

Item 1. Cover Page

THL Managers VII, LLC

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Part 2A of Form ADV: Firm Brochure
March 31, 2015

This brochure provides information about the qualifications and business practices of THL Managers VII, LLC. If you have any questions about the contents of this brochure, please contact us at 617-227-1050. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about THL Managers VII, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This Brochure, dated March 31, 2015, serves as an update to the Adviser's Brochure dated June 16, 2014 (the "Prior Brochure"). This Brochure contains routine annual updates to the Prior Brochure, as well as certain other updates, including those regarding payments of fees and expenses by advisory clients and portfolio companies, risks, and conflicts of interest.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means THL Managers VII, LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Clients (as defined below). Such affiliates are generally under common control with THL Managers VII, LLC, and possess a substantial identity of personnel and/or equity owners with THL Managers VII, LLC. These affiliates are typically formed for tax, regulatory or other purposes in connection with the organization of a Client, or serve as general partner of a Client.

The Adviser provides investment supervisory services to investment vehicles (collectively, the “Clients”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). In addition, the Adviser also provides investment advisory services to vehicles specially formed in order to meet tax, regulatory or other requirements through which investors invest in substantially the same portfolio as the applicable Clients.

The Clients make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Clients’ respective investment objectives, investments are made in companies doing business in a wide range of industries and sectors.

The Adviser provides investment supervisory services to each Client in accordance with a separate management agreement with such Client (each, an “Advisory Agreement”), the limited partnership agreement (or analogous organizational document) of such Client, and/or side letters entered into with certain investors in a Client (collectively with the Advisory Agreement and organizational document, the “Governing Documents”). The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Clients, managing and monitoring the performance of such investments and disposing of such investments.

Investment advice is provided directly to the Clients and not individually to the investors in the Clients. Services are provided to each Client in accordance with its Governing Documents. Investment restrictions for a Client, if any, are generally established in its Governing Documents.

The principal owner of THL Managers VII, LLC is THL Holdco, LLC.

The Adviser, including its predecessors, has been in business since 1974. Measured as of December 31, 2014, the Adviser manages \$945,563,909 of Client assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

As compensation for investment supervisory services rendered to the Clients, the Adviser receives from each investor of each Client an advisory fee (each, an “Advisory Fee”). Advisory fees paid by a Client are indirectly borne by investors in such Client.

In addition, the Adviser performs management, advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receives fees from, actual or prospective portfolio companies or other investment vehicles of the Clients, including director’s fees and management service, monitoring, transaction, break-up or other fees paid by an actual or prospective portfolio company (“Portfolio Company Fees”). Generally, under the terms of the applicable Governing Documents, these Portfolio Company Fees (other than director’s fees) are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. These Portfolio Company Fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although these fees are in addition to the Advisory Fees, the Adviser will, to a certain extent, reduce the amount of Advisory Fees paid by the applicable Client’s investors in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Governing Documents of the applicable Client. The Adviser is entitled to retain without a corresponding reduction in Advisory Fees an amount determined from time to time in accordance with the Governing Documents of the applicable Client. There are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) which accelerate the payment of such fees. Because the agreements with portfolio companies providing for such fees generally have extended terms (often ten years or more and/or subject to automatic extensions and renewal), the effect of such acceleration is substantial, particularly in the event such circumstances occur early in the life of the Client’s investment in such portfolio company. Additionally, a portfolio company will typically reimburse the Adviser for expenses (including without limitation travel expenses, which have included, and may in the future include, expenses for chartered or first class travel, “black car” transportation, and meals and entertainment expenses) incurred by the Adviser in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Portfolio Company Fees” under the terms of the applicable Governing Documents, and such reimbursements are not subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees, please see Item 11 below.

Portfolio companies of Clients will from time to time engage and pay cash or equity compensation to consultants (including without limitation operating advisors, senior advisors and other similar professionals) who also are or have been consultants to the Adviser or its affiliates. In such circumstances, such compensation will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the Advisory Fee offset arrangements described above.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Client’s investors are established by the Adviser, as modified by negotiations with investors in such Client, and are set forth in such Client’s Governing Documents and/or other documentation received by each investor prior to investment in such Client. The Advisory Fees and other fees described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above are modified from time to time. Fees differ from one Client to another, as well as among investors in the same Client.

The Advisory Fees paid by a Client's investors will generally be reduced by the amount of fees paid by such Client in connection with the organization of such Client that exceed a limit specified in such Client's Governing Documents. In addition, the Adviser will from time to time waive or reduce all or a portion of the Advisory Fee paid by a Client in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser to invest in and alongside such Client, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees are not subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Client investors may not receive the full benefit of reductions or offsets.

Advisory Fees are generally paid on a semiannual basis a few days after the commencement of the applicable semiannual period. Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid will be returned.

To the extent provided in the Governing Documents governing the relationship with a Client, the Adviser will pay certain operating expenses, including office space, supplies and other facilities of its business and salaries, employee benefits, fees and expenses of employees (exclusive of consultants, outside counsel, investment bankers, accountants, brokers, finders, and similar outside advisors, and other than Carried Interest to the extent described in Item 6 below), relating to the services and facilities provided by the Adviser to the Clients. Generally, except as otherwise set forth in the applicable Governing Documents, each Client will bear all other costs, fees and expenses incurred in furtherance of the business of the Client, including, without limitation, (i) expenses of legal, accounting, audit, investment banking, tax preparation, consulting, research, due diligence, and other professional services to the Client, and filing and similar fees paid on behalf of the Client, in each case to the extent that such expenses are not reimbursed by portfolio companies; (ii) expenses with respect to transactions that are not consummated to the extent that such expenses are not reimbursed by portfolio companies; (iii) insurance, custody, depositary, transfer, registration and similar expenses incurred by the Client; (iv) brokerage, third party valuation agent expenses, and finders' fees and commissions and discounts incurred in connection with the purchase or sale of securities; (v) interest on funds borrowed by the Client (if any); (vi) the Client's pro rata share (in accordance with the relative aggregate capital commitments of the Client and each of its parallel funds) of expenses of the Client's advisory committee, including but not limited to fees and expenses of counsel to the advisory committee appointed pursuant to the Client's Governing Documents; (vii) extraordinary expenses, such as litigation and indemnification costs, expenses, judgments and settlements; (viii) taxes (if any); (ix) expenses incurred by the Client and the Adviser or its affiliates in connection with meetings of the Client's investors (including, without limitation, travel expenses of the Adviser and its affiliates); and (x) other similar fees and expenses, as well as any other fees or expenses incurred by the Adviser or such Client in connection with such Client's operations that are not specifically identified in the Governing Documents as being paid by the Adviser. In addition, a Client will reimburse the Adviser or its affiliate for costs incurred by the Adviser or such affiliate (including costs of personnel) to provide accounting services related to the activities of the Client, which costs shall not, in the absence of consent of the Client's advisory committee, exceed a fixed annual amount as provided in the Client's Governing Documents.

Additionally, please see Item 6 below regarding "Carried Interest" that Clients pay.

When a broker is used in connection with an investment by a Client, such Client will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

A portion of the profits of each Client is distributed to the Adviser as “carried interest” (“Carried Interest”).

The payment of Carried Interest at varying effective rates creates an incentive for the Adviser to disproportionately allocate time, services or functions to Clients paying Carried Interest at a higher effective rate, or allocate investment opportunities to such Clients. Generally, and except as otherwise set forth in the Governing Documents of the Clients, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds; (ii) contractual provisions requiring certain Clients to purchase and sell investments contemporaneously with other Clients; and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Clients. Investment advice is provided directly to the Clients and not individually to investors in any Client.

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

The Adviser does not have a minimum size for a Client, but the Adviser typically establishes minimum investment commitments for Client investors. The Adviser will from time to time, in its sole discretion, permit investments below the minimum amounts set forth in the Governing Documents or offering documents of a Client.

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

Methods of Analysis and Investment Strategies

The Adviser seeks to identify and acquire growth-oriented businesses, headquartered primarily in North America, in three core sectors: Business & Financial Services, Consumer & Healthcare, and Media & Information Services. The Adviser's team of investment professionals and in-house operating executives partner with portfolio company management to identify and implement organizational, operational and strategic improvements and to accelerate sustainable revenue and profit growth, both organically and through acquisitions.

Growth Companies

The Adviser focuses on businesses with strong free cash flow conversion that utilize capital efficiently and that it believes will generate attractive returns on invested capital.

Three Sectors of Focus

The Adviser focuses its investment activity in three core sectors: Business & Financial Services, Consumer & Healthcare, and Media & Information Services. The Adviser has accumulated deep industry knowledge over decades in these three sectors, which tend to include companies that the Adviser believes exhibit attractive secular growth and free cash flow characteristics.

North American Focus

The Adviser invests in companies headquartered primarily in North America, where the Adviser has deep local knowledge and seeks to leverage the strength of its relationships and networks in the region. The Adviser believes that North America's large, growing market remains one of the most attractive for private equity investing, with interesting secular growth opportunities, particularly in its sectors of focus. North American capital markets are large and liquid, which the Adviser believes facilitate financings for transactions and realizations of investments. Further, many North American companies boast exceptional management talent and consistently demonstrate leadership in innovation. Many of the North American companies in which Clients invest also operate globally. Additionally, international expansion is frequently an important component of the value creation plan for Clients. The Adviser believes that expanding geographically from a North American base can provide access to attractive global growth with lower risk than investing directly in international markets.

Portfolio Construction

The Adviser's industry exposure changes from Client to Client, reflecting the prevailing market conditions and opportunities at the time that each Client's capital is deployed. In constructing a diversified portfolio, the Adviser focuses on the absolute size of an investment, number of investments, investment pacing, industry concentration and interrelationships among existing portfolio companies. This emphasis on portfolio construction is designed to yield a well-balanced and diversified collection of portfolio company investments. As a result, a Client's composition provides exposure to a variety of industries, which tends to offer sector rotation over the life of the Client's investment horizon.

Risks

Investing in securities involves a substantial degree of risk. A Client may lose all or a substantial portion of its investments, and investors in the Clients must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Clients, include the following:

Highly Competitive Market for Investments

The business of identifying and structuring transactions of the nature contemplated by the Adviser is highly competitive and involves a high degree of uncertainty. The Clients will be competing for investments with other private equity investment vehicles as well as other institutional investors. The size and number of private equity investment vehicles has grown dramatically in recent years, and it is likely that these trends will continue in the future. There can be no assurance that the Adviser will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return, or fully invest its committed capital. An investor in a Client must rely upon the ability of the applicable Client's general partner, managing member, or similar (such entity, a "General Partner") and the Adviser to identify, structure and implement investments consistent with the Clients' investment objective and policies.

Leveraged Nature of Investments

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The Clients' investments will from time to time involve significant leverage, as a result of which operating problems and other general business and economic risks may have a pronounced effect on the profitability or survival of the Clients' portfolio companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the applicable Client may suffer a partial or total loss of capital invested in the portfolio company.

Financial Market Fluctuations

General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for the Clients and may affect the Adviser's ability to make investments and the value of the investments held by the Clients. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Adviser's investments. Moreover, it remains unknown whether governmental measures undertaken in response to the market turmoil that began in 2008 (whether such measures are regulatory or financial in nature) will ultimately have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more or remain liquid. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past,

many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that Clients will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable Clients to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Renewed volatility in the financial sector may have an adverse material effect on the ability of Clients to buy, sell and partially dispose of its portfolio company investments. Clients may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and Clients may find themselves unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. Clients' portfolio companies may depend on the availability of capital financed from third parties and, to the extent such capital is not available, those portfolio companies that rely on such capital may be adversely impacted in a manner that they would not have been had they been able to access such capital.

Long-Term Nature of Portfolio Investments

It is anticipated there will be a significant period of time (generally up to five years or more) before a Client completes its investment program. Investments typically take from three to seven years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures may not provide liquidity for the Client's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of a Client's investments will occur for a significant period of time after a Client's first closing.

Illiquidity of Portfolio Investments

It is anticipated that all or a substantial portion of a Client's investments will consist of securities that are subject to restrictions on sale by the Client because they were acquired from the issuer in "private placement" transactions or because the applicable Client will be deemed to be an affiliate of the issuer. Generally, Clients will not be able to sell these securities publicly in the U.S. without the expense, time and other burdens required to register the securities under the Securities Act, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit limited sales under specified conditions. When restricted securities are sold to the public, Clients may be deemed "underwriters", or possibly controlling persons, with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act.

In addition, practical limitations may inhibit a Client's ability to liquidate certain of its investments in portfolio companies, as the issuer will be privately held and the Client will own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of Clients' investments could prevent a

successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

Contingent Liabilities on Disposition of Portfolio Investments

In connection with the disposition of an investment in a portfolio company, the Clients may be required to make representations about the business and financial affairs of such portfolio company, and to indemnify the purchasers of such investment if those representations are inaccurate. A Client's General Partner will establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of such Client, the Client's investors may be required to repay to the Client or to pay to creditors of the Client distributions previously received by them.

Improvement in Portfolio Company Operations Critical to Investment Success

The success of the Adviser's investment strategy depends on the effectiveness of efforts to improve the operating performance of portfolio companies following investment. Initiatives that may need to be taken in an effort to achieve improvements in operating performance include, among others, introductions of new products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to the achievement of improved operating performance is difficult and often requires substantial resources. The capabilities and resources of a portfolio company, even with the assistance of a Client's General Partner and the Adviser, may be insufficient to effect such proper identification and implementation, and there can be no assurance that portfolio companies will be successful in achieving improvements in operating performance. The failure to achieve improved operating results following investment is likely to lead to losses or poor returns on investments.

Adverse Consequences of Ownership of Controlling Interest in Portfolio Companies

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

Lack of Control in Minority Investments

A Client's investments will in certain limited circumstances represent a minority position in portfolio companies, without power individually to exert significant control over such portfolio companies' boards of directors and management. In such cases, a Client will rely significantly on the existing management and boards of directors of such companies, which may include

representatives of other investors with whom the Client is not affiliated and whose interests or views may conflict with the interest of the Client.

Third Party Involvement; Co-Investments

A Client's General Partner will from time to time offer to certain of the investors in a Client, investors in any parallel fund and third parties the opportunity to co-invest in certain of the Clients' investments ("Co-Investment Opportunities"). The investors participating in any such Co-Investment Opportunity typically pay reduced or no management fee and are typically subject to no or reduced carried interest or expense payment obligations with respect to such Co-Investment Opportunity.

Clients will from time to time co-invest with third-parties through partnerships, joint ventures or other entities. Such investments involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals which are inconsistent with those of a Client, or may be in a position to take action contrary to the investment objective of a Client. In addition, a Client may in certain circumstances be liable for actions of its third-party co-venturer or partner.

Special Risks Associated with Non-U.S. Investments

A Client will from time to time invest a portion of its capital commitments in portfolio companies that are headquartered and that have their principal operations outside of the United States. These investments involve special risks not typically associated with investments in the securities of issuers located in the United States, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability, (b) differences between U.S. and foreign securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, and the relatively greater price volatility and illiquidity of foreign securities markets, (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another and the possibility of fluctuations in exchange rates and (d) tax-related issues, including the possibility of withholding or other taxes (including on dividends, interest payments or capital gains), confiscatory foreign taxes, and the possibility of double taxation of income earned overseas and (e) increased exposure to liabilities arising from a portfolio company's breach of applicable anti-corruption or other foreign laws or regulations. Because these investments may involve non-U.S. dollar currencies, a Client may be adversely affected by changes in currency rates (including as a result of the devaluation of a foreign currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies.

Clients will from time to time, but are not required to, engage in currency hedging transactions. There can be no assurance, however, that a Client will engage in such hedging transaction at any given time or from time to time, or that such hedging transactions will be available or be available at a reasonable cost, or that such hedging transactions will be effective and actually eliminate the applicable currency risk. Such hedging transactions may even exacerbate any negative impact on a Client resulting from changes in currency exchange rates. While such transactions may reduce certain risks, such transactions themselves entail certain other risks.

Thus, while Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for a Client than if it had not entered into such hedging transactions.

Industry Concentration

As described above, the Adviser intends to focus investments within the following three general categories of industries: (i) Consumer & Healthcare, (ii) Business & Financial Services, and (iii) Media & Information Services. Concentration within one or a limited number of industries will typically involve risks greater than those of investment funds that are not generally limited in the industries in which they invest.

Regulatory Risks

The industries within which the Adviser intends to invest may be subject to additional regulatory risks compared to other industries. More generally, regulatory changes may occur at any time and with respect to any industry and any such changes could adversely affect the Adviser's ability to achieve a Client's investment objectives.

Projections

The Adviser will from time to time rely upon projections, forecasts or estimates developed by the Adviser or a portfolio company concerning the portfolio company's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Adviser's control. Actual events may differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates and domestic and foreign business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated therein.

Failure to Achieve Investment Objective

There can be no assurance that the Adviser will be able to achieve a Client's targeted returns or investment objectives. Any given investment may prove to be worthless. Investors in Clients should be able to absorb a loss of some or all of the capital invested in the Clients.

The Alternative Investment Fund Managers Directive

The implementation of the Directive 2011/61/EU on Alternative Investment Fund Managers (the "Directive" or "AIFMD") is likely to have an adverse effect on the continued operation of a Client where interests in the Client are offered to or placed with investors in any European Economic Area ("EEA") Member State where the Directive has been implemented. The Directive applies to the manager of any investment fund (an "AIF") that is not authorized under the Undertakings for Collective Investment in Transferable Securities Directive or does not otherwise fall within a relevant exclusion under the Directive. From 2015, it may be possible for, and in certain EEA Member States required that, certain third country alternative investment fund managers to market funds actively in any EEA Member State on the basis of a pan-EU

“passport” subject to authorization of the alternative investment fund managers in an EEA Member State and compliance by the Adviser, which is the entity responsible for portfolio management and risk management with respect to Clients and designated as a Client’s alternative investment fund manager (the “AIFM”) or the General Partner, acting on the AIFM’s behalf, with all relevant provisions of the Directive.

The implementation of the Directive may have an adverse effect on the continued operation of Clients in at least the following ways.

The extent to which the AIFM or the General Partner can market a Client in the EEA Member States where the Directive is in force to investors who are domiciled or have a registered office in any EEA Member State may be more restricted than was the case before the Directive came into force. This could limit a Client’s ability to attract investors based in those EEA Member States, resulting in a reduction in the overall amount of capital raised by the Client which limits, in turn, the range of investment strategies and investments that the Clients are able to pursue and make.

While it is fully expected that a full range of suitable co-operation agreements between the regulators and the AIFM’s and Clients’ home states and each relevant EEA Member State jurisdiction will be in place to enable the AIFM, or the General Partner to offer and place interests in Clients, if for some reason the relevant agreements are not in place in a particular EEA Member State, the AIFM, or the General Partner may not be able to offer interests in Clients to investors in that EEA Member State.

The AIFM will be required to comply with additional initial disclosure, annual reporting and regulatory filing requirements in relation to Clients and in certain EEA Member States it may be required to comply with registration requirements, including the requirement to appoint a depositary or an entity to carry out some of the depositary duties under the Directive. Compliance with these requirements may result in additional costs to a Client, reducing the returns for investors. The need to comply with the registration requirements may also delay the fundraising process, in turn reducing the speed with which the AIFM or the General Partner, acting on the AIFM’s behalf, can deploy the capital raised.

The Directive imposes certain requirements and restrictions on a Client where the Client acquires control of an EEA portfolio company. The EEA portfolio company requirements will include the requirement to make certain notifications and disclosures where a Client acquires or disposes of shares in an EEA portfolio company. The restrictions will include restrictions on the extent to which the Client can bring about or support distributions, acquisition of shares or reductions in the capital of an EEA portfolio company. These requirements and restrictions may limit the use of certain investment and realization strategies, such as dividend recapitalisation and reorganisations. These requirements and restrictions may also place the AIFM, or the General Partner, acting on the AIFM’s behalf, and the Client at a disadvantage as against competitors that do not use a fund structure or whose fund(s) have not been marketed in any EEA Member State. In addition, compliance with these requirements and restrictions may result in additional costs to the Client, reducing the returns for investors.

There is still some uncertainty as to the manner in and extent to which Directive is being implemented in various EEA Member States. This uncertainty increases the risk of a breach by the AIFM, or a Client's General Partner in an EEA Member State of the requirements imposed by the Directive. Such a breach may result in a regulatory authority or court in that or another EEA Member State requiring the AIFM, or the General Partner to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against the AIFM, the Clients, or a Client's General Partner. This may result in a reduction in the overall amount of capital available to Clients which limits, in turn, the range of investment strategies and investments that Clients are able to pursue and make or otherwise result in a loss to Clients. Furthermore, there is a risk that the Directive will be interpreted differently by each EEA Member State. This may have an adverse effect on the marketing and /or operation of Clients and may result in additional costs, reducing the returns for investors.

Valuation of Assets

Because the Clients will be investing in private companies, there generally will not be an actively traded market for most of the securities owned by the Clients. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Client's assets.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Certain of the Adviser's principals are also principals of the following advisers: THL Managers V, LLC and THL Managers VI, LLC (together, the "Other THL Advisers"). For a description of material conflicts of interest created by the relationship among the Adviser and the Other THL Advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

Various entities serve as General Partners of Clients, and are affiliates of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers and employees, as well as certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any Client or prospective Client upon written request to the CCO at CCO@THL.com.

Participation or Interest in Client Transactions

The Adviser will, from time to time, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates or other persons or entities invest alongside one or more Clients in one or more investment opportunities (collectively, the “Associates Co-Investment Vehicles”). Associates Co-Investment Vehicles generally are contractually required, as a condition of investment, to exit their investments in each investment opportunity at substantially the same time and on substantially the same terms as the applicable Client that is invested in that investment opportunity. Associates Co-Investment Vehicles do not pay Advisory Fees or Carried Interest. Further, certain employees of the Adviser invest in the Clients through the Adviser, and do not pay Advisory Fees or Carried Interest in respect of such investments. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to Clients and portfolio companies. In addition, Other THL Advisers will from time to time focus on similar investment strategies. The funds and accounts managed by the Other THL Advisers are referred to as the “Other THL Funds.” In the ordinary course of conducting the Adviser’s activities, the interests of a Client will from time to time conflict with the interests of the Adviser, other Clients, Other THL Advisers, Other THL Funds, or any of their respective affiliates. Certain of these conflicts

of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser will consider various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) A Client will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Client;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering documents and/or Governing Documents for the Clients;
- (3) Generally, each Client has established an advisory committee, consisting of representatives of Client investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser to discuss various matters, including potential conflicts of interest that arise. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) When the Adviser deems appropriate, unaffiliated third parties will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) Providing disclosure to investors in a Client regarding significant potential conflicts of interest arising from the proposed activities of the Client; and
- (6) The Adviser, Other THL Advisers and certain of their affiliates have adopted written policies establishing information "walls" designed to limit communication between affiliates investing in other investment strategies. These policies restrict the transfer of confidential information between these entities, subject to certain exceptions provided in the policies. These policies also establish procedures for communications among employees of different affiliates to guard against unlawful and inappropriate disclosure of material, nonpublic information.

Conflicts

The material conflicts of interest encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that are faced by a Client. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients and Other THL Funds and Allocation of Co-Investment Opportunities

In connection with its investment activities, the Adviser and Other THL Advisers encounter situations in which they must determine how to allocate investment opportunities among various Clients and other persons, which typically include, but are not limited to, the following:

- The Clients;
- Other THL Funds;
- Associates Co-Investment Vehicles;
- Individuals and entities that are also investors in one or more Clients or Other THL Funds (“Adviser Investors”) and/or individuals and entities that are not investors in any Clients or other THL Funds (“Third Parties”); and
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith.

Clients and Other THL Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain Associates Co-Investment Vehicles. Investment Allocation Requirements are generally set forth in a Governing Document, an offering document or in other contracts. To the extent the Investment Allocation Requirements of the Clients or Other THL Funds do not include specific allocation procedures and/or allow the Adviser or Other THL Adviser discretion in making allocation decisions among the Clients or Other THL Funds, the Adviser will follow the process set forth below.

The Adviser and Other THL Advisers must first determine which Clients or Other THL Funds will participate in an investment opportunity.

The Adviser and Other THL Advisers assess whether an investment opportunity is appropriate for a particular Client or Other THL Fund, based on the Client’s or Other THL Fund’s investment objectives, strategies and structure. A Client’s or Other THL Fund’s investment objectives, strategies and structure typically are reflected in the Client’s or Other THL Fund’s offering documents and Governing Documents. Prior to making any allocation to a Client or Other THL Fund of an investment opportunity, the Adviser and applicable Other THL Adviser determine what additional factors restrict or limit the offering of an investment opportunity to the Client or Other THL Fund. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser or Other THL Adviser may be contractually required to offer an investment opportunity to one or more Clients or Other THL Funds.
- **Related Investments:** the Adviser or Other THL Adviser may offer an investment opportunity related to an investment previously made by a Client or Other THL Fund to

such Client or Other THL Fund to the exclusion of, or with the effect of limiting the offering to, other Clients or Other THL Funds.

- Legal and Regulatory Exclusions: the Adviser or Other THL Adviser may determine that certain Clients or Other THL Funds, or investors in such Clients or Other THL Funds, should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Clients or Other THL Funds that will participate in a particular investment have been identified, the Adviser and any Other THL Adviser, in their discretion, decide how to allocate such investment opportunity among the identified Clients and Other THL Funds. In allocating such investment opportunity, the Adviser and Other THL Adviser will consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Client's and Other THL Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each Client's and Other THL Fund's liquidity and reserves;
- Each Client's and Other THL Fund's diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Client and Other THL Fund as well as each Client's and Other THL Fund's projected future capacity for investment;
- Each Client's and Other THL Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each Client's and Other THL Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Client and a current portfolio company of the Other THL Fund;
- The availability of other suitable investments for each Client and Other THL Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering documents and Governing Documents of each Client and Other THL Fund.

The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Client or Other THL Fund, or (ii) the profitability of any Client or Other THL Fund.

The Adviser will from time to time determine that the amount of an investment opportunity for a Client exceeds the amount the Adviser determines would be appropriate for the Client (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Clients or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the Client), and offer any such excess to one or more co-investors in the Adviser's sole discretion as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Client has a right to participate in any Co-Investment Opportunity, (ii) decisions regarding whether and to whom to offer Co-Investment Opportunities are made in the sole discretion of the Adviser (potentially in conjunction with Other THL Advisers) or other participants in the applicable transactions, such as co-sponsors, (iii) Co-Investment Opportunities typically will be offered to some and not other investors in the Clients, in the sole discretion of the Adviser or its related persons, (iv) certain persons other than investors in the Clients (e.g., Third Parties) will from time to time be offered Co-Investment Opportunities, in the sole discretion of the Adviser (potentially in conjunction with Other THL Advisers), and (v) co-investors generally purchase their interests in a portfolio company at the same time as the Clients or will on occasion purchase their interests from the applicable Clients after such Clients have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgments of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgments if there is a co-investment opportunity.

In exercising its discretion to allocate Co-Investment Opportunities with respect to a particular investment among the Clients and other persons, the Adviser will consider some or all of a wide range of factors, which include, but are not limited to, one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Clients without harming or otherwise prejudicing such Clients, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its (or Other THL Advisers') past experiences and relationships with the potential co-investment party, such as the co-investment party's expressed interest in co-investments generally or specific industries or sectors or the

willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser or Other THL Advisers;

- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an effect on the viability or terms of the proposed investment opportunity and the ability of the Clients to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Client wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Client being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Clients or Other THL Funds.

The Adviser's exercise of its discretion in allocating investment opportunities among the persons discussed above, including the Clients, Other THL Funds, Associates Co-Investment Vehicles, Adviser Investors and Third Parties, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations will often be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Client'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 the Adviser is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Client or that expenses incurred by the Client with respect to the syndication of the co-investment will not be substantial. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Client will consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Client more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by the Client which is not syndicated to co-investors as originally anticipated could significantly reduce the Client's overall investment returns.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Client pursuant to such Client's Governing Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser generally will consider the factors listed above, requirements in such Client's Governing Documents, and such other factors as it deems appropriate under the circumstances in exercising such discretion.

The Adviser will allocate fees and expenses incurred in connection with the offering and management of a Client between the Adviser and such Client in accordance with the Client's Governing Documents or, to the extent not addressed in such documents, in its sole discretion, in each case using good faith and its best judgment.

The appropriate allocation between Clients, Other THL Funds, Adviser Investors and Third Parties of expenses and fees generated in the course of evaluating potential investments that are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and any Other THL Adviser in their good faith discretion, consistent with the Governing Documents of the Clients and Other THL Funds, as applicable. In certain cases, an Associates Co-Investment Vehicle or other co-investor will evaluate a potential investment alongside a Client. If the potential investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment would be borne entirely by the Client or Clients selected by the Adviser as proposed investors for such proposed investment, rather than the Associates Co-Investment Vehicle or other co-investor. There are occasions when one Client (the "Payor Client") pays an expense common to multiple Clients or Other THL Funds (the "Allocated Clients") (e.g., legal expenses for a transaction in which all such Clients participate). On such occasions, each Allocated Client will reimburse the Payor Client for its share of such expense, without interest, promptly after the payment is made by the Payor Client. While highly unlikely, it is possible that one of the Allocated Clients could default on its obligation to reimburse the Payor Client.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser and Other THL Advisers are faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Clients and Other THL Funds with differing fee, expense and compensation structures, the Adviser and Other THL Advisers have an incentive to allocate investment opportunities to the Clients or Other THL Funds from which the Adviser, an Other THL Adviser, or any related persons derives, directly or indirectly, a higher fee, compensation or other benefit.

In addition, principal executive officers and other personnel of the Adviser invest indirectly in Clients and Other THL Funds and therefore participate indirectly in investments made by the Clients or Other THL Funds in which they invest. Such interests will vary depending upon the particular Client or Other THL Fund. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Client or Other THL Fund.

Conflicts Related to Purchases and Sales

Conflicts arise when a Client makes investments in conjunction with an investment being made by other Clients, Other THL Funds, or clients of affiliates of the Adviser, or in a transaction in

which another Client, Other THL Fund, or a client of an affiliate has already made an investment. Investment opportunities are from time to time appropriate for Clients, Other THL Funds, and/or clients of the Adviser's affiliates at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly when these Clients or Other THL Funds invest in different types of securities in a single portfolio company. Questions 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 will raise conflicts of interest, particularly in Clients or Other THL Funds that have invested in different securities within the same portfolio company. Certain clients of the Adviser's affiliates invest in bank debt and securities of companies in which other Clients or Other THL Funds hold securities, including equity securities. In the event that such investments are made by a clients of the Adviser's affiliates, the interests of such clients will at times conflict with the interest of other Clients, Other THL Funds, or clients of the Adviser's affiliates, particularly in circumstances in which the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients, Other THL Funds, or clients of the Adviser's affiliates, are prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Clients may or may not provide such additional capital, and if provided each Client will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a portfolio company of another Client or Other THL Fund. Investments by more than one Client, Other THL Fund, or client of the Adviser's affiliate in a portfolio company will also raise the risk of using assets of a Client, Other THL Fund, or client of the Adviser's affiliates to support positions taken by other Clients, Other THL Funds, or clients of the Adviser's affiliates. Employees and related persons of the Adviser, the Other THL Advisers, and their affiliates have made, and may in the future make, capital investments in or alongside certain Clients or Other THL Funds, and therefore often have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Client participating in a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Client will from time to time invest in opportunities that other Clients, Other THL Funds, or clients of the Adviser's affiliates have declined, and likewise, a Client will from time to time decline to invest in opportunities in which other Clients, Other THL Funds, or clients of the Adviser's affiliates have invested.

Cross-Transactions

In certain cases, the Adviser will cause a Client to purchase investments from another Client, or it will cause a Client to sell investments to another Client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Adviser might have an incentive to improve

the performance of one Client by selling underperforming assets to another Client in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) will from time to time have significant investments, or intentions to invest, in the Client that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser receives management or other fees in connection with its management of the relevant Clients involved in such a transaction, and affiliates of the Adviser are generally entitled to share in the investment profits of the relevant Clients. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Clients. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's CCO, in consultation with the Adviser's General Counsel, will be responsible for confirming that the Adviser (i) considers its respective duties to each Client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Clients if the Adviser is deemed to own more than 25% of the Client, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the Clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a Client (what is commonly referred to as a "principal transaction"), the investment adviser must make certain disclosures to the Client of the terms of the proposed transaction and obtain the Client's consent to the transaction. In connection with the Adviser's management of the Clients, the Adviser will from time to time engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Clients regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, Governing Documents and related documents relating to the Clients contain additional restrictions on the ability of the Clients or the Adviser to engage in principal transactions.

Management of the Clients

The Adviser manages a number of Clients that have investment objectives similar or identical to each other. In addition, the Other THL Advisers manage Other THL Funds with investment objectives similar or identical to those of a Client. The Adviser or an Other THL Adviser is expected to, in the future, establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Clients. Allocation of available investment opportunities between the Clients and any such investment fund could give rise to conflicts of interest. See "Allocation of Investment Opportunities Among Clients and

Allocation of Co-Investment Opportunities” above. In addition, it is expected that employees of the Adviser responsible for managing a particular Client will have responsibilities with respect to other Clients managed by the Adviser, or Other THL Funds managed by an Other THL Adviser, including Clients raised in the future. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

Follow-On Investments

Investments to finance follow-on acquisitions present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Client in a portfolio company in which another Client or Other THL Fund has previously invested. In addition, a Client will from time to time participate in releveraging and recapitalization transactions involving portfolio companies in which another Client or Other THL Fund has already invested or will invest. Conflicts of interest arise, 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. The Adviser and the applicable Other THL Adviser will resolve all such conflicts using its best judgment but in its sole discretion.

Conflicts Relating to the Adviser

The Adviser has in the past and may in the future, in its discretion, contract with any related person of the Adviser or Other THL Advisers (including but not limited to a portfolio company of a Client or Other THL Fund) to perform services for the Adviser in connection with its provision of services to the Clients. When engaging such a person to provide such services, the Adviser has an incentive to recommend such person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser has in the past and may in the future, in its discretion, recommend to a Client or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) a related person of the Adviser (including but not limited to a portfolio company of a Client or an Other THL Fund), or (ii) an entity with which the Adviser, an Other THL Adviser, an affiliate of the Adviser, or any of their respective personnel has a relationship or from which the Adviser, an Other THL Adviser, an affiliate of the Adviser, or any of their respective personnel otherwise derives a financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

An affiliate of the Adviser, or an investment vehicle managed by such affiliate, has in the past and may in the future lend money to portfolio companies of a Client. Such lending arrangements create conflicts of interest between the Adviser and its affiliate, acting as lender, and the portfolio company, acting as borrower.

Because certain expenses are paid for by a Client and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Client and/or its portfolio companies, the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Clients will be drawn down only in limited circumstances and because Advisory Fees are, at certain times during the life of the Clients, based upon capital invested by the Clients, this fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the Adviser is entitled to Carried Interest under the terms of the Governing Documents of the Clients. The existence of Carried Interest creates an incentive for the Adviser to cause such Clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services

As described in Item 5 above, the Adviser performs Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Clients. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Clients to the Adviser. Consistent with the Governing Documents of the applicable Clients, the Adviser will from time to time incur expenses, and a portfolio company will typically reimburse the Adviser for such expenses (including without limitation travel expenses, which have included, and may in the future include, expenses for chartered or first class travel, “black car” transportation, and meals and entertainment expenses) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described below. There are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) which accelerate the payment of a fee. Additionally, because the agreements with portfolio companies providing for such fees generally have extended terms (often ten years or more and/or subject to automatic extensions and renewal), the effect of such acceleration is substantial, particularly in the event such circumstances occur early in the life of the Client’s investment in such portfolio company. This creates a conflict of interest between the Adviser and its affiliates and the Clients and their investors because the amounts of these fees and reimbursements are often substantial and the Clients and their investors generally do not have an interest in these fees and reimbursements. The Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements often will not (except in connection with the reductions described below) be disclosed to investors in the Clients. The Adviser will, to a certain extent, reduce the amount of Advisory Fees paid by the applicable Client in connection with the receipt of the applicable Client’s share of such fees. The amount and nature of this reduction varies from Client to Client and is set forth in the Governing Documents of the applicable Client. Persons other than Clients that participate in investments alongside the Clients (such as Associates Co-Investment Vehicles, Other THL Funds, Adviser Investors and Third Parties) typically will have a right to share in

such fees, and Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Diverse Membership

The investors in the Clients generally include U.S. taxable and tax-exempt entities and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Client. The conflicting interests among the investors typically relate to or arise from, among other things, the nature of investments made by a Client, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Client, the Adviser will consider the investment and tax objectives of the applicable Client as a whole, not the investment, tax or other objectives of any investor individually.

Business with Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which Clients and Other THL Funds have invested, there are often situations when the Adviser is in the position of recommending portfolio company services to other portfolio companies. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Clients or Other THL Funds, while the products or services recommended are not necessarily the best available to the portfolio companies held by the Clients.

The Adviser has an incentive to recommend the products or services of certain investors in the Clients or Other THL Funds or their related businesses to the Clients or their portfolio companies for use or purchase, even though the products or services recommended are not necessarily the best available to the Clients or the portfolio companies.

The Adviser has service providers, including, for example, investment bankers, outside legal counsel and other parties, who are investors in Clients or Other THL Funds and/or who provide services to businesses that are competitors of the Adviser. The Adviser has a conflict of interest with the Clients in recommending the retention or continuation of a service provider to the Clients or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Clients or Other THL Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain members of a Client's advisory committee are, or in the future will be, officers or directors of, or otherwise affiliated with, investors in a Client or Other THL Fund. The Adviser will from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Positions with Portfolio Companies

Employees of the Adviser serve as directors of portfolio companies. Remuneration such employees receive as directors will, to a certain extent, reduce the Advisory Fees owed by the applicable Clients. In addition, employees of the Adviser will on occasion leave the employment of the Adviser and become an officer or employee of a portfolio company.

Side Letter Agreements

The Adviser routinely enters into certain side letter arrangements with certain investors in a Client providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights and liquidity or transfer rights.

Other Potential Conflicts

The Adviser, Other THL Advisers, Other THL Funds, and/or Clients will at times engage common legal counsel and other advisors in a particular transaction, including a transaction in which there are conflicts of interest. Members of the law firms engaged to represent the Clients will typically be investors in a Client or Other THL Fund, and will at times also represent one or more portfolio companies of or investors in a Client or Other THL Fund. In the event of a significant dispute or divergence of interest between Clients or Other THL Funds, the Adviser, an Other THL Adviser, and/or their affiliates, the parties will engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation will often be required. Additionally, the Adviser, Other THL Advisers, Other THL Funds, Clients, and/or the portfolio companies of Clients or Other THL Funds will from time to time engage other common service providers. In such circumstances, there is a conflict of interest between the Adviser or Other THL Adviser, on the one hand, and the applicable Other THL Fund, Client, or portfolio company, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it or an Other THL Adviser receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Clients and/or the portfolio companies.

The Adviser has in the past and, in its discretion, may in the future cause the Clients and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser or an Other THL Adviser. The Clients and/or their portfolio companies typically bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there is a conflict of interest between the Adviser and the Clients (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility

that the Adviser will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

If a Client purchases in the secondary market at a discount debt securities of a company in which a Client has, for example, a substantial equity interest, (a) a court might require the Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt.

The legal risks associated with these types of transactions vary from jurisdiction to jurisdiction.

The Governing Documents of certain Clients permit the Adviser to withhold information from certain limited partners or investors in such Client in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The Adviser will generally elect to withhold certain information to such limited partners for reasons relating to the Adviser's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons generally seek to alleviate conflicts of interest among the Clients or other persons.

Item 12. Brokerage Practices

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

Selection of Brokers and Dealers

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

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's relevant investment team, in consultation with the Chief Financial Officer ("CFO"), takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial

stability of the broker or dealer and the quality of service rendered by the broker or dealer in other transactions.

In order to monitor best execution, the Adviser's CFO, in consultation with the Adviser's CCO, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Client.

The Adviser does not receive "soft dollars" in connection with its use of broker-dealers.

Aggregation of Trades

The Adviser may aggregate (or bunch) the orders of more than one Client or Other THL Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Clients or Other THL Funds with orders for other Clients for which it or an Other THL Adviser has trading authority, or in which it or an Other THL Adviser has an economic interest. In such cases, the Adviser and Other THL Advisers generally aggregate trade orders for publicly traded securities so that each participating Client or Other THL Fund will receive the average price for each execution of a transaction.

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

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Clients are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Clients and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Directors and other investment professionals of the Adviser. Moreover, the Adviser has a separate group responsible for developing and implementing key strategic initiatives at certain portfolio companies. This group works alongside the investment professionals to oversee the Clients' investments in their portfolio companies.

Reporting

Investors in a Client typically receive, among other things, a copy of audited financial statements of such Client as soon as practicable after March 15th of each year, as well as unaudited quarterly financial reports within 60 days after each fiscal quarter end. The Adviser will from time to time, in its sole discretion, provide additional information relating to such Client to one or more investors in such Client as it deems appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-Clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons will, in certain instances, receive discounts on products and services provided by portfolio companies of Clients and/or customers or suppliers of such portfolio companies. While not a Client solicitation arrangement, the Adviser will from time to time engage one or more persons to act as a placement agent for a Client in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Client that are subsequently accepted. The Advisory Fees paid by a Client will generally be reduced by the amount of placement agent fees paid by such Client.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

Investment advice is provided directly to the Clients and not individually to the investors in the Clients. Services are provided to each Client in accordance with its Governing Documents. Investment restrictions for a Client, if any, are generally established in its Governing Documents.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Clients (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Client by maximizing the economic value of the relevant Clients’ holdings, taking into account the relevant Clients’ investment horizons, the contractual obligations under the relevant Governing Documents and all other relevant facts and circumstances at the time of the Vote.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the CCO or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Clients.

Clients generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the CFO or appropriate investment professional for a voting decision. In most cases, the Adviser’s CFO or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she will generally rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the

investment professional will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO will consult with the Adviser's General Counsel as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Clients' holdings.

The CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. The CCO will consider, among other things, whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that presents a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Clients. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Clients.

Information regarding how proxies were voted in connection with a Client and copies of proxy voting policies are available to any Client or prospective Client upon written request to: CCO@THL.com.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.