



Vista Equity Partners

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September 1, 2015

This brochure provides information about the qualifications and business practices of Vista Equity Partners Management, LLC. If you have any questions about the contents of this brochure, please contact us by phone at (415) 765-6500 and/or Gwen Reinke, Chief Compliance Officer, at GReinke@vistaequitypartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Vista Equity Partners Management, LLC is a registered investment adviser with the SEC. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

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



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Item 2: Material Changes

This brochure has been amended since its most recent filing on July 14, 2015. This section provides a summary of the material changes since the last filing:

- Amended to reflect the name change of one of the relying advisers from Vista Investment Partners Management, L.P. to Vista Public Strategies Management, L.P.
- Updated Item 8 to include additional risk factors



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Item 3: Table of Contents

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Item 4: Advisory Business

Vista Equity Partners Management, LLC, a Delaware limited liability company, together with its predecessors Vista Equity Partners III, LLC and Vista Equity Partners, LLC, which was previously named Vista Capital Partners, LLC, Emerging Technologies Management, LLC, ETI Management, LLC, its affiliated advisers Vista Public Strategies Management, L.P., Vista Credit Opportunities Management, L.P., VFF Management, L.P. and VEPF Management, L.P., and with certain of their affiliates (“Vista” or “Adviser”), provide advisory services to and/or receive Management Fees from pooled investment vehicles or “Funds” (defined below). These affiliates are formed for tax, regulatory or other purposes in connection with the organization of the pooled investment vehicles, or serve as general partners of the pooled investment vehicles (collectively, the “General Partners”). In addition, Vista receives compensation for management or other services performed in connection with co-investments made in portfolio companies of the Funds.

The primary focus of Vista’s investment advisory activity is identifying investment opportunities and participating in the acquisition, management, monitoring and disposition of investments for pooled investment vehicles. Vista provides investment advisory services primarily related to investments in businesses that provide enterprise software, data and technology enabled solutions (“enterprise software companies”) and the global technology, media and telecommunications sectors (“TMT”). Vista’s pooled investment vehicles consist of private equity funds that primarily acquire controlling interests in lower middle-market to upper middle market enterprise software companies (the “Equity Funds”), credit funds that originate and invest in privately negotiated debt securities in enterprise software companies (the “Credit Funds”), and a long/short equity hedge fund that pursues a fundamentals driven, research intensive strategy that focuses on global technology, media and telecommunications sectors (the “Hedge Fund”) (the Equity Funds, Credit Funds and Hedge Fund together are referred to as, “Funds”). The Funds are not registered under the Investment Company Act of 1940, as amended (“1940 Act”) and their securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). A list of the Funds may be found in the Form ADV Part 1A.

Investments on behalf of the Funds include (or may include in the future) leveraged acquisitions and recapitalizations of private equity investments (in “portfolio companies”); unlevered buyouts and minority equity investments in growth companies; equity and equity-related securities that are traded publicly in U.S. and non-U.S. markets; first and second lien debt investments in enterprise software companies; and among other things, mezzanine/private placements; structured products; other credit-based securities and claims; short sales; preferred stocks; convertible securities; warrants; rights; bonds and other fixed income securities; options; swaps and other derivative instruments; commodity interests; futures; options on futures; exchange traded funds; currency hedging transactions; non-U.S. currencies; money market instruments; cash and cash equivalents. In addition, certain Equity Funds have invested in the Hedge Fund. In each case, Fund investments are consistent with the investment objectives and strategies, as defined by the applicable private placement memoranda, investment management agreements, limited partner agreements and other governing



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documents (together, “Governing Documents”).

On behalf of the Equity Funds, Vista primarily invests in opportunities in which Vista believes it can drive operational change. Vista seeks to accomplish that through its strategy to become significantly involved with the management and operations of its portfolio companies by applying its proprietary set of Vista Standard Operating Procedures (“VSOPs”), as implemented by Vista Consulting Group (“VCG”), a Vista affiliate. The VSOPs are operational best practices specific to the types of enterprise software businesses in which Vista invests.

Vista tailors its services to the specific investment objectives and restrictions of each Fund pursuant to the applicable investment guidelines and restrictions, and subject to specific terms and conditions set forth in the Fund’s Governing Documents which are generally provided to each investor (“Investor” or “Limited Partner”) within the Fund. Investors should refer to the Governing Documents of the applicable Fund for complete information on the investment objectives, restrictions and guidelines of the particular Fund and the services Vista provides to the Fund.

In addition to providing investment advisory services to the Funds, Vista currently sponsors a co-investment program pursuant to which investors may co-invest in investments alongside one or more of the Equity Funds or through one or more co-investment vehicles. Additionally, from time to time, Vista may also provide (or agree to provide) certain other investors or other third parties the opportunity to participate in co-investment vehicles that will invest in certain portfolio companies alongside one or more Funds. Any such co-investment vehicle typically invests in the applicable private investment at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investment vehicle may purchase a portion of an investment from a Fund.

Vista enters into side letter agreements with certain Investors in the Funds which provide (or may provide in the future) such Investors with different or preferential rights or terms, including but not limited to different fee structures, information, notice or reporting rights, co-investment rights, and liquidity or transfer rights. Vista has no obligation to offer all such additional rights, terms or conditions, to any other Investors in the Funds, except to the extent required by the Governing Documents of the applicable Funds. Once invested in a Fund, Investors generally cannot impose additional investment guidelines or restrictions on such Fund.

As of December 31, 2014, Vista manages approximately \$15,767,941,000 of assets on a discretionary basis. Regulatory assets under management as noted herein include committed capital for the Funds.



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Item 5: Fees and Compensation

As compensation for investment advisory services rendered to the Funds, the Adviser or an affiliated General Partner receives a management fee (each, a “Management Fee”) and performance-based fees from the Funds, including carried interest and incentive allocations (discussed in Item 6 below), pursuant to such Fund’s Governing Documents. Except as otherwise agreed, the General Partner and Limited Partners who are affiliates, employees or other designees of Vista will not be subject to the Management Fee or other performance-based fees. Alternatively, Vista allows eligible employees to participate in vehicles that invest alongside the Funds and which do not charge Management Fees or performance-based fees or allocations (“Employee Vehicles”). Management Fees paid by a Fund are indirectly borne by Investors in such Fund, but such Management Fees are added to the cost of investment prior to any performance-based fees (as discussed below in Item 6) taken by the Adviser. Vista and its affiliates also earn other fees as described below.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund is set forth in the Governing Documents. The Management Fees and other fees are generally subject to waiver or reduction by Vista in its sole discretion, both voluntarily and on a negotiated basis with selected Investors. Fees may differ from one Fund to another, as well as among Investors in the same Fund.

Any such waived or reduced portion of the Management Fee reduces the amount of capital the Fund’s General Partner would otherwise be required to contribute to such Fund as part of its commitment. The Fund’s Investors other than the General Partner may be required to make a pro rata contribution according to their respective capital commitments to the Fund. Any contribution that would otherwise be required of the Fund’s 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 of Investor capital contributions. Waived or reduced Management Fees generally are not subject to any reduction of the Management Fee described below. Due to waived or reduced management fees by a Fund’s General Partner and/or timing of receipt of compensation subject to Management Fee offsets (as described below), it is possible that such offsets will not be fully realized by Investors in such Fund until liquidation of the Fund and the refunding of any unapplied offset (as described below), resulting in a benefit to the General Partner until such liquidation.

Equity Funds

As compensation for advisory services rendered to the Equity Funds, Vista (or one of its affiliates) charges an annual Management Fee equal to a percentage of an Investor’s committed capital during the commitment period and thereafter on invested capital. The Equity Funds will pay Vista, an affiliate, or the General Partner, an annual management fee, payable semi-annually, in advance. Currently the maximum management fee payable is equal to 2% annually of aggregate commitments. After the expiration of the Investment Period (as defined in the



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Governing Documents), the Management Fee will equal up to 2% per annum of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down.

The Management Fee will commence as of the initial closing date based on aggregate commitments (as defined by the Governing Documents), regardless of when a Limited Partner is actually admitted. Limited Partners participating in a subsequent closing after the initial closing date will be assessed Management Fees retroactive to the initial closing date. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded Commitments.

Credit Funds

Vista, an affiliate, or the General Partner, earn an annual Management Fee, payable semi-annually in advance, equal to up to .75% of total aggregate face value of all investments (including leverage) of the Credit Funds as determined on the first day of the period with respect to which determination is being made.

Hedge Fund

Vista, its affiliates, or the General Partner will receive a quarterly Management Fee paid in advance, as of the first business day of each calendar quarter, equal to up to 1.75% on an annualized basis from the Hedge Fund. The Management Fee is paid by each Investor based on the balance of each Investor's capital account at the beginning of the quarter. The Management Fee will be prorated for partial periods.

For all Funds, Vista debits management fees directly from a Fund's custodial accounts and Investors are not invoiced for Vista's services.

Fund Expenses

The Funds will pay costs and expenses designated in the Governing Documents as expenses to be borne by the relevant Fund. Expenses borne by a Fund (and as a result the Investors) can be substantial and will reduce returns to Limited Partners. Please refer to each Fund's Governing Documents for a more complete description of the expenses permitted to be borne by the Fund.

From time to time, a Fund may pay an expense common to multiple Funds (e.g., legal expenses for a transaction in which multiple Funds participate), and be reimbursed by the other Funds for their share of such expense, without interest.



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Equity and Credit Funds Fund Expenses

Limited Partners in an Equity or Credit Fund indirectly bear expenses associated with the Fund based on the Investor's pro rata commitment to the Fund. In addition to the Management Fee and carried interest, the Fund will pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies (for travel, including chartered or first class airfare, lodging and any other out-of-pocket expenses incurred in connection with the investigation, making, monitoring and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including legal; auditing; consulting (including, without limitation, the costs of any third-party valuation agents or pricing services); financing; accounting, asset administration, and custodian fees and expenses; expenses of portfolio tracking facilities; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s, any other Fund-related reporting or filing obligations; regulatory related fees (including fees and expenses related to the preparation and filing of Form PF); out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the Advisory Committee (as defined in Item 11) and annual meetings of the Limited Partners; insurance (including directors and officers insurance); 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 Funds.

The Funds will pay or reimburse the General Partner for the Fund's and its affiliated entities' organizational and startup expenses (as further set forth in the Governing Documents), including legal, travel, accounting, filing, printing, capital raising and other organizational expenses. The General Partner will bear the cost (through an offset against the Management Fee or otherwise) of all organizational expenses in excess of amounts described within each Fund's Governing Documents. The fees of placement agents, if any, will not be subject to the foregoing cap and will be paid by the Fund (through an offset against the Management Fee or otherwise).

To the extent co-investment vehicles or similar entities are formed in connection with a proposed transaction that is not consummated, expenses relating to such co-investment vehicles or similar entities may be borne by other Funds.

Hedge Fund Expenses

The Hedge Fund will bear all costs, expenses, liabilities and obligations relating to its activities, investments and business, including all costs, expenses, liabilities and obligations that Vista reasonably determines to be related to the investment of the Hedge Fund's assets, including, without limitation, all fees and expenses incurred in connection with credit facilities (including commitment fees incurred in connection with such facilities and accounting and legal fees and expenses incurred in connection with negotiating such facilities); margin and other interest expenses and transaction fees; brokerage commissions; expenses relating to short sales; clearing and settlement charges; costs of swaps or derivative instruments; hedging costs; bank



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service fees and interest expense; the costs of investigating actual or potential investments, including without limitation travel (including charter or first class travel) and lodging expenses and other third-party fees (including the Hedge Fund's share of expenses, due diligence and other costs related to the acquisition, holding or disposition, bankruptcy or restructuring of investments (in each case, whether or not the related transaction is consummated); legal; accounting; auditing; insurance (including directors and officers and errors and omissions liability insurance); custodial, consulting, finders', financing, appraisal (including, without limitation, the costs of any third-party valuation agents or pricing services); filing and other fees and expenses (including expenses associated with the preparation or distribution of the Hedge Fund's financial statements, tax returns and any related reporting to Limited Partners or any other administrative or other Hedge Fund-related reporting or filing, as well as the costs of printing and mailing, or transmitting or otherwise making available electronically, reports and notices); all out-of-pocket fees and expenses incurred by the Vista or its affiliates in connection with any meetings of the Limited Partners; any taxes, fees or other governmental charges levied against the Fund not otherwise allocated to any Partner; costs and expenses that are classified as extraordinary expenses under GAAP; any regulatory related fees or expenses related to the Hedge Fund (excluding, for the avoidance of doubt, any fees and expenses related to the preparation and filing of any Form PF, Form ADV and any other registration or filing obligations not directly related to the Fund); the fees and expenses of the Administrator; organizational expenses (including the costs of preparing any agreements and documents relating to the formation of the Hedge Fund and the initial offering of interests); expenses relating to the offer and sale of the Interests (including legal, travel and lodging, printing and mailing expenses); and other similar expenses related to the Fund.

Equity Fund Portfolio Company Fees and Expenses

Vista, and its affiliates have received or may receive in the future break-up fees, closing fees, monitoring fees, directors' fees or other similar fees from portfolio companies (collectively, "Portfolio Company Fees"). Generally, Portfolio Company Fees are in addition to out-of-pocket costs and expenses incurred by Vista in connection with any consummated or unconsummated transaction or in connection with generating any such fees. Portfolio companies reimburse Vista for expenses (including, without limitation, expenses related to training programs, meetings and other events (to the extent that such programs, meetings or events are attended by portfolio company personnel), certain entertainment expenses (to the extent that such expenses are attributable to portfolio company usage), travel expenses (which include expenses for chartered or first class travel), and expenses relating to recruiting, relocation and background checks for portfolio company positions) incurred by Vista in connection with its performance of services for such portfolio company, as well as consulting fees [and other cash and non-cash compensation] and expenses incurred. Subject to any applicable Management Fee offsets (as described below), as set forth as discussed above in the Governing Documents and above, Vista or its affiliates are reimbursed by a portfolio company with respect to Vista or its affiliates providing services to such portfolio companies.



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Vista and/or its affiliates generally have discretion over whether to charge such fees including the timing and/or amount thereof. In many cases, there is not an independent third-party involved on behalf of the relevant portfolio company negotiating fees charged by Vista, its affiliates and VCG. Therefore, a conflict of interest may exist in the determination of any such fees with the portfolio company; see discussion of conflicts of interest in Item 11.

Further, VCG receives fees (which include options granted to VCG employees as compensation) from portfolio companies related to consulting, management and other services for portfolio companies. In general, these services are being provided to implement and install the VSOPs and/or to provide specific shared business services at particular portfolio companies of the Funds (“VCG Fees”). The VCG services are typically charged at a rate so that VCG will operate at or near break-even, as assessed on an annual basis by Vista, and are in exchange for services that the portfolio companies would otherwise need to engage third party providers. Unlike Portfolio Company Fees described above, each of which are shared with the Funds and their Investors through reductions or offsets against Management Fees, VCG Fees are retained by VCG and are in addition to the Management Fee paid by the Funds to Vista. Notwithstanding the foregoing, the Governing Documents of certain Funds provide for threshold VCG Fees, the excess of which need to be applied as a management fee offset (see further discussion below).

Vista has, and may permit in the future, certain investors to co-invest in portfolio companies alongside one or more Funds. If a co-investment vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds, although, from time to time, the Fund alongside which a co-investment vehicle is investing may bear such costs directly or indirectly. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle may bear its share of such broken deal expenses. The management fees, carried interest and expenses borne by investors in Vista’s co-investment program are described in the governing documents of the relevant vehicles.

Additionally, portfolio companies of the Equity Funds have also been and may in the future become counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Equity Funds that involve fees and/or servicing payments to Vista or its affiliates. For example, portfolio companies are generally afforded the option (but are not required to) participate in a program with Vista, its affiliates and other portfolio companies pursuant to which VCG negotiates favorable procurement arrangements. As part of this program, Vista and VCG have also from time to time and may in the future receive the favorable procurement arrangements. Fees associated with these programs are shared by the portfolio companies choosing to participate in the program (such fees being designed to cover



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the cost of administering the program). These fees generally are not subject to Management Fee offsets or otherwise shared with the relevant Funds.

Management Fee Offsets

The Management Fees for the Equity, Credit and Hedge Funds are offset, partially or fully, as detailed within each of the respective Funds' Governing Documents, by fees including, but not limited to, transaction fees, consulting fees (which are in addition to the VCG fees described above), placement agent fees, monitoring fees, or similar fees from portfolio companies in a Fund for services provided by Vista. In certain Equity Funds, the management fee offset may include a portion of the VCG Fees related to VCG services provided to the portfolio companies in the Equity Funds if they are charged in excess of an agreed upon amount per annum. Vista and its affiliates, receive from certain portfolio companies, fees related to consulting, advisory or similar services at market rates that are not included in the Management Fee offset described above. VCG employees may also receive, as compensation, options granted by portfolio companies, and the value of such options also will not be included in the Management Fee offset described above. In addition the Hedge Fund's Management Fee, performance or other incentive allocations will be waived for any Equity Fund that invests in the Hedge Fund. Lastly, any fees and expenses payable to placement agents (including PriviEdge as described in Item 14 below) in connection with placement services will be offset against the applicable Fund's Management Fee.

Vista reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment may be treated as a deemed capital contribution by the General Partner and its affiliates in respect of the General Partner's Commitment after the date such waived amount would otherwise be due.

Additionally, subject to the applicable Governing Documents of each Fund, Vista from time to time retains certain consultants, including VCG, to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such consultants generally may provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. Consultants may receive compensation, including but not limited to consulting fees and expense reimbursements, profits or equity interests in a portfolio company, profits or equity interests in one or more Funds or General Partners, options granted by a portfolio company or other compensation, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such consultants, hours worked by a consultant, a percentage of the value of a portfolio company, or amounts charged by other providers for comparable services. With the possible exception of VCG excess fees, as discussed above under "Management Fee Offsets", no such compensation will offset the Management Fee. The use of consultants subjects Vista to conflicts of interest.



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

As indicated in Item 5 above, the Funds pay performance-based fees, including the payment of carried interest or incentive allocations, which vary across the Funds. The General Partner, or an affiliate, of each Fund receives performance-based fees from the Fund it manages. The precise amount of, and the manner and calculation of, carried interest and incentive allocations are detailed in each applicable Fund's Governing Documents. Performance-based fees differ from one Fund to another, as well as among Investors in the same Fund.

Performance fees or carried interest profit or incentive allocations are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder ("Rule 205-3"). Vista seeks to ensure that each Investor that is directly or indirectly assessed these fees satisfies the requirements of Rule 205-3.

The Adviser manages one or more Funds, for which it receives a different level of investment advisory or performance-based fee, thereby facing a conflict of interest. Because Vista could receive greater compensation from certain Funds, it may have an incentive to favor Funds or take increased investment risk on behalf of Funds for which it receives a larger performance-based fee. Vista may have an incentive to disproportionately allocate investment decisions with respect to investments with limited availability such as small capitalization securities.

Further, the existence of performance-based fees may create an incentive for the General Partner to make more speculative portfolio investments on behalf of the Fund than it would otherwise make in the absence of such performance-based arrangement.

Vista has established procedures to address these potential conflicts of interest to ensure that transactions and investment opportunities are allocated to the Funds on a fair and reasonable basis and in accordance with each Funds' investment guidelines and governing agreements.

Equity and Credit Funds Performance Allocations

Limited Partners in the Equity Funds are subject to carried interest. The General Partner will not participate in profits until the Funds cumulative distributions of investment proceeds to each Limited Partner exceed a certain preferred return hurdle on such Limited Partners' contributed capital as detailed in the governing agreements for each Equity and Credit Fund.

Performance fees or carried interest for the Equity Funds generally do not exceed 30% of profits and are subject to preferred return hurdles up to 10%. For the Credit Funds, the carried interest generally does not exceed 15% of profits and are subject to an 8% preferred return hurdle.



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Hedge Fund Incentive Allocation

The Hedge Fund expects to charge an incentive allocation equal to 20% of the excess of the aggregate net profits (as defined in the Hedge Fund Governing Documents) attributable to each investor, which is allocated to the Hedge Fund's General Partner, either at the end of the fiscal year (or other period), or upon withdrawal of capital. For withdrawals and transfers, the incentive allocation only applies with respect to the amount of capital withdrawn or transferred.

Carried interest and incentive allocation are subject to modification, waiver or reduction in Vista's sole discretion. Vista, its affiliates and certain of its professionals or others who are not employees of Vista or its affiliates, but who have a pre-existing business relationship with Vista may invest alongside a Fund. Fees assessed, including carried interest or incentive allocation and management fees have been and may be in the future, substantially reduced or as is more typical waived altogether for these investors.

Item 7: Types of Clients

Vista currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds 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 "qualified purchasers" as defined in the 1940 Act, and include U.S. and non-U.S. corporations, endowments, estates, foundations, banks or thrift institutions, state or municipal government entities, high-net worth individuals, corporate and state pension and profit-sharing plans, Taft-Hartley plans, pooled investment vehicles and trusts, and include, directly or indirectly, principals or other employees of Vista. 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 requested to refer to the Governing Documents of the applicable Fund for complete information on the minimum investment requirement for participation in that Fund. Vista does, however, maintain discretion to individually waive, increase or reduce the minimum investment commitment required for any of its Funds (and has done so in the past).

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

Methods of Analysis and Investment Strategies

Equity Funds

Vista invests equity and (where permitted by Governing Documents) debt interests of private



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portfolio companies on behalf of the Equity Funds it manages. Vista invests in different structures such as leveraged buyouts and take-private transactions as well as recapitalizations, private investment in public equity, carve-outs and general buyouts. While Vista prefers to obtain control of its investments through majority ownership, it does invest in minority equity positions in growth companies. The unifying theme across Vista's various investment structures is the ability to seek to influence the outcome of the investment through the application of its proprietary set of VSOPs.

Vista uses a proprietary process to evaluate potential investment opportunities, structure and execute transactions, and implement value-added operational strategies. Vista has established strong relationships with boutique and bulge bracket investment banks, current and former software company executives, board directors and industry consultants who have access to investment opportunities. Vista believes its focus and experience in enterprise software and related businesses has helped to establish its investment team's strong reputation and credibility which is influential in encouraging intermediaries to bring Vista relevant deal flow.

Vista augments its opportunities brought by traditional channels with proprietary deal sourcing. Vista routinely conducts research into different niche vertical software markets, routinely identifying numerous small and medium sized enterprise targets within each segment. This research process helps Vista understand the dynamics, competitors, trends, risks and opportunities of a segment, enabling Vista to target select companies and approach them regarding a sale of their business.

The Equity investment team at Vista takes a disciplined, analytical approach to deal execution. The team typically uses the diligence process to find potential value-creation opportunities which others may not recognize. The Equity Funds' Investment Committee evaluates the preliminary information on the target company to ensure any external communication reflects the Investment Committee's consensus.

Once Vista decides to proceed further with a potential investment, the Equity Fund investment team prepares an in-depth investment analysis that includes the operational issues and opportunities inherent in the company and a specific post-acquisition operating plan focused on implementing the VSOPs. At this point, Vista's operations team is also involved to help develop the details of the post-acquisition transformation plan. Throughout the process, the investment team assigned to the investment keeps the rest of the investment and operational professionals informed of the process, progress and issues.

Ultimate investment authority at Vista is vested in the Investment Committee, and issues, questions and concerns are addressed with the Investment Committee throughout the process to ensure that investments consummated have consensus approval and those that will not achieve consensus do not incur additional time.



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Credit Fund

The Credit Funds' principal focus is to invest in privately negotiated debt securities of enterprise software and TMT companies, including a significant number of companies owned by the Equity Funds. The Credit Funds provide debt financing for new platform investments, add-on acquisitions, refinancing and recapitalization transactions and also makes opportunistic open market purchases. The terms of Credit Funds' investments will depend on the facts and circumstances of the transaction, the market and opportunity for that type of debt financing and the credit attributes of a particular company. The Credit Funds may be the sole source of debt financing in certain transactions for companies where Vista does not have control or acquire up to half of a debt tranche in companies where Vista has a control investment. The Credit Funds will target specific enterprise software companies with mission critical solutions, high levels of recurring revenues, established and diversified customer bases, and strong competitive positioning.

Vista's credit investment team evaluates the credit-worthiness of potential investments, including, without limitation, if applicable, working closely with the Vista Equity Fund investment teams to incorporate and leverage any prior experience with the company, industry knowledge and expertise.

The Credit Funds benefit from Vista Equity Funds' deal pipeline and network and database of contacts. For software companies that Vista acquires, the Credit Funds have an opportunity to invest in the debt securities of those companies, providing proprietary access to deal flow. The Credit Fund also leverages Vista's relationships, reputation, credibility and domain expertise to generate unaffiliated investment opportunities from arrangers, investment banks and other private equity sponsors that acquire software businesses. Through Vista's deal pipeline, the Credit Fund will also have the opportunity to evaluate deal opportunities in which Vista does not ultimately make an equity investment. These companies often include sound enterprise software businesses with strong cash flows and therefore have desirable credit profiles.

The Credit Funds have a Credit Committee process to establish specific criteria to determine investment eligibility, provide guidelines for due diligence completion, determine terms required to achieve transaction approval, optimize the use of internal and external resources, ensure efficient transition from target to portfolio investment, and reduce and identify any potential risk of conflicts.

All new potential investments will be sent to an investment team member who will confirm fit and assign a credit investment team to viable opportunities. After being assigned, the credit investment team will review available materials and conduct an initial credit assessment. If the credit investment team is supportive of the transaction, they will prepare a preliminary Credit Memorandum for discussion at Credit Committee meetings. If any potential conflicts have been



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identified they addressed in a meaningful way by the Credit Committee before a term sheet is approved and the credit investment team resumes with full diligence and underwriting.

Once due diligence is completed, the investment team will prepare a final Credit Memorandum for approval by the Credit Committee, which will include more detailed information in each of the sections of the preliminary version, a summary of due diligence (including third party diligence), expected returns and downside case analysis. Once final Credit Committee approval has been obtained and actual and potential conflicts have been re-addressed, the transaction will be documented and the investment will be added to the Credit Fund portfolio.

Hedge Fund

The Hedge Fund pursues a fundamentally driven, research intensive long/short equity investment strategy with an emphasis on the TMT sectors as well as other industries materially impacted by technology.

The Hedge Fund investment team will interact with the broader Vista platform to identify unique investment opportunities, conduct due diligence on investments and provide follow-on judgment as the investment risk/reward evolves. Similar to the Equity Funds, the Hedge Fund investment team leverages fundamental analysis to identify mispriced assets.

The Hedge Fund has consistent access to a unique pool of information within Vista and through its affiliates. The investment team has established a process-driven approach to unearthing opportunities for investment in the public markets, which is supported by recurring due diligence sessions with portfolio companies and utilizing the extensive industry knowledge of Vista and VCG and their personnel. By partnering with the Vista Equity Fund investment team, the Hedge Fund team is able to monitor the investment universe closely and with depth.

Vista constructs proprietary financial models for each company considered for a significant investment and monitors the landscape for dislocations between consensus and its own expectations. The Hedge Fund team employs a disciplined real-time approach to monitoring risk/reward in seeking to determine entry and exit positions and interim position-sizing. Leveraging its resources, the Hedge Fund team digs into the operational expertise of the Equity Fund portfolio companies and VCG. The Hedge Fund investment team conducts on-site company visits, schedules product demonstrations and has follow-up conversations with company executives on a consistent basis.

Dependent upon the type of security and size of the contemplated investment, the investment team creates, at a minimum, a general overview, valuation comparison, relevance to the Hedge Fund investment mandate; an investment memo presentation with financial models; or a long-form investment memo presentation and accompanying more extensive analysis financial model(s). The Hedge Fund's Advisory Board utilizes the due diligence performed by the investment team and materials referenced above to ultimately recommend investments for the



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Hedge Fund portfolio.

Risk Factors

Risks Applicable to All Funds

Investing in the Funds Vista manages, entails a high degree of risk and, therefore, should be undertaken only by Investors capable of evaluating and bearing certain risks including the possibility of partial or total loss of capital. Investors must be prepared to bear capital losses which might result from investments. In addition, there will be occasions when Vista or its affiliates may encounter potential conflicts of interest in connection with the activities of a Fund.

Investors are urged to review carefully the risk factors set forth in each Fund's Governing Documents, which include a more complete description of risk factors associated with an investment in such Fund. In addition to those risk factors, a Limited Partner should also carefully review the risks and potential conflicts that include, but are not limited to, the following:

Reliance on Vista and Portfolio Company Management Teams. While the principals and other employees of Vista will devote that portion of their time to the affairs of a particular Fund as is necessary for the proper performance of their duties, they will likely devote substantial amounts of time to other investment activities of Vista. Such activities are likely to require those individuals to devote substantial amounts of their time to matters unrelated to the business of that particular Fund, including Vista's existing or future portfolio of investments, which may pose conflicts in the allocation of management resources.

The ability of the investment team to source and select attractive investment opportunities. Identifying and completing attractive private equity, debt investments, and publicly-traded securities is highly competitive, reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms upon which investments can be made. Vista will be competing with other similar investors and with financial institutions for the acquisition of investments. There can be no certainty that Vista will be able to identify and complete a sufficient number of attractive Fund investments to meet client investment objectives or enable the full amount of capital committed to a Fund to be invested. In addition, the Funds may invest in companies with varying degrees of leverage which involve a higher degree of risk.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant Governing Documents. A General Partner may pursue investments outside of the industries and sectors in which Vista has previously made investments or has internal operational experience.



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Concentration of a Fund's Investments in the Software Industry. Enterprise software companies serve virtually every vertical market. The vertical market focus of such companies is a core reason for their stability and longevity, as these businesses offer their customers unique, industry specific capabilities typically not available from general purpose software vendors or new technology startups. The software sector as a whole is highly cyclical. Companies require software to operate their businesses without regard to other market conditions. Further, a Fund may be concentrated in a limited number of investments, geographical regions, asset types or sectors. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments may be more susceptible to fluctuations in value resulting from adverse economic or business conditions than investment portfolios that are more diversified. Other than as set forth in the Governing Documents, Investors have no certainty as to the investment diversification of a Fund.

Investing in Smaller or Less Established Companies. The Partnership may invest a portion of its assets in the securities of smaller or less established companies. Portfolio investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger market capitalizations. In addition, such securities typically trade in lower volume and are more volatile than the securities of companies with larger market capitalizations. Therefore, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to a Fund's Governing Documents, including the value used to determine the amount of carried interest available to Vista with respect to such investment.

Material Non-Public Information. Vista or its affiliated persons may come into possession, from time to time, of material non-public 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, Vista and its 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 an investor in any fund or account managed or advised by



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Vista. Accordingly, should Vista or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, Vista and its affiliated persons would be prohibited from communicating such information, and Vista and its affiliated persons will have no responsibility or liability for failing to disclose such information to the any funds or limited partners as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Vista personnel serving as directors of public companies and may restrict trading on behalf of funds or accounts managed or advised by Vista.

Due to Vista's open environment, the receipt of material non-public information will restrict all funds and accounts managed or advised by Vista, not just the investment team of the fund or account in receipt of the information. Due to these restrictions, a Vista Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Consequently, the possession of material non-public information by Vista or its affiliated persons may limit the ability to buy and sell investments in the relevant company by funds and accounts managed or advised by Vista. For further discussion, see also the Conflicts of Interest section on page 44.

General Economic and Market Conditions. General economic and market conditions prevalent during a Fund's investment and divestment stages may have a material impact on the performance of a Fund. The past performance of the portfolio investments of Vista and its affiliates is not necessarily indicative of future results and does not reflect certain costs and expenses which are significant.

Liquidity of Limited Partner Interests in the Funds. Interests in a Fund will not be readily marketable and are generally neither redeemable nor transferable without the prior written consent of the Fund's General Partner, which may be given or withheld in the General Partner's sole discretion.

Many of the investments will be highly illiquid and may require a lengthy period to dispose of. Investments in a Fund require a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to Investors. Investment in the Funds may not result in rates of return that are equal to or better than the average rate of return on investments in other private investment Funds or asset classes. The success or failure of any portfolio investment will rely in part on the success or failure of the investment decisions made by the investment management team.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of the portfolio investments held by the Fund. Instability in the securities markets may also increase the risks inherent in the Fund's portfolio investments. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. A widening of credit spreads, coupled with the deterioration of the sub-prime and debt markets and a rise in



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interest rates, has dramatically reduced demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling or less willing to finance such companies or to only offer committed financing to such companies on less favorable terms than had been prevailing in the recent past. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Fund has invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Funds may suffer a partial or total loss of capital invested in such companies, which could in turn, have an adverse effect on the Fund's returns.

Registration under the U.S. Commodity Exchange Act. Registration with the U.S. Commodity Futures Trading Commission (the "CFTC") as a "commodity pool operator" or as a "commodity trading adviser" or any change in the Fund's operations necessary to maintain Vista's or its affiliate's ability to rely upon the exemptions from registration, could adversely affect the Fund's ability to implement its investment program, conduct its operations and/or achieve its objectives and subject the Fund to certain additional costs, expenses and administrative burdens. Furthermore, any determination by Vista to cease or to limit investing in interests which may be treated as "commodity interests" in order to comply with the regulations of the CFTC may have a material adverse effect on the Fund's ability to implement its investment objectives and to hedge risks associated with its operations.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private Fund managers undertaking Fund management activities or marketing Fund interests to Investors within the European Economic Area ("EEA"). If the Funds are actively marketed to Investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) the Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the Vista or its affiliates may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) Vista may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Funds in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA Funds to Investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of Commitments.

Non-U.S. Investments. Funds may invest outside of the United States. Non-U.S. investments involve risks not typically associated with investing in U.S. securities, including: (a) currency exchange controls and fluctuations and conversion costs; (b) differences in liquidity, the absence



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of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less government supervision and regulation; (c) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (d) differences in contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (e) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; (f) less developed corporate laws regarding fiduciary duties and the protection of Investors; (g) different and potentially more cumbersome regulatory approval processes; and (h) foreign investment controls limiting or precluding foreign investment above certain ownership levels or in certain sectors of the country's economy.

Allocation of investment opportunities. Vista provides investment advisory services to several investment Funds and may, from time to time, be presented with investment opportunities that are suitable for one or more investment Funds. Vista, in these circumstances, will allocate such opportunities among Funds on a basis that it reasonably determines in good faith to be fair and reasonable, taking into account various factors. See Item 11 for a more detailed discussion.

Leveraged Investments. A 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 such Fund's opportunities for gain and its risk of loss from a particular investment. 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 operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been at or near historic lows) and could accelerate and magnify declines in the value of such 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 its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by Vista or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.



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Distressed Investments. A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Vista will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

Growth Equity Transactions. A Fund may make growth-equity investments, which may involve taking non-control positions in the applicable portfolio companies. 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 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.

Minority Investments. A Fund may invest in minority positions of companies and in companies for which such Fund has no right to exert significant influence. In such cases, a Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom such Fund is not affiliated and whose interests may conflict with the interests of such Fund.

Additional Government or Market Regulation. Market disruptions and the dramatic increase in the capital allocated to alternative asset management during recent years have led to increased governmental as well as self-regulatory organization scrutiny of the hedge fund industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by Congress, as well as the governing bodies of various jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Hedge Fund, Vista, the General Partner, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Hedge Fund, as well as require increased transparency as to the identity of its Investors.



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Uncertain Economic, Social 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.

Valuation. The Funds invest in securities which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined. The fair market value of such investments will be determined by Vista or its affiliates in accordance with the respective Fund's Governing Documents. The valuation of certain illiquid assets is inherently subjective and subject to increased risk that the information utilized to value the asset or to create the price models may be inaccurate or subject to other error. Accordingly, the fair market value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between fair market value and the ultimate sales price could be material. See Item 11 for a more detailed discussion.

Equity Funds Risks

Investments in Privately Held Companies. The Equity Funds' investment portfolio may 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.

Investments in Restructurings. The Equity Funds may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Equity Funds to certain additional potential liabilities that may exceed the value of the original investments. In addition, under certain circumstances, payments to the Equity Funds and distribution by the Equity Funds to the Limited Partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender



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liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

Use of Leverage. While portfolio investments in leveraged companies offer the opportunity for capital appreciation, such portfolio investments also involve a higher degree of risk. The Equity Funds' portfolio investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks (as well as particular risks associated with investing in software companies described above) may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Fund may suffer a partial or total loss of capital invested in the portfolio company.

Hedging Policies. In connection with financing and/or holding certain portfolio investments, the Equity Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. The Equity Funds may incur costs related to hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Equity Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in poorer overall performance by the Equity Funds than if they had not entered into such hedging transactions.

In some cases, particularly OTC contexts, hedging arrangements will subject the partnership to the risk of a counterparty's inability or refusal to perform under a hedging contract, or potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Equity Funds to additional liquidity risks.

Bridge Financings. From time to time, the Equity Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the applicable Equity Fund.

Contingent Liabilities Upon Disposition. In connection with the disposition of a portfolio investment, the Equity Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. The Equity Funds may also be required to indemnify the purchasers of such



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portfolio investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the applicable Equity Fund.

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 and/or its subsidiaries 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 investments 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.

Credit Fund Risks

Credit Risks of Investments in Debt Instruments. Credit portfolios are subject to credit risk, which is the likelihood that a company will default in the payment of principal and/or interest on its obligations, among other covenants and requirements. Financial strength and solvency of a company are key factors influencing credit risk. Companies may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance and increase credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment. In addition, companies may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurred, the Credit Funds' ability to make anticipated distributions to Investors could be delayed or otherwise adversely affected.

Interest Rate Risk. Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of such Investments in the Credit Funds' portfolios. The ability of companies or businesses in which the Credit Funds may invest to refinance debt instruments or repay debt obligations (including making payments to the Credit Funds as creditors with respect thereto) may depend on their ability to obtain financing, including by selling new securities or instruments in the high yield debt or bank financing markets, which at certain points over the last several years have been extraordinarily difficult to access at favorable rates. Volatility and instability in the securities market may also increase the risks inherent in the investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a



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similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. While interest rates are currently expected to remain at favorable rates in the near term, there is a consensus that the U.S. Federal Reserve will at some point in the future tighten the monetary supply and increase benchmark interest rates, which may have a negative impact on the price of debt instruments globally and could adversely affect the value of the Investments. Additional factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, international disorders and instability in domestic and foreign financial markets. The Credit Funds expect that they will periodically experience imbalances in their assets and liabilities as a result of changes in interest rates. In a changing interest rate environment, the Credit Funds may not be able to manage this risk effectively. If the Credit Funds are unable to manage interest rate risk effectively, the Credit Funds' performance could be adversely affected. While the Credit Funds may seek to do so, it is not required to hedge their interest rate risk.

Nature of Investment in First Lien Senior Loans. The assets of the Credit Funds' portfolios may include first lien senior secured debt, including term loans and revolving loans and may pay interest at a fixed or floating rate.

The Credit Funds may acquire interests in first lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Credit Funds acquire loans pursuant to an assignment, it is possible that the Credit Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee.

Some of the senior secured loans acquired by the Fund may be rated below investment grade or may not be rated by a credit rating agency. In terms of liquidity with respect to such Investments, there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity for the Investments therein.

The factors affecting an issuer's first lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other debt of an issuer. Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. The imposition of prior liens on the Credit Funds' collateral would adversely affect the priority of the liens and claims held by the Credit Funds and could adversely affect the Credit Fund's recovery on its investments.

Further, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a



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substantial write-down of the principal of a loan or conversion of some or all of the debt to equity.

Senior secured credit facilities are often syndicated to a number of different financial market participants. The documentation governing the facilities typically require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. Senior secured loans are also subject to other risks, certain of which may be even more pronounced for the Credit Funds as a result of its debt investments in portfolio companies of the Equity Funds, causing unsecured creditors to seek remedies in order to limit the Credit Funds' potential recovery, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance," (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations, (v) environmental liabilities that may arise with respect to collateral securing the obligations, (vi) recharacterization claims in which certain creditors may seek to have the Credit Funds' debt positions recharacterized as equity and therefore subordinate the Fund's claims to such creditors' claims and (vii) designating the vote under a chapter 11 plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

The Credit Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Credit Funds earlier than expected.

Nature of Investment in Second Lien Senior Loans. The assets of the Fund's portfolio may include second lien senior secured debt, including term loans and revolving loans and may pay interest at a fixed or floating rate. The investments in second lien senior loans may be unsecured and will rank behind the issuer's secured indebtedness, including first lien senior loans.

The Credit Funds may acquire interests in second lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Credit Funds acquire loans pursuant to an assignment, it is possible that the Credit Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee.

Some of the second lien senior secured loans acquired by the Credit Funds may be rated below investment grade or may not be rated by a credit rating agency. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in



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senior secured loans trading will provide an adequate degree of liquidity for the investments therein.

Second lien loans are also subject to other risks and can cause unsecured creditors to seek remedies in order to limit the Credit Funds' potential recoveries of such investments, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance," (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations, (v) environmental liabilities that may arise with respect to collateral securing the obligations, (vi) recharacterization claims in which certain creditors may seek to have the Credit Funds' debt positions recharacterized as equity and therefore subordinate the Credit Funds' claims to such creditors' claims and (vii) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

The Credit Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Credit Funds earlier than expected. Second lien loans of the type targeted by the Credit Funds generally have maturities ranging from five to seven years. It is common for second lien debt to be repaid prior to its maturity, thus, the actual duration of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which issuers prepay senior debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the issuer's financial condition and competitive market conditions among lenders.

Nature of Investment in Subordinated Debt Instruments. The Credit Funds' investments in subordinated debt will be unsecured and rank behind the issuer's secured indebtedness. While such subordinated debt Investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular Investments. For example, under typical subordination terms, secured creditors are able to block the acceleration of the debt or the exercise by debt holders of other rights or remedies they may have as creditors for a period of time. In addition, the unsecured debt in which the Credit Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency. Further, upon any distribution to an issuer's creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such issuer's senior and/or secured



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indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made with respect to the Credit Funds' subordinated debt investments. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to an issuer, the Credit Funds will participate with all other holders of such issuer's indebtedness in the assets remaining after the issuer has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). An issuer may not have sufficient funds to pay all of its creditors and the Credit Funds may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such issuer or the holders of indebtedness that is not subordinated.

Covenant-Lite Loans. Although the Principals generally expect the loan documentation of most of the Credit Funds' investments in portfolio companies to include both incurrence and maintenance-based covenants, there may be instances in which the Fund invests in "Covenant-Lite Loans." An investment by the Credit Funds in a Covenant-Lite Loan may potentially hinder the ability to re-price credit risk associated with the portfolio company and reduce the ability to restructure a problematic loan and mitigate potential loss. As a result, the Credit Fund's exposure to losses may be increased, which could result in an adverse impact on the Fund's return to the Limited Partners.

Investments in Convertible Debt. The Credit Fund may invest in convertible debt securities. There is no minimum credit standard that is a prerequisite to the Funds' investment in any security, and most debt securities and preferred stock that offer potential for capital appreciation are likely to be non-investment grade.

Future Funding Obligations. The Fund may from time to time incur Funding obligations that may arise in the future in connection with an investment. For example, the Credit Fund may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Fund would be obligated to Fund the amounts due.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). Due to the nature of the debt obligations, the Credit Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated. This equitable subordination risk may particularly result from the Fund investing in debt securities of portfolio companies of Equity Funds. Particularly, in a bankruptcy proceeding, the Credit Fund's interest in a portfolio



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company may be subordinated or otherwise adversely affected by virtue of such Equity Fund's involvement.

Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased by the General Partner for the Credit Funds will be non-performing and possibly in default at the time of such purchase. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Low Credit Quality Securities. The Credit Fund is permitted to invest in securities that may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, the Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard that is a prerequisite to the Fund's investment in any security. The debt securities in which the Credit Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Distressed Credit. The Credit Funds may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the U.S. Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets.

Non-Payment of Principal and Interest; Adequacy of Collateral. The Credit Fund's investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Fund and a reduction in the value of the senior secured loans experiencing non-payment. Although the Fund may invest in portfolio companies that the General Partner believes are secured by specific collateral the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated.

Default Rates of Loans and High-Yield Securities. The Credit Fund may invest in high-yield loans and other securities. The historical performance of the high-yield market or the leveraged loan



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market is not necessarily indicative of its future performance, and the numerous methods for calculating default rates leave a significant amount of uncertainty in the potential profitability of the Fund's investment in such instruments. Should increases in default rates occur with respect to the securities in which the Fund invests, the actual default rates of the securities held by the Fund may exceed those of the calculation methodology used by the General Partner in determining to purchase such securities, resulting in substantial losses to the Fund.

Participation on Creditors' Committees. The Credit Fund may serve on committees formed by creditors ("Creditors' Committees") to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. The Credit Fund may also seek to negotiate directly with debtors with respect to restructuring issues. Even if the Credit Fund chooses to join a Creditors' Committee, there can be no assurance that the Credit Fund would be successful in obtaining results favorable to it in such proceedings, and the Fund may incur significant legal fees and/or other expenses in attempting to do so, as Creditors' Committees generally consist of many participants, each of which attempts to obtain an outcome that is in its individual best interests. As a result of the Fund's service on such Creditors' Committees, the Fund may be deemed to have duties to other creditors represented by the Creditors' Committees, which might thereby expose the Credit Funds to liability to such other creditors who disagree with the Fund's actions.

The General Partner, on behalf of the Credit Funds, may elect to serve on Creditors' Committees or other groups to ensure preservation or enhancement of the Fund's position as a creditor. A member of any such Creditors' Committee or group may owe certain obligations generally to all parties similarly situated that the Creditors' Committee represents. Additionally, if the Credit Funds are represented on a Creditors' Committee or group, they may be restricted or prohibited under applicable law from disposing of its investments in the subject company while it continues to be represented on such Creditors' Committee or group.

Hedge Fund Risks

Limited Operating History. The Hedge Fund has recently-formed entities and has a limited operating history. The results of other investment Funds formed and managed by Vista or the members of Vista currently or in the past, which have or have had an investment program that is different from or similar to the investment program of the Hedge Fund, are not indicative of the results that the Hedge Fund may achieve.

Turnover. The Hedge Fund may invest on the basis of certain short-term market considerations. The turnover rate within the Hedge Fund may be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Credit Facilities. The Hedge Fund may also utilize credit facilities to fund withdrawals or subscriptions receivable, for portfolio management purposes or for the implementation of certain investments. Should such credit facilities be utilized, the Hedge Fund would be subject to greater risk than if it did not utilize such credit facilities. Moreover, the Hedge Fund would



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incur additional interest and other expenses with respect to such facilities. Any such credit facility provider that permits the Hedge Fund to borrow for liquidity purposes and accepts the Hedge Fund's or the Master Fund's (as defined in the governing agreements) assets as collateral for such credit facility (i) may be permitted to register such interests in the name of the credit facility provider or its nominee rather than in the Hedge Fund's or the Master Fund's name (subject to limited exceptions), and (ii) may be permitted (subject to the same limitations applying to any investment held in the Fund's name) to require the sale or liquidation of the Hedge Fund's or the Master Fund's assets held by it as collateral, after default by the Hedge Fund pursuant to the agreement with such credit facility provider. In such instances, the credit facility provider may take any such action without notice to the Hedge Fund or Vista. If any such credit facility provider were to require the Hedge Fund to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of the Hedge Fund and have adverse tax and economic effects on the Hedge Fund.

Institutional Risk. Institutions, such as brokerage firms, banks or limited funds, generally will have custody of the assets of the Hedge Fund. Often these assets will not be registered in the name of the Hedge Fund. Bankruptcy, fraud or poor capitalization at one of these institutions could impair the operational capabilities or the capital position of the Hedge Fund.

Derivatives-Related Risks. The Hedge Fund may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the Investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Hedge Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty.

Recently enacted legislation in the United States will require many derivatives that currently are entered into on an OTC basis to be cleared through a central clearinghouse. Other similar measures may also be proposed in other jurisdictions. It is expected that such recent legislation will lead to the standardization of the terms of any derivative instruments cleared in such manner. Any such standardized terms are yet to be finalized and, thus, it is not possible to assess the degree to which any such standardized terms might permit Vista to implement, or prevent Vista from implementing, the Hedge Fund's investment program. In such cases, if Vista was unable to utilize such alternate methods, the impact on the Hedge Fund could be substantial and adverse.



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Options, Futures, Swaps and Forwards. Investments in commodities, futures (including stock index futures) and options contracts involve risks including, without limitation, leverage (e.g., margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. The Hedge Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits, which could prevent the Hedge Fund from promptly liquidating unfavorable positions and subject it to substantial losses.

The Hedge Fund may buy or sell (write) call options, and when it writes options it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the class or tranche and amount of those as to which the call option applies. The Hedge Fund's options transactions may be part of a hedging tactic, *i.e.*, offsetting the risk involved in another securities position. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions into which the Hedge Fund may enter.

The Hedge Fund may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Disruptions can occur in any market traded by the Partnership due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to the Partnership.

Under the Commodity Exchange Act, as amended, futures commission merchants are required to maintain customers' assets in a segregated account. To the extent that the Partnership engages in futures and options contract trading and the futures commission merchants with whom the Hedge Fund maintains accounts fail to so segregate the Partnership's assets, the Hedge Fund will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants.

Short Selling. The Hedge Fund may engage in short selling as part of its investment strategies. A short sale by the Hedge Fund involves the sale of a security that the Hedge Fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Hedge Fund must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Hedge Fund realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which the Hedge Fund covers its short position (*i.e.*, purchases the security to replace the borrowed security). A short sale involves the theoretically unlimited risk of an increase in



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the market price of the security that would result in a theoretically unlimited loss.

Fixed Income Securities. The Hedge Fund may invest in fixed income securities of U.S. and non-U.S. issuers, as well as derivatives thereon. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Fund invests may change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Other Hedging Strategies. The Hedge Fund, directly or indirectly, may opt to use a variety of financial instruments such as derivatives, options, swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Hedge Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Hedge Fund's unrealized gains in the value of the Hedge Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) establish a position as a temporary substitute for other securities; (v) enhance or preserve returns, spreads or gains on any investment in the Hedge Fund's portfolio; (vi) hedge the interest rate or currency exchange rate on any of the Hedge Fund's liabilities or assets; (vii) protect against any increase in the price of any securities the Hedge Fund anticipates purchasing at a later date; or (viii) for any other reason that Vista deems appropriate.

Investing in Emerging Growth Companies. The Hedge Fund may invest in emerging growth companies. These companies are often characterized by short operating histories, new technologies and products, evolving markets, intense competition and management teams that may have limited experience working together. The products of emerging growth software companies, and of other companies in which the Hedge Fund may invest, may be unproven at commercial scale. Any such company's ability to succeed will be dependent not only upon its ability to develop the right products for the right market, but to constantly evolve its business to be sure that its products keep pace with changing technologies and markets. Such companies will need to implement appropriate sales and marketing, inventory, finance, personnel and other operational strategies in order to become and remain successful. In addition, emerging growth companies may be more susceptible to macroeconomic effects and industry downturns, including those resulting from acts of terrorism and war.

Investments in the TMT Sectors. The Hedge Fund makes a significant number of portfolio investments in the TMT sectors. Focusing on a single industry may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The TMT industry is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short



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product life cycles, services and/or improvements in existing products. The companies in which the Hedge Fund will invest will compete in this volatile environment. There is no assurance that products or services sold by such companies will not be rendered obsolete or adversely affected by competing products and services or that such companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. Instability, fluctuation or an overall decline within the software industry will likely not be balanced by investments in other industries not so affected. In the event that the software sector as a whole declines, investment returns may decrease.

Competition in the TMT Sectors. Competitors of the companies in which the Hedge Fund invests range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the software and technology industries are low and software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which such companies participate evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services.

Leverage. While Vista expects that the leverage utilized in the Hedge Fund's investment program will be modest, there are no fixed limits on the amount of leverage that the Hedge Fund may use. To the extent that Vista determines to incorporate leverage in the Hedge Fund's investment program, the Hedge Fund may borrow money and employ other forms of leverage when Vista deems appropriate in seeking to enhance the Hedge Fund's returns, or in order to finance the payment of withdrawal proceeds to withdrawing Investors.

The use of leverage may enable the Hedge Fund to achieve a higher rate of return than would be otherwise possible. Accordingly, the Hedge Fund may employ a modest amount of leverage in order to obtain investment returns. Leverage may take the form of derivative instruments that are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps, futures and forwards.

The use of leverage will allow the Hedge Fund to borrow in order to make investments, thereby increasing their exposure to assets, such that their total assets are greater than their capital. The use of leverage will magnify the volatility of changes in the value of the investments of the Hedge Fund. The cumulative effect of the use of leverage by the Hedge Fund in a market that moves adversely to their investments could result in substantial losses to the Hedge Fund, which would be greater than if the Hedge Fund were not leveraged.

Item 9: Disciplinary Information

Neither Vista nor any Vista management person has been subject to any legal or disciplinary events required to be discussed in this brochure.



Item 10: Other Financial Industry Activities and Affiliations

As described in Item 4 above, Vista organizes and sponsors the Funds, which are private pooled investment vehicles. Each Fund managed by Vista is controlled by an affiliated General Partner. Although Vista provides advisory services to each Fund, the applicable General Partner is responsible for all decisions regarding portfolio transactions of a Fund and has full discretion over the management of such Fund's investment activities. While the General Partners, its adviser affiliates and Vista are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules promulgated thereunder.

Vista is filing a single Form ADV in reliance on the response of the Office of Investment Adviser Regulation Division of Investment Management dated January 18, 2012 to the Subcommittee on Hedge Funds of the Federal Regulation of Securities Committee of the Business Law Section of the American Bar Association. In addition, employees and persons acting on behalf of the Vista, its advisory affiliates and the General Partners are subject to the supervision and control of Vista and its Code of Ethics (see Item 11 below) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Advisers Act. For a description of any material conflicts of interest created by the relationship between the Adviser, its affiliates and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Additionally, Mr. Smith and certain of his family members are associated with, and Mr. Smith currently serves as Chairman of, PriviEdge Capital SA ("PriviEdge"). From time to time, Vista has and may in the future engage PriviEdge to place the securities of its Funds with non-U.S. Investors. Any fees and expenses payable to PriviEdge in connection with such placement will be borne by Vista indirectly through an offset against the Management Fee. Any such fees and expenses will generally be attributed only to the specific Investors brought in by PriviEdge and will have no impact on any other Investors.

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

Code of Ethics

Vista has adopted a Code of Ethics ("Code") that is applicable to its employees, including officers and employees of its affiliates, pursuant to Rule 204A-1 of the Advisers Act that is designed to establish guidelines for professional conduct, monitor employees' personal securities transactions including certain pre-clearance and reporting obligations, and identify and mitigate conflicts of interest with its clients. The Code includes rules of conduct, policies and procedures to prevent the misuse of material, non-public information in Vista's possession, and personal



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trading policies. Vista's internal review, including quarterly and annual reporting requirements, and defined rules of business conduct are all intended to prevent or detect potential conflicts of interest.

The Code subjects each employee to restrictions on activities and securities trading, and requires reporting of information on personal trading activities. Under the Code of Ethics, employees are required to file certain periodic reports with Vista as required by Rule 204A-1 under the Advisers Act including initial, and thereafter, annual, holdings reports as well as quarterly transaction reports or equivalent brokerage statements, detailing the securities held, purchased or sold during the relevant period. All employees must pre-clear securities trades, subject to certain exceptions, to allow Vista to adequately identify and address conflicts of interest in a timely manner and prevent the misuse of material non-public information.

Officers and employees of Vista may not:

- Buy or sell any security on the day that a Fund trades, or contemplates trading, in that security;
- Employ any device, scheme or artifice to defraud a client in any manner;
- Make any untrue statement of a material fact to Funds or its Investor or omit to state to any Fund or Investor a material fact necessary in order to make the statement made to the client, in light of the circumstances under which it was made, not misleading;
- Engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon a Fund or Investor;
- Engage in any manipulative practice with respect to a Fund or Investor;
- Materially mislead a Fund or Investor; or
- Fail to comply, or cause another person to fail to comply, with any provisions of the 1940 Act, the Advisers Act, the Securities Act, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the SEC under any of these statutes, the Bank Secrecy Act as it applies to Vista, and any rules adopted thereunder by the SEC or the Department of the Treasury.

As indicated in Item 5 above, the Adviser and certain employees or officers invest in and alongside the Funds, either through the General Partner, as direct Investors in the Funds, through pooled investment vehicles assembled for employee transactions, or otherwise. A Fund or its General Partner, as applicable, generally reduces all or a portion of the Management Fee and performance-based fees related to investments held by such persons.

Vista and its affiliated persons may come into possession, from time to time, of material, non-public or other confidential information about public companies which, if disclosed, might affect an Investor's decision to buy, sell or hold a security, as discussed below. Under applicable law, Vista and its affiliated persons would be prohibited from improperly disclosing or using such



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information for their personal benefit or for the benefit of any person, regardless of whether such person is an Investor with Vista. Accordingly, should Vista or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any public company, Vista would be prohibited from communicating such information, and Vista will have no responsibility or liability for failing to disclose such information to Fund and Investors as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Vista personnel serving as directors of public companies and may restrict trading on behalf the Funds.

Vista will provide a copy of its Code to any client or prospective client upon request by contacting Vista by phone at (415) 765-6500 or by email at GReinke@vistaequitypartners.com.

Conflicts of Interest

The Adviser and its affiliates engage in a broad range of activities, including investment activities for their own accounts and other Funds, and providing transaction-related, investment advisory, management, VCG consulting services, and other services to the Funds and portfolio companies. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of Vista, other Funds, co-investment vehicles, or their respective affiliates. There can be no assurance that Vista will resolve all conflicts of interest in a manner that is favorable to a Fund and its Investors.

Vista and its affiliates have related advisers that focus on some differing investment strategies, although such investment strategies and related Funds may overlap from time to time. In the ordinary course of conducting its activities, the interests may conflict with the interests of Vista, its affiliates, Funds of related strategies, and Funds of unrelated strategies. A description of certain conflicts of interest, as well a description of how Vista addresses such conflicts of interest, can be found below.

Resolution of Conflicts. Vista and its affiliates will deal with all conflicts of interest using its best judgment, but in its sole discretion. In resolving conflicts, Vista and its affiliates may consider various factors, including the interests of the Funds they advise in the context of both the immediate issue at hand and the longer term course of dealing among Funds. When conflicts arise between Funds, Vista will resolve the conflict. In the case of all conflicts involving a Fund, determination as to which factors are relevant, and the resolution of such conflicts, will be made in Vista's sole discretion.

The following factors may alleviate, but will not eliminate, conflicts of interest:

- Vista will not make any investment unless the Fund's General Partner believe that such investment is an appropriate investment considered solely from the viewpoint of such Fund;



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- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant Governing Documents;
- The Equity and Credit Funds Governing Documents require these Funds to establish an Advisory Committee consisting of unaffiliated Limited Partners of such Funds, and the Hedge Fund may establish an Investor Committee consisting of representatives appointed by Investors and Limited Partners of the Hedge Fund. The Advisory and Investor Committees will provide such advice and counsel as is requested by the relevant General Partner in connection with the relevant Fund's investments, potential conflicts of interest (including such potential conflicts as such General Partner is required to present to the Advisory Committee or Investor Committee pursuant to the respective Fund's Governing Documents), and other Fund matters. The Advisory Committees meet periodically as required to consult with the Adviser. It is anticipated that an Investor Committee will be established for the Hedge Fund and that it also will meet periodically as required to consult with the Adviser.
- Prior to subscribing for interests in a Fund, each Investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund, as detailed within the respective Fund's Governing Documents.

Principal Transactions. Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and clients thereof, on the other hand. The Advisers Act generally requires that, when an investment adviser or an affiliate of the adviser proposes to purchase a security from, or to sell a security to, an advisory client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction.

Vista does not typically engage in any principal transactions. In the event of a principal transaction, Vista intends to obtain the consent of the participating Fund's Advisory Committee or Investor Committee, unless a Governing Document allows or prescribes a different course of action.

Cross Trades with Vista Clients. Vista has on occasion and may in the future (directly or indirectly) cause a Fund to purchase securities from or sell securities and investments to other Funds or vehicles managed by Vista when the Adviser believes such transactions are appropriate and in the best interests of the Fund. In the event Vista wishes to reduce the investment of one or more such Funds in an instrument and increase the investment of other Funds in such instrument, it may effect such transactions by directing the transfer of the instrument between Funds. Any incremental costs and expenses associated with any such investment generally will be borne by such Funds on a pro rata basis.

Allocation of Investment Opportunities. Subject to any relevant restrictions or other limitations contained in the Fund's Governing Documents, Vista will determine how to allocate investment opportunities it believes in good faith is fair and equitably under the circumstances



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and considering such factors as it deems relevant, but in its sole discretion. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, Vista has an incentive to allocate investment opportunities to the Funds or other vehicles from which Vista or its affiliates may derive, directly or indirectly, a higher fee, compensation or other benefit. Other Funds may invest in assets eligible for purchase by another Vista Fund. In addition, Vista professionals will generally participate indirectly in investments made by Funds in which they invest, pro-rata, in accordance with their respective capital accounts. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

In connection with its investment activities, Vista has on occasion and may in the future, encounter situations in which it must determine how to allocate investment opportunities among various Funds or vehicles, which may include, but are not limited to, the following.

- The Funds;
- Any parallel investment entities that have been formed to invest side-by-side with one or more Funds (either in all transactions entered into by such Funds or in a limited subset of such investments);
- Any alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any Funds that have been formed to invest side-by-side with one or more Funds in particular transactions entered into by such Funds or for the purpose of pursuing a specific investment strategy;
- Third Parties that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds; and
- Vista Investors and/or Third Parties acting as “co-sponsors” with Vista with respect to a particular transaction.

The Funds may be subject to investment allocation requirements which may be set forth in the Governing Documents. Prior to making any allocation of an investment opportunity, Vista generally determines whether it is required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities is in most cases set forth in a Fund’s Governing Documents.

To the extent the investment allocation requirements in the Fund’s Governing Documents, Vista will either follow specific allocation procedures or Vista will utilize discretion in making allocation decisions among the Funds, as follows: (i) sourcing of the transaction, (ii) the size and nature of the investment (iii) the relative amounts of capital available for investment in the Funds; (iv) the structural and operational differences between Funds and any applicable investment limitations (including, without limitation, exposure limits, hedging limits, and



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diversification considerations), of the Funds; (v) the eligibility of the Funds to make such investment under applicable laws and regulations; (vi) any other applicable tax, legal, regulatory, compliance, operational or administrative issues and (vii) any other requirements contained in the Governing Documents of the Funds and other considerations deemed relevant by Vista and/or such affiliates in good faith.

Investments by more than one client of Vista in a portfolio company may also raise the risk of using assets of a client of Vista to support positions taken by other clients of Vista. When and to the extent that employees and related persons of Vista and its affiliates make capital investments in or alongside certain Funds, Vista and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Investment opportunities may be appropriate for multiple Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

Co-Investment Opportunities and Allocation. Principals and employees of Vista and its affiliates directly or indirectly own an interest in Funds or certain co-investment vehicles. Such vehicles generally invest in one or more of the same portfolio companies as the Funds. Co-investment opportunities may also be presented to certain affiliates of Vista, as well as third-party investors and other persons, and such co-investments may be affected through co-investment vehicles or directly in a particular portfolio company. Additionally, the Funds may invest together with other Funds advised by Vista or an affiliate in the manner set forth in the relevant Funds' Governing Documents. In the case of co-investments, Vista may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in certain portfolio companies or otherwise to have priority in co-investment opportunities.

Vista must first determine which Funds will, or may be required to, participate in an investment opportunity. Vista generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's investment objectives, strategies, life-cycle and structure. Vista will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investment participants, as determined by the Funds'



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Governing Documents and Vista's procedures regarding allocation. Vista's procedures may include, but are not limited to, the evaluation of the size and financial resources of the Limited Partner or third party investor to expeditiously participate in the investment opportunity when the investment opportunity is time-sensitive in nature, confidentiality concerns that may arise in connection with providing the Limited Partner or third party with specific information relating to the investment opportunity; Vista's perception of whether the investment opportunity may subject the other investors' legal, regulatory, reporting, or other burdens that make it less likely that the other investor or person would act upon the investment opportunity if offered; and whether Vista believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to the Funds or Vista.

Vista's allocation of investment opportunities among the persons and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While Vista will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Vista may be subject, discussed herein, did not exist.

Decisions regarding whether and to whom to offer co-investment opportunities are made subject to restrictions (if any) contained in the Fund's Governing Documents or any side-letter or other terms negotiated with respect to such Fund, by Vista or its related persons in consultation with other participants in the applicable transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Vista Investors. Certain third parties may be offered co-investment opportunities, and co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interest from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer).

Vista may also enter into arrangements with third-party advisers or consultants, who provide Vista with deal sourcing services or other information on investment opportunities. Vista will allocate such investment opportunities, and fees and expenses in connection with such investment opportunities, in the same way it otherwise allocates opportunities and fees and expenses.

Conflicts Related to Purchases and Sales. Conflicts may also arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. For example, Vista invests in the equity securities of a portfolio company on behalf of the Equity Funds and, at times, in the debt of the same company for the Credit Fund. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or



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employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund or vehicle with which it co-invests will exit such investment at the same time or on the same terms. Vista and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. For example, Vista may choose to sell all or part of an investment in an entity while another Vista Fund holds or increases its investment in such entity (or vice versa). In addition, investment opportunities may be appropriate for one or more Funds at the same, different or overlapping levels of a company's capital structure.

There can be no assurance that the return on a Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. As investment advisor to both Funds, Vista owes a fiduciary duty to both. Because of the different legal rights associated with debt and equity of the same portfolio company, Vista may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). However, given the nature of such conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds and the action taken for one Fund may be adverse to another Fund. Investments by more than one Fund of Vista in a portfolio company may also raise the risk of using assets of a Fund of Vista to support positions taken by other Funds of Vista. There can be no assurance that any such conflict can be resolved in a manner that is beneficial either Fund. In that regard, actions may be taken for one or more Vista Funds that adversely affect other Funds managed by Vista.

Further conflicts may arise once a Fund has made an investment in a company in which another Fund has also invested. For example, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Vista in its sole discretion. Vista will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the Advisory or Investor Committees of the participating Funds.

Employees and related persons of Vista have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments. Vista generally will determine all matters relating to structuring transactions, including the amount and terms of securities and allocation of securities among Funds, using its



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best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of securities as among Funds and as between Funds may be affected by a Fund's stage in its lifecycle. For example, a newly organized Fund may seek to purchase a disproportionate amount of investments until it is substantially invested.

Follow-on Investments. Investments to finance follow-on acquisitions are a regular part of the business of the Funds. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which other Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Vista will resolve conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the respective Advisory Committees or Investor Committees of the participating Funds.

Conflicts Related to Funds Investing in Other Vista Funds. One Equity Fund has invested a portion of its assets, directly or through one or more direct or indirect subsidiaries, into the Hedge Fund, as disclosed in such Equity Fund's Governing Documents. As discussed in Item 5 above, such overlapping investments will not be subject to the Hedge Fund management fee or incentive allocation.

Receipt of Material, Non-public information. From time to time, Vista or its affiliates may come into possession of material, non-public information. Due to Vista's open environment, the receipt of such information will restrict all Funds, not just the investment team of Fund's in receipt of the information. The Funds will not be free to act upon any such information. In such cases, Funds could be restricted indefinitely in transactions involving a particular issuer. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Consequently, the possession of material, non-public information by Vista and its affiliates in the open environment may limit the ability of all of the Funds to buy and sell investments in the relevant company.

Alternatively, Vista may establish a temporary information barrier between various areas of Vista that restrict communications of groups within Vista. Consequently, while one investment team may have knowledge of information that could be pertinent to an investment and/or disposition decision of the Fund, the investment professionals of the other Fund would be walled-off from becoming privy to such information.

Allocation of Fees and Expenses. Subject to any relevant restrictions or other limitations contained in the Governing Documents for the Funds, Vista will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances



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and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Vista may be faced with a variety of potential conflicts of interest.

When the Funds incur expenses, they will typically allocate such expenses among all Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Vista or its affiliates using its best judgment, considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses may not be proportional. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

Certain expenses are paid for by portfolio companies or, if paid by Vista, are reimbursed by a Fund and/or portfolio companies and in some cases Vista may not necessarily seek out the lowest cost options when incurring (or causing a Funds or its portfolio companies to incur) such expenses.

Research Costs for Investments. There have been and may be circumstances in the future, when Vista considers a portfolio company on behalf of a Fund, initially determines not to make such an investment, but eventually makes an investment in such portfolio company in another Fund or other investment vehicles sponsored by Vista. In these circumstances, the Funds, Vista or such vehicles may benefit from research by the original investment team researching the investment and/or from costs borne by the applicable Fund in pursuing the potential portfolio investment, but will not be required to reimburse the Funds for expenses incurred in connection with such investment.

Performance-Based Fees. Performance-based fees create an incentive for Vista to invest Funds (directly or indirectly) in investments that are riskier or more speculative than would be the case if the General Partner were compensated based on a flat percentage of capital.

Because there is a fixed investment period after which capital from investors in certain Funds may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so. In addition, for the Hedge Fund, the incentive allocation is determined on the basis of the value of the capital accounts including value attributable to unrealized appreciation. Any securities traded directly or indirectly by the Hedge Fund for which market quotations are not available may be valued by or at the direction of the Vista at such value as it may reasonably determine and may not be independently valued or verified by a third party. Accordingly, the incentive allocation may also create an incentive for Vista to place the highest reasonable value on the Hedge Fund's investments.

Differing Compensation Arrangements. Vista is subject to a conflict of interest because varying



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compensation arrangements among Funds which could incentivize Vista to manage Funds differently. Depending on the compensation rates in the Funds relative to each other, these and other differences could make the Fund less profitable on a marginal basis to Vista than certain Funds or vice-versa.

Positions with Portfolio Companies. As a result of the Funds' controlling interests in portfolio companies, Vista and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment. From time to time, portfolio company board members approve compensation and other amounts payable to Vista or its affiliates.

Additionally, a portfolio company typically will reimburse Vista or service providers retained at Vista's discretion for expenses (including without limitation travel expenses) incurred by Vista or such service providers in connection with its performance of services for such portfolio company. This subjects Vista 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. Vista 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 all investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Vista 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.

Vista generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Vista or a related person of Vista (which may include a portfolio company of such Fund) or (ii) an entity with which Vista or its affiliates or current or former members of their personnel has a relationship or from which Vista or its affiliates or their personnel otherwise derives financial or other benefit. This subjects Vista to conflicts of interest, because although Vista 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, Vista may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Vista, 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 Vista 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.

Vista and 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 Vista and/or its affiliates; conversely, former personnel or executives of Vista and/or its affiliates may serve in significant management roles at portfolio companies or service



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providers recommended by Vista. In such capacity, this may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of Funds, but, because the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Compensation (if any) paid to principals and employees for this service is for the benefit of the applicable Fund only and is subject to a Management Fee offset. Vista 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 Vista information about markets and industries in which Vista operates (or is contemplating operations) or will provide other services that are beneficial to Vista. Vista may have a conflict of interest in making such recommendations, in that Vista 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.

Vista Personnel may also serve as directors, or otherwise be associated with, companies that are competitors of portfolio companies of certain Funds. Portfolio companies may also be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds that may involve fees and/or servicing payments to Vista or its affiliates which are not subject to Management Fee offsets or otherwise shared with the relevant Funds.

Related Services. As described in Item 5 above, VCG performs services for portfolio companies, and will receive fees (which may include options granted to VCG employees as compensation) or reimbursements from, actual or prospective portfolio companies or other investment vehicles of the Funds. Consistent with the Funds' Governing Documents, the Adviser incurs expenses, and a portfolio company reimburses Vista for such expenses (including without limitation travel expenses, which include expenses for chartered or first-class travel) incurred by the Adviser in connection with its performance of services for such portfolio company. Such fees will be in addition to Management Fees and performance-based fees paid by the Funds to Vista and are not subject to management fee offsets, described in Item 5 above.

This creates a conflict of interest between the Vista and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. VCG generally determine the amount of these fees for services and reimbursements to approximate the cost of annual compensation paid by Vista or its affiliates to VCG employees, including an estimate of Vista's overhead and other fixed costs allocable to VCG, and the amount of time the VCG employee spent providing services.

Other Fees. As noted above in Item 5, Vista and its affiliates receives certain fees in connection with the purchase, monitoring or disposition of portfolio investments or in connection with



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unconsummated transactions (e.g., directors' fees, transaction fees, investment banking fees, break-up fees, advisory fees, monitoring fees or other similar fees). A specified percentage of these fees, as defined by the respective Fund's Governing Documents, net of related expenses, are applied to reduce the management fees payable by the applicable Fund.

Valuation of Assets. As indicated in Item 8 above, the Equity and Credit Funds regularly, and the Hedge Fund infrequently, will hold securities and financial instruments that do not have readily available market quotes. Vista will value such securities and financial instruments in good faith at fair value based on various factors, including external pricing sources (if any), recent trading activity (if any) or other information aimed at a relative value assessment process that incorporates, among other factors in the discretion of the Vista and the General Partner, current market conditions, position size, trends and prices. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities and financial instruments. Inaccurate valuations may, among other things, prevent the Fund from effectively managing their investment portfolios and risks, may affect the diversification and risk management of the Funds, may affect the net asset values at which interests are issued and withdrawn, and may affect the amount of carried interest or incentive received by Vista and/or its affiliates, or the timing of receipt of carried interest, also could be incorrect, creating a conflict of interest between the Fund and its investors and Vista.

Other Activities. Vista currently provides, and may in the future provide, advice to other Funds, including vehicles that follow investment programs substantially similar to that of its current Funds. Vista and its principals and employees also carry on investment activities for their own accounts and for family members and friends who do not invest in the Fund, and may give advice and recommend securities to other accounts or investment Funds which may differ from advice given to, or securities recommended or bought for, the relevant Fund, even though their investment objectives may be the same or similar.

Vista, its affiliates, its principals and employees will devote so much of their time to the activities of the Fund as they deem necessary and appropriate. By the terms of the Fund Governing Documents, the General Partner, Vista and its affiliates are not restricted from forming additional Funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of the Vista, the General Partner and affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Vista and its respective principals and employees will not be devoted exclusively to the business of a particular Fund but will be allocated between the business of Vista's various Funds.

Side Letters and Relationships with Investors. As discussed in Item 4, Vista or the General Partner of a Fund enter into side letters or other similar agreements with Investors in connection with their admission to such Fund without the approval of any other Investor. The side letters or other similar agreements may have the effect of establishing rights (including



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economic or other rights) under, altering or supplementing the terms of, the Governing Documents of the applicable Fund with respect to one or more such Investors in a manner more favorable to such investors than those applicable to other Investors.

Other Relationships with Investors, Prime Brokers and other Counterparties and Service Providers. A Limited Partner or investor in a Fund, a Prime Broker (as defined below), another counterparty or service provider of a Fund, or an affiliate, may provide services directly to, or enter into financial transactions with, Vista or its affiliates and/or may enter into relationships with the Funds. Among other things, a Prime Broker, another counterparty or service provider, or its affiliates, have and may in the future, invest in the Fund with which it is providing services or another Fund. To the extent a Prime Broker, other counterparty, service provider or an affiliate provides services to Vista or its affiliates and/or enters into financial transactions with any of them (including by making investments in Funds), Vista's interests may conflict with the Fund's interests in connection with Vista's decision to cause the Fund to select or retain the Prime Broker or other counterparty or service provider, or in connection with Vista's negotiation with the Prime Broker or other counterparty or service provider of the economic terms on which the Prime Broker or other counterparty or service provider provides its services to the Fund.

In addition, the Fund's Prime Brokers and other counterparties and service providers may provide Vista with additional services beyond the custodial, clearing, lending, transactional and other services they provide the Fund. These may include consulting, marketing, and other services that are not directly for the Fund's benefit. To the extent it obtains these or other services from a Prime Broker or other counterparty or service provider, Vista has a conflict of interest because it may have an incentive to cause the Fund to select one Prime Broker, counterparty or service provider over another, to pay higher compensation (such as margin interest and charges for borrowed securities in connection with short sales, or other amounts), and/or to effect more transactions through a Prime Broker, counterparty or service provider (possibly at higher rates), all to induce such Prime Broker, counterparty or service provider to provide those services at a price lower than Vista would have to pay other providers. To the extent the rates Vista pays for services it receives from a Prime Broker, counterparty or service provider are lower than market rates, the Fund may be viewed as bearing a portion of the costs of those services and thus providing Vista with additional compensation.

Consultants. In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to third party consultants (including consultants introduced or arranged by Vista and/or its affiliates that may regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Consultants may make use of Vista resources or otherwise be associated with Vista. Although the use of consultants and the allocation of compensation paid to them by Vista, its affiliates and/or the portfolio companies may subject Vista and/or its affiliates to potential conflicts of interest, Vista 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))



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that will result if the cost of the consultant is lower than market rates for the services provided and/or if the quality of the services of the consultant make a greater contribution to the success of the portfolio company. Although Vista seeks to retain consultants 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. Vista also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Vista believes will align such persons' interests with those of the Funds' limited partners.

Other Potential Conflicts. Vista, its affiliates, and equity holders, officers, principals and employees of Vista and its affiliates may buy or sell securities or other instruments that Vista 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 Vista'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 Vista, are reimbursed by a Fund and/or its portfolio companies, Vista may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Funds will often engage common legal counsel and other advisers to represent all of the Funds and multiple Funds participating in a particular transaction, including a transaction in which Funds have conflicting interests because they are investing in different securities of a single company. In the event of a significant dispute or divergence of interest between Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case Vista may hire separate counsel on behalf of the Funds in its sole discretion, and in litigation and other circumstances, separate representation may be required. Law firms engaged to represent Funds, partners in those firms or entities affiliated with those firms may be investors in such Fund, or other Vista Funds, and may also represent one or more portfolio companies or Limited Partners of such Fund, other Funds and/or Related Funds. Additionally, Vista and the Funds may engage other common service providers. Also, Vista's affiliates and/or its personnel may invest in other funds or investment vehicles managed or advised by persons or entities unaffiliated with Vista, and such other funds or vehicles, in turn, may own or invest in portfolio companies, real estate or other assets. The Funds and/or their respective portfolio companies may enter into transactions with or otherwise do business with such other funds or vehicles, or with such other funds' or vehicles' portfolio companies, or otherwise with respect to such other funds' or vehicles' assets. Any of these situations subjects Vista and/or its affiliates and personnel to potential conflicts of interest.

Please refer to the respective Fund's Governing Documents where conflicts are more fully described.



Item 12: Brokerage Practices

Broker Usage and Selection

Transactions on behalf of the Equity and Credit Funds do not typically require a broker-dealer and commissions are not ordinarily paid. However, the Hedge Fund will regularly, and at certain times the Equity Funds will, invest in a public companies and require a broker-dealer to trade in such securities. Subject to the investment objectives, policies and restrictions of the Funds as set forth in the Funds Governing Documents, Vista has the authority to select a broker-dealer and to negotiate commissions and other compensation to be paid in connection with these transactions.

In determining the broker-dealers through which to initiate securities transactions for Funds, it is Vista's policy to obtain quality execution at the most favorable prices. In selecting a broker-dealer, Vista may consider various relevant factors, although no one factor is determinative in the decision-making process, they include, but are not limited to, best price; current market conditions; time constraints; liquidity; volatility in the markets; volatility in the particular type of security or asset; size and type of transaction; the nature and character of the market for the security or asset in the transaction; confidentiality; execution efficiency; settlement capabilities; financial condition of the broker-dealer; full range and quality of the broker-dealer's services; the responsiveness, reputation, reliability and experience of the broker-dealer; the reasonableness of any commissions or spreads, difficulty of execution, ability and willingness to commit capital to the transaction; past effectiveness in executing illiquid or difficult types of securities or assets or difficult types of orders; and the value of brokerage and research services provided. Accordingly, the transactions will not always be executed at the lowest available price or commission.

Soft Dollar Usage

In addition to the factors considered above, Vista may take into consideration the receipt of brokerage and research products and services in connection with brokerage transactions. When appropriate under its discretionary authority and consistent with the duty to seek best execution, Vista may direct brokerage transactions for client accounts to broker-dealers who provide Vista with such products and services. The brokerage commissions used to acquire such products and services in these arrangements are known as "soft dollars."

Broker-dealers typically provide a bundle of services, including both research and brokerage (e.g., research ideas, investment strategies, block positioning capabilities, clearance, settlement, and custodial services). The research provided can be either proprietary or third party. Broker-dealers do not generally charge separate fees for proprietary research and brokerage services. Vista may direct brokerage transactions to acquire either type of research



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and execution services.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” which allows an investment adviser to pay for research and brokerage products and services with commission dollars generated by transactions. In determining whether a service or product qualifies as research or brokerage, Vista evaluates, among other things, whether the service or product provides lawful and appropriate assistance to Vista in carrying out its investment decision-making responsibilities. Vista limits its use of soft dollars to pay for research and execution services that fall within the safe harbor.

Vista uses soft dollars to pay for a portion of “mixed use” items (products or services that include both safe harbor eligible research/brokerage elements and non-safe harbor eligible research/brokerage elements). In such cases, Vista has a conflict of interest in allocating the costs of such services between those that primarily benefit Vista and those that primarily benefit its Funds. In these cases, Vista makes a good faith allocation of the portion of those services used for non-research purposes and pays directly for such portion of those services. Accordingly, the approval for any mixed-use product will also include an approved allocation methodology, as detailed within Vista’s soft dollar policy.

Vista benefits from the research and services that it receives because it does not need to pay for or generate the research internally, and this benefit could incentivize Vista to select a counterparty based on its interest in receiving research rather than investor’s interests in receiving the most favorable execution available.

Order Aggregation

When transacting in the same publicly-traded security for two or more Funds, Vista may aggregate the orders into a single order (“bunched order”) if Vista, in exercising reasonable judgment at the time of the aggregation, believes the bunched trade is reasonably likely to result in an overall economic benefit to each Fund. Such determination is based on an evaluation that the Fund will benefit from relatively better purchase or sale prices, lower commission expenses or better timing of the transactions, or a combination of these and other factors. In instances, where the execution prices are different due to the volume and execution time of the securities transacted, each of the Funds will generally receive the average transaction price.

In the event a bunched order is only partially executed, the executed portion of combined transaction orders for two or more Funds will be allocated, when possible, on a pro-rata basis (to the nearest round lot), with each Fund receiving a percentage of the executed portion of the order based upon each Fund’s percentage of the original order. This policy will apply to all Funds participating in the execution under the same trading circumstances (price limits, time of entry, etc.). The allocation will be made at the average execution price or at prices



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mathematically closest to the average price. Every effort will be made to use a single average price in such allocations; the documentation will be maintained by the executing broker. The executing broker will provide an average price for the day for the execution(s) unless the orders are placed separately with a wide discrepancy in price paid/received.

Item 13: Review of Accounts

Equity and Credit Funds

The investment portfolios of the Equity and Credit Funds are generally private, illiquid and long-term in nature. Vista's review of these Funds is not directed towards a short-term decision to dispose of securities. However, Vista closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies.

Hedge Fund

The Hedge Fund investment team reviews the Hedge Fund portfolio on a daily basis. Additionally, the Hedge Fund is reviewed regularly to assure conformity with the objectives and guidelines of the Hedge Fund's Governing Documents. Additional or focused reviews can be triggered by factors such as political and economic developments, corporate announcements, and changes in market conditions.

Reporting

Vista provides investment advisory and administration services to the Funds and employs outside administrators to provide administrative and accounting services to the Funds and investors. Each Investor typically receives a quarterly statement from Vista and annual audited financial statements for such Fund. Outside tax, accounting, and legal professionals are engaged on an as-needed basis to assist with year-end financial and tax reporting and other complex administrative issues.

Item 14: Client Referrals and Other Compensation

Vista has entered into agreements to compensate third parties for investor referrals and may enter into similar agreements or arrangements in the future. These arrangements are intended to be in compliance with the applicable rules and regulations of the Advisers Act. Details of how the costs of any such placement agent or referral arrangement are to be borne, either by Vista or the Investor will, if applicable, be set forth in a written agreement with such placement agent and, as required, disclosed to Investors, either through inclusion in the Governing Documents of the Fund or by separate notice or agreement. Investors should be aware that the receipt of compensation by a placement agent or third party solicitor may create a conflict of interest, and may affect the judgment of the placement agent or solicitor when making a recommendation for an investment with Vista. In addition, any third-party compensation arrangement will



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comply with federal and state laws regulating third-party compensation.

Mr. Smith and certain of his family members are associated with, and Mr. Smith currently serves as the Chairman of, PrivilEdge. From time to time, Vista may engage PrivilEdge to place the securities of its Funds with non-U.S. Investors. As indicated in Item 5 above, fees and expenses payable to PrivilEdge in connection with such placement will be borne by Vista indirectly through an offset against the Management Fee. Any such fees and expenses will generally be attributed only to the specific Investors brought in by PrivilEdge and will have no impact on any other Investors.

Vista employees are prohibited from seeking or accepting gifts, favors, preferential treatment, or other special arrangement of excessive value, from any actual or potential broker-dealers, investment advisers, Fund administrators, placement agents, consultants, financial institutions or other suppliers of goods or services to Vista its affiliates or the Funds.

For additional information regarding other compensation, please see Item 5 above.

Item 15: Custody

Each Fund is a pooled investment vehicle with a Vista affiliate serving as General Partner for such Fund. Each Fund provides its Investors with the Fund's annual audited financial statements and statements which disclose each Investor's contribution and share of income and appreciation/depreciation. Each Fund's administrator provides Investors with quarterly statements showing contributions and value of the accounts. The administrator is not affiliated with Vista. Investors should compare these statements with their record of their contributions. The financial statements are audited by an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board, prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and, except as set forth in applicable Governing Documents, distributed to the Fund's Investors no later than 120 days after the end of the Fund's fiscal year.

In addition, upon the final liquidation of a Fund, Vista will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all of the respective Fund's Investors promptly after completion of the audit.

Item 16: Investment Discretion

Vista, subject to the investment policies, objectives and limitations set out in the Governing Documents of the Funds, has full discretionary authority over the investments made on behalf of the Funds. This discretionary authority includes the ability to select the type, amount and price of the investments bought and sold on behalf of the Funds, including the selection of, and commissions paid to, broker-dealers, and to investment bankers and other professionals.



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As a general policy, Vista does not allow clients to place limitations on this authority. Vista may, however, subject to the terms of a Fund's Governing Documents, enter into side letter arrangements with certain investors in such Fund whereby the terms applicable to such investors' investment in such 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.

More detailed information may be found in the Governing Documents for each Fund.

Item 17: Voting Client Securities

As required by Rule 206(4)-6 under the Advisers Act, Vista has adopted and implemented written policies and procedures for voting proxies with respect to securities owned by the Funds for which the Adviser exercises voting authority and discretion. Generally, Vista, will fulfill its obligations by voting in a manner that is in the best interest of the Fund, considering its intention to promote the Funds' investment objective, to maximize investment returns, following the investment restrictions and policies of the Fund. Vista may abstain from voting, but only if, in the judgment of Vista, the costs associated with voting outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds. Vista believes that its interests are generally aligned with the Fund's and Investors interests through ownership by Vista, or its affiliates, in a Fund. Vista has set forth pre-determined guidelines on certain reoccurring and significant proxy topics. Generally, Vista will vote in accordance with these predetermined policies. In the event Vista determines there is or may be a material conflict of interest between Vista and one of Vista's Funds in voting proxies, the Adviser will address such material conflict of interest using one of the following procedures: (i) referring the matter to a Fund's Advisory or Investor Committee for guidance, (ii) vote the proxies using established voting policies, or (iii) refer the proxy vote to the Compliance Committee to address material conflicts of interest in voting a proxy.

Vista will maintain records for each matter relating to a portfolio security with respect to which a client was entitled to vote.

A copy of Vista's proxy voting policies, its voting record and reports prepared by the conflicts committee will be provided upon request by contacting Vista by phone at (415) 765-6500 or by email at GReinke@vistaequitypartners.com.

Item 18: Financial Information

Vista has no events requiring disclosure under this Item of the brochure. Vista does not require or solicit prepayment of management fees six months or more in advance.