

**PART 2A OF FORM ADV  
INVESTMENT ADVISER BROCHURE**

**SUMMIT PARTNERS, L.P.**

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**March 31, 2015**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Summit Partners, L.P. (“Summit Partners”). If you have any questions about the contents of this Brochure, please contact us at (617) 824-1000. 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.**

Summit Partners is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

## **Material Changes**

Summit Partners filed its most recent Form ADV Part 2A on March 28, 2014. This annual amendment (i) updates the description of the business practices of Summit Partners and its affiliates, (ii) includes information relating to the formation of Summit Partners Public Asset Management, LLC, a newly formed advisory affiliate that is separately registered with the SEC and will primarily provide investment advice to hedge funds, and (iii) includes various other non-material changes.

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## **Summit Partners, L.P. Brochure**

### **Section 1. Advisory Business**

Summit Partners, the registered investment adviser, is a Delaware limited partnership. Summit Partners and its affiliated investment advisers provide “investment supervisory services” to their clients, which consist of private investment-related funds. Summit Partners has been in business since 1984. Summit Partners is primarily controlled by its manager, Summit Master Company, LLC. Summit Partners does not have any 25% or more owners.

The following are certain of the affiliated advisers of Summit Partners (collectively, the “**General Partners**,” and together with Summit Partners, the “**Managers**”):

- Summit Partners SD II, LLC (“**Summit SD II GP**”)
- Summit Partners IV, L.P. (“**Summit IV GP**”)
- Summit Partners SD III, L.P. (“**Summit SD III GP**”)
- Summit Partners V, L.P. (“**Summit V GP**”)
- Summit Accelerator Partners, LLC (“**SAP GP**”)
- Summit Partners VI (GP), L.P. (“**Summit VI GP**”)
- Summit Partners VC II, L.P. (“**Summit VC II GP**”)
- Summit Partners PE VII, L.P. (“**Summit VII GP**”)
- Summit Partners SD IV, L.P. (“**Summit SD IV GP**”)
- Summit Partners Europe, L.P. (“**Summit Europe GP**”)
- Summit Partners GE VIII, L.P. (“**Summit GE VIII GP**”)
- Summit Partners VC III, L.P. (“**Summit VC III GP**”)
- Summit Partners GE IX, L.P. (“**Summit GE IX GP**”)
- Summit Partners VC IV, L.P. (“**Summit VC IV GP**”)
- Summit Partners, LLC (“**Summit Management**”)
- Summit Investors Management, LLC (“**Summit Investors Management**”)

Each General Partner listed above is registered under the Advisers Act pursuant to Summit Partners’ registration in accordance with applicable SEC guidance. This Brochure also describes

the business practices of each General Partner, which operate as a single advisory business together with Summit Partners.

The Managers' clients include the following (together with any future private investment fund to which Summit Partners or its affiliates provide investment advisory services, the “**Partnerships**” or the “**Funds**”):

Private Equity/Growth Equity/Venture Funds

- Summit Ventures IV, L.P.
- Summit Ventures V, L.P.
- Summit V Companion Fund, L.P.
- Summit V Advisors Fund, L.P.
- Summit V Advisors Fund (QP), L.P.
- Summit Ventures VI-A, L.P.
- Summit Ventures VI-B, L.P.
- Summit VI Advisors Fund, L.P.
- Summit VI Entrepreneurs Fund, L.P.
- Summit Partners Private Equity Fund VII-A, L.P.
- Summit Partners Private Equity Fund VII-B, L.P.
- Summit Partners Growth Equity Fund VIII-A, L.P.
- Summit Partners Growth Equity Fund VIII-B, L.P.
- Summit Partners Europe Private Equity Fund, L.P.
- Summit Partners Venture Capital Fund II-A, L.P.
- Summit Partners Venture Capital Fund II-B, L.P.
- Summit Partners Venture Capital Fund III-A, L.P.
- Summit Partners Venture Capital Fund III-B, L.P.
- Summit Partners Growth Equity Fund IX-A, L.P.
- Summit Partners Growth Equity Fund IX-B, L.P.

- Summit Partners Venture Capital Fund IV-A, L.P.
- Summit Partners Venture Capital Fund IV-B, L.P.

#### Private Debt Funds

- Summit Subordinated Debt Fund II, L.P.
- Summit Subordinated Debt Fund III-A, L.P.
- Summit Subordinated Debt Fund III-B, L.P.
- Summit Partners Subordinated Debt Fund IV-A, L.P.
- Summit Partners Subordinated Debt Fund IV-B, L.P.

#### Accelerator Funds

- Summit Accelerator Fund, L.P.
- Summit Accelerator Founders Fund, L.P.

The General Partners each serve as general partner to one or more Funds and have the authority to make the investment decisions for the Funds to which they provide advisory services. Summit Partners provides the day-to-day advisory services for the Funds. References contained in this Brochure to the strategy and operations of a General Partner should be read to include the activities of Summit Partners and other Summit Partners affiliates that collectively engage in the investment process and ongoing management of the Partnerships' portfolio companies.

Summit Partners LLP, a UK FCA-authorized adviser, provides non-discretionary investment advisory services to Summit Partners with respect to certain non-U.S. investments.

Pursuant to an investment management agreement, Bank of America Global Capital Management (“**BOA Global**”) provides discretionary investment advisory services with respect to the short-term investment of the Funds' cash balances under the general oversight of the Managers.

In addition to the Funds listed above, Summit Partners and its affiliates advise certain other private investment funds formed to allow employees of Summit Partners and its affiliates, as well as certain other persons, to invest in certain portfolio investments made by certain Funds (the “**Summit Employee Funds**”). Such co-invest vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the Fund making the same investment.

The Funds and any other Funds that may be formed by a General Partner (or its affiliates) at a later date or that may otherwise become clients of a General Partner are expected to invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” The Managers' investment advisory services to the Funds consist of identifying

and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, the senior principals or other personnel of the Managers or their affiliates may serve on a portfolio company's board of directors or otherwise act to influence control or management of portfolio companies held by the Funds.

The Managers' advisory services for the Funds are further described in the applicable private placement memoranda (each, a "**Memorandum**") and limited partnership or other operating agreements (each, a "**Partnership Agreement**"), as well as below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion." Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints or for other agreed upon reasons. The Funds or the Managers may enter into side letters or other similar agreements with certain investors that have the effect of establishing, altering or supplementing a Fund's Partnership Agreement.

As of December 31, 2014, Summit Partners managed approximately \$8,859,867,045 in client assets on a discretionary basis.

## **Section 2. Fees and Compensation**

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. The Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

With respect to the Funds, each Fund's General Partner receives an annual management fee (the "**Management Fee**") and will receive a carried interest in connection with advisory services. Investors in the Funds also bear certain fund expenses.

Each Fund, other than the Private Debt Funds, generally pays a Management Fee equal to a specified percentage of investor capital commitments to the Fund ("**Commitments**"). The Private Debt Funds each pay a Management Fee equal to a specified percentage of Commitments plus a specified percentage of the aggregate capital contributed to such Fund. The Management Fee is typically payable by the Fund to the applicable General Partner monthly in arrears. In some cases, the Management Fee may be reduced where a particular subsequent Fund is formed. Typically, but not in all cases, the Management Fee is reduced by directors' fees, consulting fees, transaction fees and certain other fees paid by portfolio companies to a Manager or its senior principals and other personnel, including Executives-in-Residence (as described below) when such persons are within the Executives-in-Residence program (before employment with a portfolio company or holding vehicle (as described below)) (such fees, "**Supplemental Fees**"). To the extent that such a reduction would reduce the applicable Fund's Management Fee for a given period below zero, a credit will be carried forward for future application against payable Management Fees or Fund expenses, and if a credit remains upon dissolution, a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (*e.g.*, where an adverse tax consequence may result). Additionally, as further described below, there are

certain advisors, consultants and other service providers who are not considered Summit Partners personnel, including persons who have left the Executives-in-Residence Program and persons who provide advice or other services to Summit from time to time on specific transactions, that may provide services to certain portfolio companies in which one or more Funds invest who may receive compensation, including, but not limited to transaction fees and board fees, and such compensation will not result in additional offsets to the Management Fee.

Under certain of the Funds' Partnership Agreements, the General Partner waives or agrees to, or may waive or agree to, a reduction of amounts of the Management Fee, and any waived or reduced portion of such Management Fee reduces the amount of capital contributions the General Partner would otherwise be required to contribute to the Fund. Any waived portion of a Management Fee installment may be treated as a deemed capital contribution by the General Partner in respect of the General Partner's Commitment. Accordingly, the limited partners of the applicable Fund may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions.

Certain of the Funds do not pay or no longer pay Management Fees. The Summit Employee Funds do not charge Management Fees and are not subject to carried interest.

In addition, each Fund's General Partner will receive a carried interest from investors in the Funds generally equal to up to 25% of all realized profits (as more fully described in each Fund's Partnership Agreement). A General Partner typically is subject to a potential giveback obligation at the end of one or more periods during the life of a Fund, as specified in each Fund's Partnership Agreement, in the event such General Partner has received excess cumulative carried interest distributions.

It is expected that any similar future Funds will have a similar fee structure.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the applicable Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Managing Directors of Summit Partners may receive a portion of the Management Fee, carried interest or other compensation received by Summit Partners or its affiliates.

Summit Partners LLP is compensated for non-discretionary investment advisory services to Summit Partners out of the Management Fees received by Summit Partners.

BOA Global advises the Funds with respect to the short-term investment of the Funds' cash balances. To the extent that BOA Global invests any portion of the cash balances in mutual funds, the Funds will bear the fees and expenses of the mutual funds as described in the applicable mutual fund prospectus. Such fees are in addition to the fees and carried interest received by the General Partner, and except insofar as BOA Global may be compensated by the Funds indirectly via any fees and expenses paid with respect to BOA Global-sponsored mutual funds, BOA Global is not otherwise compensated by the Funds.

Subject to variations in each Fund's Partnership Agreement (and as further described therein), a Fund typically will pay all organizational and start-up expenses of the Fund and the applicable General Partner (generally subject to a specified cap), including legal, travel (which may include expenses for first class travel), accounting, filing, capital raising and other organizational expenses. A Fund will not ultimately bear any investment banking or private placement fee incurred in connection with the organization of the Fund, as the applicable General Partner will bear such fees, typically through an offset to the Management Fee. In addition to the Management Fee and carried interest payable to the applicable General Partner, as described in each Fund's Partnership Agreement, a Fund will typically bear all other costs and expenses of the Fund that are not reimbursed by portfolio companies, which may include, without limitation, legal, auditing, consulting, financing, accounting and custodian fees and expenses; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the members of the Fund's advisory board; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. A Fund also may bear expenses indirectly from the payment by portfolio companies of similar expenses, including travel, which may include expenses for first class travel. The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of the Advisers and/or their affiliates. As is typical for private equity, senior equity and senior debt funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

Subject to a Fund's Partnership Agreement, the applicable General Partner (together with Summit Partners and any applicable affiliates) will generally bear the normal and recurring operating and administrative expenses of the Fund, including, but not limited to, compensation of all of the General Partner's professional personnel and fees and expenses for administrative services, office space and facilities.

In connection with management of the Funds, Summit Partners may use consultants and other service providers. For example, Summit Partners retains a number of Executives-in-Residence that may be useful long-term resources for portfolio companies (sometimes referred to by Summit Partners as Entrepreneurs-in-Residence). When a portfolio company needs a dedicated executive, chairperson or other personnel, a person in the Executive-in-Residence program may be retained directly by the portfolio company or a holding vehicle of a portfolio company, with the cost thereafter borne by the portfolio company (or holding vehicle), upon such retention, the person, in most cases, will leave the Executive-in-Residence program. Summit Partners also maintains a network of Executive Advisors who are able to provide periodic expertise on discrete projects (sometimes referred to by Summit Partners as Executive Advisor Network or Entrepreneur Advisor Network). Executive Advisors are not expected to provide services to portfolio companies or Summit Partners on a regular basis.

Brokerage fees may be incurred by the applicable Fund in accordance with the practices set forth in Section 9 below.

### **Section 3.     Performance-Based Fees and Side-By-Side Management**

As discussed under Section 2 (“Fees and Compensation”) above, Summit Partners or its affiliates receive a carried interest allocation on certain realized profits in the Funds. A performance-based allocation is an allocation representing an asset manager’s compensation based on a percentage of net profits of the fund being managed. Summit Partners and its affiliates also advise the Summit Employee Funds, which do not charge management fees and are not subject to carried interest. This practice could present a conflict of interest because Summit Partners has an incentive to favor accounts for which it receives a performance-based fee. This potential conflict of interest is generally addressed by investing the Summit Employee Funds in each portfolio company that the applicable Funds that do charge performance-based fees invest in. Such investments are made at substantially the same time and on substantially the same terms as the investments of the applicable Funds and are disposed of in a similar manner. See Section 5, “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

### **Section 4.     Types of Clients**

The Managers provide investment advice to the Funds. The Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Summit Partners and its affiliates and members of their families, Executives-in-Residence, Executive Advisors or other service providers retained by Summit Partners.

The Funds generally have a minimum investment in the range of \$1 million to \$5 million for third-party investors, which may be waived by the General Partners, but generally will not be less than \$100,000 (or other amounts as specified by local laws and regulations). Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **General**

The principal investment strategy of the Managers is to achieve long-term capital appreciation, primarily by acquiring equity and equity-related securities and debt in private growth-oriented companies. Summit Partners invests in growth companies across many industry categories. The primary industries in which Summit Partners has invested to date include business services, communications technology and services, consumer products, education, energy, financial services, healthcare and life sciences, industrial products, Internet and information services, media and entertainment, semiconductors and electronics, and software.

*The following is a summary of the investment strategies and methods of analysis generally employed by the Managers on behalf of the Funds and a summary of certain risks involved with the Managers' investment strategy and an investment in the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis and risks are included in the applicable private placement memorandum for each Fund. There can be no assurance that the Managers will achieve the investment objectives of the Funds, and a loss of investment may be possible. The investment strategies and methods of analysis and risks described in this section also generally apply to the Summit Employee Funds.*

### **Investment and Operating Strategy**

The Managers seek to provide returns to investors by (i) using research and contacts to identify investments that the Managers believe are attractive, (ii) performing rigorous analysis and due diligence to select and structure investments, and (iii) providing significant resources to portfolio companies.

*Identification of Investment Opportunities.* The Managers originate many of the Funds' investment opportunities internally by identifying and researching industries of interest and actively pursuing leading companies within those industries, including by cold calling executives of such companies. In addition, the Managers develop contacts with research analysts and industry associations, as well as entrepreneurs, venture capitalists, investment bankers, investors, business brokers, accountants, lawyers, placement firms, and consultants, which contacts generate a significant number of investment opportunities.

*Rigorous Analysis and Diligence.* With respect to the investment opportunities that the Managers pursue actively, the Managers engage in in-depth discussions with management and conduct initial due diligence, arriving at a limited number of investments that become portfolio companies in the Funds. In evaluating potential investments, the Managers consistently maintain high standards of due diligence, engaging a team of Manager professionals who study opportunities and complete extensive management, customer, and industry reference checks.

*Managing Investments.* The Managers place great importance on holding a seat on the board of each portfolio company or on having a contractual right to attend board meetings. The Managers may provide significant resources to portfolio companies, including contacts, advice, and assistance with matters such as staffing, marketing, strategic direction, public and private financing, and mergers and acquisitions.

*Realization of Liquidity.* The Managers have a record of identifying and making attractively priced investments in promising companies and in realizing liquidity on a timely basis. The principal methods by which the Managers expect the Funds to realize gains are by sale of securities in the public market or by merger or sale of portfolio companies with or to larger corporations or to financial buyers. In many Fund investments, the Managers seek to have a controlling position and the ability to influence or control the timing and method of exit. The Managers continually review investment positions for liquidity alternatives and work with portfolio companies in planning for and realizing liquidity for investors.

## **Types of Investments**

The Funds generally will invest in operating or financial entities, including other investment entities that invest in operating companies such as partnerships or limited liability companies. Equity-related securities may include common stock, preferred stock, warrants, convertible debt, partnership or similar interests in operating entities, options and other derivative type securities. While not their principal focus, the Funds may from time to time invest in cash instruments or short-term debt instruments, including mutual funds which invest in such instruments, pending investment, reinvestment or distribution to their investors. The Funds will hold a substantial portion of their assets in restricted securities, but generally will seek registration rights or other liquidity features in connection with investments to enable them to exit the investment at an appropriate point under the individual circumstances of each investment. The Funds may use leverage in connection with their investments.

From time to time, the Managers may engage in derivatives transactions for the Funds, including option, interest rate, currency and similar transactions. Derivatives transactions will generally be used for hedging purposes.

## **Risks of Investment**

A Fund and its investors bear the risk of loss that the applicable General Partner's investment strategy entails. The risks involved with the General Partner's investment strategy and an investment in a Fund are detailed in the Fund's Memorandum. In general, the risks with respect to a particular Fund and its General Partner include, but are not limited to:

1. *Business Risks.* The Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
2. *Investment in Junior Securities.* The securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investment once made. In the event any 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, which could adversely affect the Fund's returns.

3. Concentration of Investments. The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or industry may substantially affect the Fund's aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.
4. Lack of Sufficient Investment Opportunities. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity and related subordinated debt transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will generally be required to pay annual Management Fees based on the entire amount of their Commitments.
5. Dynamic Investment Strategy. While the General Partner generally intends to seek attractive returns for the Fund primarily through making control-oriented investments in growth companies (or, in the case of venture capital Funds, venture and early-stage investments) as described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate and to the extent not prohibited by the Fund's operating documents. The General Partner may pursue investments outside of the industries and sectors in which Summit Partners has previously made investments or has internal operational experience.
6. Leveraged Investments. The Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate, and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any 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, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

7. *Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Fund investments and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners.
8. *Growth Equity Transactions.* Many of the equity Funds may invest in growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many growth equity portfolio companies will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities, and a larger number of qualified managerial and technical personnel.
9. *Reliance on Portfolio Company Management.* Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.
10. *Projections.* Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.
11. *Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* United States financial reform legislation enacted on July 21, 2010 (the "**Dodd-Frank Act**") enhances governmental scrutiny and increases regulation of the private equity industry. There can be no assurance that such increased regulation will not have an adverse impact on the Fund's activities, including the ability of the Fund to implement operating improvements, execute its investment strategy or otherwise achieve its investment objectives. The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Fund's efforts to consummate investments, both in general and relative to competing bidders outside of the alternative

asset space. As a result, the Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

12. *Need for Follow-On Investments.* Following its initial investment in a given portfolio company, the Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investment may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.
13. *Non-U.S. Investments.* The Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to the Fund's income and possible non-U.S. tax return filing requirements for the Fund and/or the partners.

The Fund's investments may be made in currencies other than the currency in which the Fund's accounts are maintained. The value of an investment may fall substantially as a result of fluctuations in the currency of the country in which the investment is made as against the value of the currency in which the Fund's accounts are maintained. The General Partner may (but is not obligated to) endeavor to manage currency exposures using hedging techniques where available and appropriate. The Fund may incur costs related to currency hedging arrangements. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis, or that such hedging arrangement will achieve the desired effect.

Additional risks include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

14. *Public Company Holdings.* The Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies,

limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals and increased costs associated with each of the aforementioned risks.

15. Director Liability. The Fund will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.
16. Uncertain Economic and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.
17. Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Following the onset of the credit crisis, the rate of investment by private funds slowed and may continue to do so as the pricing of new transactions adjusts to reflect the current economic uncertainty and any continued lack of credit in the markets. Holding periods are also likely to be longer if the rate of realizations remains slow in light of any continuing deterioration in market conditions for initial public offerings or further decline in merger and acquisition activity. The value of publicly traded securities may be volatile and such securities may be difficult to sell as a block, even following a realization through listing. The impact of the credit crisis may also affect the Fund's ability to raise funding to

support its investment objective and the level of profitability achieved upon realizations of investments.

18. Continued Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. The deterioration of the global credit markets starting in 2007 made it more difficult for investment funds such as the Fund to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, dramatically reduced investor demand for high yield debt and senior bank debt, which in turn led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Fund to realize its investments at favorable times or for favorable prices.
19. Hedging Transactions and Commodities Regulation. The Fund (including for this purpose any alternative investment entities or parallel investment entities) may hedge utilizing instruments that are regulated by the U.S. Commodity Futures Trading Commission (the "CFTC"), and in such event the General Partner and/or its affiliates intend to qualify for an applicable exemption from registration with the CFTC as a commodity pool operator ("CPO") with respect to the Fund (and/or such entities) pursuant to an exemption under CFTC Regulation 4.13(a)(3), which requires filing a notice of exemption with National Futures Association. This regulation also generally requires that (i) the limited partner interests of the Fund are exempt from registration under the U.S. Securities Act of 1933, as amended, and are not publicly marketed in the United States and (ii) at the time of the relevant hedge, with respect to the Fund's positions in CFTC-regulated instruments: (A) aggregate initial margin and related amounts required to establish such positions will not exceed five percent of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and unrealized losses on any such positions; or (B) the aggregate net notional value of such positions does not exceed 100 percent of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and unrealized losses on any such positions. Therefore, unlike a registered CPO, the General Partner and/or such affiliates would not be required to deliver a CFTC-compliant disclosure document and a certified annual report to investors. Nonetheless, the General Partner generally will provide investors with annual audited financial statements and the reports described in the Fund's Partnership Agreement or similar governing document. The General Partner and/or its affiliates may pursue an alternative exemption from CPO registration, or else register with the CFTC. Certain of the General Partners have filed a notice of exemption pursuant to CFTC Regulation 4.13(a)(3) with respect to certain of the Funds.
20. Material Non-Public Information. As a result of the operations of Summit Partners and its affiliates, Summit Partners frequently comes into possession of confidential or

material non-public information. Therefore, Summit Partners and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Summit Partners' internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

## **Conflicts of Interest**

Summit Partners and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, legal, management and other services to Funds and portfolio companies. In the ordinary course of Summit Partners conducting its activities, the interests of a Fund may conflict with the interests of Summit Partners, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

At any given time, Summit Partners and its affiliates will typically manage several other Funds in addition to a given Fund, which may include investments similar to those in which such Fund will be investing or have investments in portfolio companies in the form of securities or other investments that are not the principal focus of such Fund. Summit Partners and its affiliates may direct certain relevant investment opportunities to those other Funds. In the event such other Funds have made or may make investments in portfolio companies that a given Fund may also be interested in, the Partnership Agreement of the Fund may prohibit investments in such portfolio companies by the Fund without consent of the Fund's advisory board and/or the advisory boards of the other Funds. If such consent is obtained, the Fund and such other Funds may purchase different classes of debt and/or equity of the same portfolio company. In addition, certain of the Funds contemplate that such Funds generally will concurrently invest with other Funds. Such concurrent investments will generally be in the debt of a portfolio company in which another Fund concurrently purchases equity. Such debt investments are generally subject to specific contractual restrictions as set forth in the applicable Partnership Agreement. These and other investments may be deemed to create conflicts of interest, particularly because a General Partner and its affiliates may take certain actions for some Funds or affiliates with respect to one class of debt or equity that may be adverse to other Funds or affiliates who hold other classes of debt or equity of the same portfolio company. In the event of a conflict of interest, each applicable General Partner and its affiliates will seek to act in a manner they believe in good faith to be fair to the applicable Funds under the circumstances.

In addition, the principals of the Managers (the "**Principals**") may spend a portion of their business time and attention pursuing investment opportunities for other Funds and other than on behalf of a given Fund. However, the Principals and the applicable General Partner's investment staff will continue to manage and monitor such Fund and its investments. The General Partners believe that the significant investment of the Principals in a Fund, as well as the Principals' interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of the Principals with the interest of the Fund, although the Principals have economic interests in such other Funds as well and receive Management Fees and carried interest

therefrom. Such other Funds that the Principals may control may compete with a given Fund or companies acquired by the Fund. At such time as the applicable General Partner is permitted to raise a successor investment fund to a Fund, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

As a result of the Funds' controlling interests in portfolio companies, Summit Partners and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. Such compensation paid to board members who are not Summit Partners personnel will not offset the applicable Management Fee.

Summit Partners and/or its affiliates generally exercise their discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Summit Partners or a related person of Summit Partners (which may include a portfolio company of such Fund) or (ii) an entity with which Summit Partners or its affiliates or current or former members of their personnel has a relationship or from which Summit Partners or its affiliates or their personnel otherwise derives financial or other benefit. This subjects Summit Partners to conflicts of interest, because although Summit Partners selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Summit Partners may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Summit Partners, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Summit Partners has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Additionally, a portfolio company typically will reimburse a Manager or service providers retained at a Manager's discretion for expenses (including without limitation travel expenses) incurred by such Manager or such service providers in connection with its performance of services for such portfolio company. This subjects Summit Partners and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. A Manager determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to a Manager or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Summit Partners and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Summit Partners and/or its affiliates; conversely, former personnel or executives of Summit Partners and/or its affiliates may serve in significant management roles at

portfolio companies or service providers recommended by Summit Partners. Similarly, Summit Partners, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Summit Partners and/or its affiliates, and/or the Funds or other investment vehicles they advise. Summit Partners may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Summit Partners information about markets and industries in which Summit Partners operates (or is contemplating operations) or will provide other services that are beneficial to Summit Partners. Summit Partners may have a conflict of interest in making such recommendations, in that Summit Partners has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Summit Partners, its affiliates, and equityholders, officers, principals and employees of Summit Partners and its affiliates may buy or sell securities or other instruments that Summit Partners has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to the policies and procedures set forth in Summit Partner's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Summit Partners and/or an affiliate, are reimbursed by a Fund and/or its portfolio companies, Summit Partners and/or its affiliates may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to third party consultants (including Executive Advisors and other consultants introduced or arranged by Summit Partners and/or its affiliates that may from time to time provide services to one or more portfolio companies) and other third-party service providers, and such fees do not offset the Management Fee as described herein. Executive Advisors may make use of Summit Partners resources or otherwise be associated with Summit Partners. Summit Partners and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Although the use of Executive Advisors and other consultants and the allocation of compensation paid to them by Summit Partners, its affiliates and/or the portfolio companies may subject Summit Partners and/or its affiliates to potential conflicts of interest, Summit Partners believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Executive Advisors and/or other consultants is lower than market rates for the services provided and/or if the quality of the services of the Executives Advisors and/or other consultants make a greater contribution to the success of the portfolio company. Although Summit Partners seeks to retain Executive Advisors with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of

factors may result in limited or no cost savings from such retention. Summit Partners also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Summit Partners believes will align such persons' interests with those of the Funds' limited partners. As noted above, Executive Advisors are not expected to provide services to portfolio companies or Summit Partners on a regular basis.

Because a General Partner's carried interest is based on a percentage of realized profits of the respective Fund, it may create an incentive for the General Partner to cause the applicable Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Summit Partners may not otherwise have done so.

Summit Partners may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects Summit Partners and/or its affiliates to potential conflicts of interest. Summit Partners attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Summit Partners' advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Summit Partners will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Summit Partners consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

## **Section 5. Disciplinary Information**

Summit Partners and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

## **Section 6. Other Financial Industry Activities and Affiliations**

Summit Partners is affiliated with other Summit Partners investment advisers that are registered with the SEC under the Advisers Act pursuant to Summit Partners' registration in accordance with applicable SEC guidance. These advisers are Summit SD II GP, Summit IV GP, Summit SD III GP, Summit V GP, SAP GP, Summit VI GP, Summit VC II GP, Summit VII GP, Summit SD IV GP, Summit Europe GP, Summit GE VIII GP, Summit VC III GP, Summit GE IX GP, Summit VC IV GP, Summit Management and Summit Investors Management. These affiliated investment advisers operate as a single advisory business together with Summit Partners and serve as General Partners of the Partnerships and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. Summit Partners is also

affiliated with Summit Partners Credit Advisors, L.P., Summit Partners Credit GP, L.P., Summit Partners Credit A-1 GP, L.P., Summit Partners Credit II, L.P., Summit Partners Credit A-2, L.P., Summit Partners Public Asset Management, LLC, and Summit Partners Alydar GP, L.P., each of which is separately registered or deemed registered as an investment adviser with the SEC under the Advisers Act.

Summit Partners has adopted certain policies and procedures to minimize any conflicts of interest between the Funds advised by Summit Partners, Summit Partners Public Asset Management, LLC and Summit Partners Credit Advisors, L.P. The Funds advised by Summit Partners, Summit Partners Public Asset Management, LLC and Summit Partners Credit Advisors, L.P. have substantially different investment programs. Each of Summit Partners, Summit Partners Public Asset Management, LLC and Summit Partners Credit Advisors, L.P.'s investment activities are generally performed independently; however, each may leverage Summit Partners' internal deal sourcing network and internal contacts when performing investment activities.

Summit Partners LLP, a UK FCA-authorized adviser, provides non-discretionary investment advisory services to Summit Partners with respect to certain non-U.S. investments.

#### **Section 7. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Managers have adopted the Summit Partners Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of the Managers' Principals and employees and addresses conflicts that arise from personal trading. The Code requires the Managers' personnel to report their personal securities transactions and, subject to certain exceptions, prohibits the Managers' personnel's direct or indirect acquisition of beneficial ownership of securities without first obtaining approval from the Managers' Chief Compliance Officer. In addition, the Code requires the Managers' Principals and employees to comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any client or prospective client upon request to Robin W. Devereux at 617-824-1000 or [RDevereux@summitpartners.com](mailto:RDevereux@summitpartners.com). Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

The Managers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Managers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Managers. Accordingly, should the Managers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Managers would be prohibited from communicating such information to clients, and the Managers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of

Summit Partners personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Managers and their affiliates may directly or indirectly own an interest in Funds, including certain co-investment vehicles. Such co-investment vehicles may invest in one or more of the same portfolio companies as the Funds. The Managers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the Managers with the Funds.

Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, the Funds may invest together in the manner set forth in the applicable Partnership Agreement. The Managers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Managers' fiduciary obligations and consistent with the applicable Funds' underlying documents. In the case of co-invests, the Managers may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in the Funds' portfolio companies or otherwise to have priority in co-investment opportunities.

The Managers and their affiliates, Principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to other accounts or certain Funds or vehicles which may differ from advice given to, or securities recommended or bought for, other Funds or vehicles, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds sponsored by Summit Partners (the "**Referenced Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other Funds in issuers held by such Referenced Funds or may give priority with respect to investments to such Referenced Funds. Some of these restrictions could be waived by investors (or their representatives or advisory boards) in such Referenced Funds. However, the Managers may or may not, in their sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

The Managers may recommend the purchase or sale of securities for Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the Managers or the Funds. Certain of these transactions may require the consent of the applicable clients or Funds.

## **Section 8. Brokerage Practices**

The Managers focus on securities transactions of private companies and generally purchase and sell such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Managers may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Managers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Managers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Managers. In such event, the Managers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Managers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Managers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Managers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Managers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Managers generally do not make use of such services at the current time. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Managers’ Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Managers, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Funds. Research services may be shared between the Managers and their affiliates.

The Managers will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, the Managers may, in their discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Managers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Managers would not be required to

place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Managers will periodically determine which brokers have provided research that has been helpful in the management of the Funds. To the extent consistent with the Managers' goal to obtain best execution for their clients, the Managers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Managers allocate brokerage business on the basis of research services, they may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on their Funds' interest in receiving most favorable execution.

The Managers do not anticipate engaging in significant public securities transactions; however, to the extent that the Managers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Managers may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Managers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Managers is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Funds over time.

## **Section 9. Review of Accounts**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Managers closely monitor companies in which the Funds invest, and the Managers' Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

The Managers place great importance on holding a seat on the board of each portfolio company or on having a contractual right to attend board meetings, and may otherwise act to influence management or control of companies held by the Funds, including through approval rights.

The Funds generally provide to their limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's

tax return, and (iii) quarterly reports describing the status of each investment in the Partnership's portfolio (including the General Partner's estimate of the fair value of each investment determined as set forth in the Partnership Agreement). In the case of Summit Accelerator Founders Fund, L.P., the fund prepares reports on a semi-annual basis.

#### **Section 10. Client Referrals and Other Compensation**

As discussed in the "Fees and Compensation" section, the Managers and/or their affiliates may receive certain Supplemental Fees from a Fund's portfolio companies. As described in the applicable Fund's Partnership Agreement, this compensation is generally offset against the Management Fees paid by the Funds.

From time to time, Summit Partners may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such third parties will be borne by Summit Partners directly or indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Funds. Summit Partners expects to retain a non-U.S. finder to solicit commitments from non-U.S. investors in exchange for a non-refundable, consulting fee equal or other compensation, in addition to the reimbursement of certain expenses.

#### **Section 11. Custody**

The Managers maintain custody of the Funds' assets held in the Funds' names with the qualified custodians listed below:

- Bank of America, N.A., located at 100 North Tryon Street, Charlotte, North Carolina 28255
- Citigroup Global Markets Inc., located at 338 Greenwich St., New York, NY 10013
- Credit Suisse Securities (USA) LLC, located at Eleven Madison Avenue, New York, NY 10010
- Silicon Valley Bank, located at 3003 Tasmann Drive, Santa Clara, CA 95054
- Merrill Lynch, Pierce, Fenner & Smith Incorporated, located at 600 California Street, 8th Floor, San Francisco, CA 94108
- Liquidnet, Inc., located at 498 Seventh Avenue, 15th floor, New York, New York 10018
- Goldman Sachs, located at 20 West Street, New York, NY 10282

#### **Section 12. Investment Discretion**

Each Manager has discretionary authority to manage investments on behalf of the applicable Fund. As a general policy, the Managers do not allow clients to place limitations on this

authority, provided that the Partnership Agreement of a Fund may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the applicable Partnership Agreement, however, a Manager may enter into “side letter” or similar arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in the Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons or for other agreed upon reasons. The applicable Manager assumes this discretionary authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the limited partners of the Fund.

### **Section 13. Voting Client Securities**

In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures (the “**Policy**”) to address how any Manager will vote proxies, as applicable, for the Funds’ portfolio investments. The Policy seeks to ensure that the applicable Manager votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds’ investors through the Managers’ Principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict of interest between the applicable Manager and the Funds in voting proxies, the Policy provides that the Manager may address the conflict using several alternatives, including by seeking the approval or concurrence of the Funds’ advisory board on the proposed proxy vote or through other alternatives set forth in the Policy. The Managers do not consider service on portfolio company boards by Manager personnel or Principals or the Managers’ receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. A copy of the Policy or information regarding how the Managers voted proxies for particular portfolio companies will be provided to clients or prospective clients at no charge upon request to Robin W. Devereux at 617-824-1000 or [RDevereux@summitpartners.com](mailto:RDevereux@summitpartners.com).

### **Section 14. Financial Information**

Summit Partners does not require or solicit prepayment of Management Fees more than six months in advance and does not have any other events requiring disclosure under this item of the Brochure.