally provide that conflicts will be presented to the Advisory Board of the applicable Fund for review. Members of the Funds’ Advisory Board may be affiliated with limited partners of the Funds. Where pursuant to Fund organizational and offering documentation the Adviser and its affiliates act in their best judgment or the best judgment of the Funds, this should generally be understood to mean the exercise of such judgment considering the interests of the Funds taken as a whole. The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund.

#### *Participation in Client Transactions*

Certain employees and affiliates of the Adviser may invest in and alongside the Funds or alongside clients of an affiliated adviser, either through the general partners, as direct investors in the Funds or otherwise. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by Funds once they are removed from the restricted list. The

investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds or in or alongside clients of an affiliated adviser they may have conflicting interests with respect to these investments. Such transactions are subject to the policies and procedures of the Adviser, including the Adviser's Code of Ethics.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

#### *Adviser and General Partner Activities*

The Adviser and its affiliates are currently, and in the future may be, engaged in work unrelated to the Funds, which may present various conflicts of interest, including in the selection of investments and the allocation of management time, services or functions among various projects.

#### *Portfolio Company Fees and Related Services*

The Adviser or its affiliates may earn fees from portfolio companies for advice on valuing, structuring, negotiating and closing portfolio investments and in connection with a range of financial services provided to such companies, including bridge financing, underwriting or private placement securities, financial advice, and merger and acquisition advice. In connection with these services, the Adviser or its affiliates may determine the interest rates and dividends on securities purchased, underwritten or placed by them. Such fees and rates may not be the result of arm's length negotiations. The payment of such fees are subject to certain offset provisions in the organizational documents of the applicable Fund, as discussed above in Item 5. To the extent that the Adviser or its affiliates receive any portfolio company fees or related service fees in connection with any co-investments, such fees will not be subject to offset.

#### *Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*

The Adviser's policy is to allocate opportunities or advisory recommendations in a manner that is consistent with its fiduciary obligations and the governing documents of each Fund. If more than one Fund will participate in an investment opportunity, the Adviser allocates the investment opportunity among the Funds based on relevant factors, determined in the Adviser's sole discretion, related to each Fund. The Adviser will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Fund. To the extent that the Adviser, the Fund investors or third parties (which may include affiliates of the Adviser) co-invest in investments of the Funds, and to the extent that the interests of the various investors differ with regard to their preferred investment strategies, this may give rise to potential conflicts

of interest for the Adviser. Generally, no investor in a Fund has a right to participate in any co-investment opportunity.

#### *Allocation of Fees and Expenses*

The appropriate allocation among the Funds of expenses and fees generated in the course of evaluating and making investments often may not be clear where more than one Fund participates. For instance, if each of the Funds is considering financing a transaction that is not consummated, allocation of the expenses generated for the account of the Funds (such as expenses of common counsel and other professionals) will be at the discretion of the Adviser. In general, the absence of clear indications to the contrary, the Funds will allocate expenses ratably according to committed capital invested or proposed to be invested. The general partners of the Funds will determine all such matters using their best judgment but in their sole discretion.

#### *Releveraging and Recapitalization Transactions*

The Funds may participate in releveraging and recapitalization transactions involving portfolio companies. Recapitalization transactions present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is lower than market value and whether new investors are paying too high a price for the company or purchasing securities with terms that are less favorable than prevailing market terms. The general partners of the Funds will generally attempt to resolve all such conflicts using their best judgment but in their sole discretion.

#### *Follow-on Investments*

Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. The general partners of the Funds will generally determine all such matters using their best judgment but in their sole discretion.

#### *Principal and Cross-Transactions*

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions may create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in a Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the allocation provisions of the relevant Funds (e.g., the organizational documents of certain Funds may provide for the

rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Funds). To the extent such matters are not addressed in Fund documents, the Adviser has adopted procedures to identify and manage conflicts, which may include reviews and referrals by various investment and conflicts committees and by the Advisory Board (or special partner) of the applicable Fund.

#### *Conflicts Relating to the General Partner and the Adviser*

The Adviser generally may, in its discretion, contract with any related person of the Adviser, or recommend to a Fund or portfolio company to contract with such person (including but not limited to a portfolio company of a Fund, or former employees or executives of the Adviser) to perform services for the Adviser, the Funds or other portfolio companies. The Funds and/or their portfolio companies may bear the costs of such dealings directly or indirectly. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

#### *Positions with Portfolio Companies*

Employees of the Adviser may serve as directors of portfolio companies. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company.

#### *Advisory Affiliates*

As described in Item 10 above, certain of the Adviser's investment adviser affiliates have their own clients. Clients of the Adviser and these affiliates may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Interests of the Adviser's clients may therefore conflict with the interests of the clients of these affiliates. The Adviser will allocate any such investment opportunity in accordance with the organizational documents of the Fund, if any, and among the relevant clients on a fair and equitable basis, as determined in its sole discretion, taking into account relevant factors, which may include but are not limited to the clients' different investment strategies, the size of the investment, the existing diversification within each client's portfolio, and other relevant investment factors.

#### *Lending Arrangements*

The partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund's general partner, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable Fund's general partner or affiliate and the Fund acting as borrower.

## **Item 12. Brokerage Practices**

As the Funds invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

For each of the Funds, the Adviser has, subject to the direction of such Fund's general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction. "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's investment or exit committee takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, costs, speed, likelihood of execution and settlement, size and nature of the transaction and other relevant considerations. Private equity transactions involve a number of important additional relevant considerations which form part of the execution factors considered by the Adviser. These may include, among other things, the availability of the investment, certainty of execution, warranties and escrow arrangements, negotiation of management rights and co-investment partners.

In order to monitor best execution, the Adviser's investment or exit committee, in consultation with the Adviser's Advisory Board, will periodically monitor broker-dealers, if any, to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser's principals. The Adviser will only make securities transactions that it in good faith believes are in the best interest of the Fund.

### **Aggregation of Trades**

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices,

including lower commission costs or mark-ups or mark-downs. The Adviser and its affiliates may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

### **Item 13. Review of Accounts**

#### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes senior staff and other investment professionals of the Adviser.

#### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund generally within 90 days after the fiscal year end of such Fund, as well as quarterly performance reports within 60 days after each fiscal quarter end or as soon thereafter as practicable. The Adviser and the applicable general partner, if any, may from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

### **Item 14. Client Referrals and Other Compensation**

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. To the extent a Fund utilizes a placement agent to offer and sell interests of the Fund, the fees charged by any such placement agent may be paid by the Fund and indirectly borne by the investors in the Fund, as permitted by the Fund's organizational documents. The Advisory Fees paid by such Fund may be reduced by the amount of fees paid by the Fund to any placement agent, as set forth in the Fund's organizational documents.



## **Item 15. Custody**

The Funds deliver audited financial statements to investors generally within 90 days after the Funds' fiscal year end, as discussed above.

## **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds and their general partners and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

## **Item 17. Voting Client Securities**

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“**Votes**”). The guiding principle by which the Adviser votes all Votes is to vote in a manner consistent with the best interests of a Fund taking into account a variety of factors determined by the Adviser, which may include, but is not limited to, the relevant Fund's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser may also determine that it is in the best interest of a Fund not to vote a proxy or to abstain from a vote. Funds generally cannot direct the Adviser's Vote.

The Adviser's Chief Compliance Officer (“**CCO**”) has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth in the Adviser's policies and procedures, including according the first priority to the best interest of the relevant Funds. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Clients may request a copy of the Adviser's policies and procedures and the Funds voting record by contacting [adv@apax.com](mailto:adv@apax.com).

## **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

## **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.