

# TPG PEP Advisors, 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 TPG PEP Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (817) 871-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about TPG PEP Advisors, LLC also is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**An investment adviser's registration with the United States Securities and Exchange Commission 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 our Brochure dated September 11, 2014. 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, risk factors and conflicts of interest.

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#### **ITEM 4 – ADVISORY BUSINESS**

For purposes of this brochure, “we,” “us” and “our” refer to TPG PEP Advisors, LLC, together (where the context permits) with any of our subsidiaries that provide investment advisory services.

*Advisory Clients.* We provide investment advisory services to the following

- pooled investment vehicles that are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”); and
- certain individual investors through separately managed account arrangements.

We refer to these collectively as the “TPEP Funds.”

The TPEP Funds’ investors are primarily “qualified purchasers,” as defined in the Investment Company Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, limited partnerships and limited liability companies. We also serve as the sponsor of entities that act as feeder vehicles into certain TPEP Funds.

Our only advisory clients are the TPEP Funds.

*Organization.* We were formed as a Delaware limited liability company in 2013 and are part of a private investment firm originally founded in 1992 (which we refer to, together with its affiliates including us, as “TPG”). Our ultimate principal owners are, indirectly, David Bonderman and James Coulter.

*Nature of Advisory Services.* As an investment adviser, we identify investment opportunities and participate in the acquisition, management, monitoring and disposition of investments for each TPEP Fund. We primarily provide investment advisory services related to investments in publicly traded equities globally across all sectors and capitalizations. We will generally take both long and short positions. Although the primary focus of the TPEP Funds is generally on publicly traded equity investments, in order to gain exposure to desired asset classes or securities, or for hedging or other investment purposes, we also utilize derivative instruments, such as

- foreign currency exchange contracts;
- options;
- stock index futures contracts;
- warrants;
- forwards;

- futures contracts;
- swap agreements; and
- other commodity interests

in each case to the extent consistent with the applicable TPEP Fund's investment objectives and strategies (please see "*Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*" below).

*Advisory Services and Related Agreements.* We generally provide investment advisory services to each TPEP Fund pursuant to a separate investment advisory agreement, which we refer to as an "Advisory Agreement." Each TPEP Fund's Advisory Agreement sets forth the terms of the investment advisory services we provide to the TPEP Fund. Investment guidelines for each TPEP Fund, if any, are generally established in its organizational or offering documents. We provide investment advice directly to the TPEP Funds, and not individually to the investors in the TPEP Funds.

As described more fully in Item 11, we and our related entities routinely enter into side letter agreements with certain investors in the TPEP Funds providing such investors with customized terms, which often results in preferential treatment.

*Amount of Client Assets.* As of January 1, 2015, we managed on a discretionary basis a total of approximately \$571,300,000 of client assets.

## **ITEM 5 – FEES AND COMPENSATION**

*Fees Generally.* We generally charge asset-based investment advisory fees (which in other contexts we commonly refer to as "management fees") to the TPEP Funds. Advisory fees paid by a TPEP Fund are indirectly borne by its investors. Such investment advisory fees are deducted from TPEP Fund assets and are generally payable quarterly in advance, depending upon the TPEP Fund. The amount of any investment advisory fee is prorated for periods of less than a full billing cycle at the beginning or end of our provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of our investment advisory services. Our Advisory Agreements generally restrict a TPEP Fund's ability to terminate the agreement. The specific restrictions vary depending on the nature of the TPEP Fund.

We establish and negotiate with investors in the applicable TPEP Fund the precise amount of, and the manner and calculation of, the advisory fees. Such TPEP Fund's Advisory Agreement, organizational documents, offering documents and/or other documentation received by each investor prior to its investment in such TPEP Fund, which we refer to collectively as, together with any applicable side letters, the "Governing Documents," sets forth the precise amount of, and the manner and calculation of, the advisory fees. Please see Item 11 for a description of the side letter agreements we and our related advisors enter into with certain investors in TPEP Funds that provide such investors with customized terms, including with respect to management fees.

*Expenses.* In addition to the investment advisory fees described above, each TPEP Fund bears all expenses that are incurred in connection with its operation and investments, meetings and liquidation, including, without limitation and to the extent provided in the particular TPEP Fund's Governing Documents,

- travel expenses related to research and monitoring of investments;
- interest, fees and expenses associated with the purchase and sale of securities;
- audit, accounting and tax, legal, insurance, indemnification, litigation, and custodian expenses; fees and expenses of consultants and servicers;
- costs associated with any director and officer insurance obtained by the TPEP Fund;
- expenses relating to compliance with regulatory requirements applicable to such TPEP Fund; and
- taxes, fees, and other governmental charges levied against such TPEP Fund or its subsidiaries.

Details regarding these and additional expenses are generally disclosed to investors in each TPEP Fund's Governing Documents. For more information on brokerage practices, please see Item 12 below.

*Fees Received by TPG Capital BD, LLC.* Our affiliate, TPG Capital BD, LLC ("TPG BD"), is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"). See Item 10 below for more information regarding TPG BD.

#### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The TPEP Funds generally allocate a portion of their investment profits to their general partners, which are affiliated with us, as a performance allocation, as set forth in each TPEP Fund's Governing Documents. Such general partners' entitlement to performance-based distributions creates an incentive for us to take risks in managing the TPEP Funds that we would not otherwise take in the absence of such arrangements.

Additionally, performance allocations made at different rates, or subject to different hurdle rates, creates an incentive for us or our affiliates to disproportionately allocate time, services or functions to vehicles making performance allocations at a higher rate (or subject to a lower hurdle rate), or to allocate investment opportunities to such vehicles. However, we have adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that we believe in good faith is fair and reasonable under the circumstances and considering such factors as we deem relevant, but in our sole discretion. See Item 11 below for additional information relating to how we generally address conflicts of interests.

## **ITEM 7 – TYPES OF CLIENTS**

See Item 4 – Advisory Business.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### ***Methods of Analysis and Investment Strategy***

We employ a private equity approach to public market investing, which means that our team takes a long-term, fundamentally oriented perspective when evaluating investments. We seek to generate superior risk-adjusted returns on an absolute basis through proprietary, deep, fundamental, bottom-up research, aimed at developing variant perceptions relative to consensus thinking. This longer duration approach to investing allows us to take advantage of opportunities created by market volatility and general investor short sightedness.

The TPEP Funds have a broad mandate to invest in publicly traded equities globally across all sectors and market capitalizations. This broad mandate enables us to take an opportunistic approach to investing. At the same time, our team seeks to remain within our circle of competence with a disciplined research process and only invests where we are able to gain conviction in an investment and properly analyze the risk/reward.

On the long side of the portfolio, we seek to invest in businesses that are trading at a substantial discount to our estimate of intrinsic value. While the approach is flexible, there is a bias towards investing in high quality businesses that are run by strong management teams. The team evaluates business quality based on barriers to entry, sustainability of a company's competitive advantages, pricing power, returns on capital and cash flow among other attributes. On the short side, our team seeks to profit from selling shares when trading values do not reflect the true earnings power of the company. This disconnect can result from fundamental misperceptions about the quality of a business or its growth opportunity, secular pressures, new competitive entrants, changes in industry structure and weak balance sheets and management teams.

Risk management starts at the position level. We view risk as potential for permanent impairment of capital and not the volatility of a security. We manage risk through extensive fundamental analysis and disciplined portfolio construction with a re-allocation of capital to the best perceived risk/reward scenarios. Portfolio level risk is evaluated by sector and geography exposure and from time to time by factor exposure (currency, commodity, rates, etc.). We specifically seek to avoid investments where a macroeconomic outcome is likely to be significantly more important to stock price performance than the company-specific investment case.

### ***Material Risks of Significant Investment Strategies***

The investment strategies described above, and other strategies that the TPEP Funds pursue, involve a substantial degree of risk, and the TPEP Funds may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable TPEP Fund's offering document, and our representatives and those of our affiliates are available to discuss with

potential investors risks involved in the strategies a TPEP Funds pursues. Such material risks include the following:

*Potential Lack of Diversification.* There is no assurance as to the degree of diversification that we will actually achieve in the TPEP Funds' portfolio. Any non-diversification would increase the risk of loss to the TPEP Funds if there was a decline in the market value of any security or sector in which a TPEP Fund has invested a large percentage of its assets. Even if the TPEP Funds achieve significant diversification, such diversification would not necessarily provide meaningful risk control, and would reduce the TPEP Funds' profit potential if certain investments were unprofitable while others are profitable. Investment in a non-diversified fund will generally entail greater risks than investment in a diversified fund.

*Market Conditions and Financial Market Fluctuations.* The TPEP Funds' performance will be materially affected by conditions in the financial markets and economic conditions throughout the world, including

- interest rates;
- availability and terms of credit;
- inflation rates;
- economic uncertainty;
- changes in laws;
- trade barriers;
- commodity prices;
- currency exchange rates and controls; and
- national and international political circumstances.

Difficult market conditions are likely to adversely affect the TPEP Funds by reducing the value or performance of the portfolio investments or by reducing their ability to raise or deploy capital.

*Reliance on Our Management.* The success of the TPEP Funds will depend in large part upon the skill and expertise of our professionals and those of our affiliates. The TPEP Funds' investment strategy permits investments to be made in a broad range of issuers, securities, financial instruments and transactions. Within these broad parameters, our professionals will make investment decisions for the TPEP Funds as deemed appropriate in our sole discretion. There can be no assurance that any individual professional will continue to be associated with the TPEP Funds or that we will continue to be able to offer attractive incentive opportunities to recruit, retain and motivate qualified professionals. There is competition among alternative asset firms, financial institutions, hedge funds, investment managers and other industry participants for hiring and retaining qualified investment professionals. Should any of these professionals join or

form a competing firm, become incapacitated or in some other way cease to participate in the TPEP Funds' investment activities, the TPEP Funds' performance could be adversely affected.

If legislation were to be enacted to treat carried interest as ordinary income rather than capital gain, the amount of taxes that our professionals would be required to pay with respect to their performance allocations would materially increase, thereby adversely affecting our ability and that of our affiliates to offer such attractive incentive opportunities.

*Misconduct of Employees and of Third Party Service Providers.* Misconduct by our employees or by the TPEP Funds' third-party service providers could cause the TPEP Funds to incur significant losses. Employee misconduct could include binding the TPEP Funds to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to record transactions or improperly performing their responsibilities as administrators. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the TPEP Funds' business prospects. Although we have adopted measures reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, there is no assurance that these measures will be effective in all cases.

*Exemptions from Registration Under U.S. Commodities Laws.* While the TPEP Funds may invest in certain commodity interests (directly or indirectly through other fund investments) including swaps, futures, and currency forwards, each TPEP Fund's general partner filed a notice of exemption with the NFA from registration with the CFTC as a CPO with respect to the TPEP Funds pursuant to CFTC Rule 4.13(a)(3) because of the TPEP Funds' limited trading in commodity interests, and, accordingly, is not required to deliver a Disclosure Document or a certified Annual Report (as those terms are used in the CFTC's rules). Likewise, the Investment Manager is exempt from registration with the CFTC as a commodity trading advisor, and as such, it will not be required to satisfy certain requirements under the CFTC rules.

*Increased Regulatory Scrutiny.* The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the TPEP Funds and the ability of the TPEP Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. Such scrutiny may increase our and the TPEP Funds' exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight would impose administrative burdens on us, which could include, without limitation, responding to investigations and implementing new policies and procedures. We would expect such burdens to divert our time, attention and resources from portfolio management activities. We anticipate that, in the normal course of business, our officers will have contact with governmental authorities and/or be subjected to responding to inquiries or examinations. We would also expect the Funds to be subject to regulatory inquiries concerning their securities positions and trading.

The passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Pursuant to the Dodd-Frank Act, the SEC has adopted rules that require additional reporting by registered investment advisers to private funds, which have added costs to our legal, operations and compliance obligations, and those of the TPEP Funds and their general partners, and have increased the amount of time that we spend on non-investment-related activities.

The Dodd-Frank Act affects a broad range of market participants with whom the TPEP Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, broker-dealers, futures commission merchants and swap dealers. Regulatory changes that affect other market participants are likely to change the way a TPEP Fund conducts business with counterparties. It is difficult to anticipate the effect of these and other regulatory changes on a TPEP Fund and its general partner. It will likely take years to understand the impact of the Dodd-Frank Act on the financial industry as a whole, and such continued uncertainty makes markets more volatile, making it increasingly difficult for us to execute the investment strategy of a TPEP Fund.

The implementation of the European Union’s Directive 2011/61/EC on Alternative Investment Fund Managers (the “AIFM Directive”) could have an adverse effect on the continued operation of a TPEP Fund where interests are offered to or placed with investors in any European Economic Area (“EEA”) Member State where the AIFM Directive has been implemented. The AIFM Directive applies to the manager of any investment fund that is not authorized under the Undertakings for Collective Investment in Transferable Securities Directive (an “AIF”) or does not otherwise fall within a relevant exclusion under the AIFM Directive (an “AIFM”). Beginning in 2015, we expect it to be possible for certain third country AIF Managers to market funds actively in any EEA Member State on the basis of a pan-EU “passport” subject to authorization of the AIFM in an EEA Member State and compliance by the AIF general partner and manager with all relevant provisions of the AIFM Directive.

A TPEP Fund’s general partner will be more restricted in marketing the Fund to investors who are domiciled or have a registered office in any EEA Member State where the AIFM Directive is in force than was the case before its implementation. This could limit the TPEP Fund’s ability to attract investors, resulting in a reduction in the overall amount of capital raised by such TPEP Fund, which limits the range of investments that the TPEP Fund is able to pursue and make.

We and a TPEP Fund’s general partner will be required to comply with additional initial disclosure, annual reporting and regulatory filing requirements in relation to a TPEP Fund and, in certain EEA Member States, will be required to comply with registration requirements, including the requirement to appoint a depositary. Compliance with these requirements will result in additional costs to the applicable TPEP Fund, reducing the returns for investors. The need to comply with any such registration requirements has the potential to delay the fundraising process, thereby reducing the speed with which we and the TPEP Fund’s general partner can deploy the capital raised.

There is still some uncertainty as to the manner in and extent to which the AIFM Directive is being implemented in various EEA Member States. This uncertainty increases the risk of a

breach by a TPEP Fund's general partner and us in an EEA Member State of the requirements imposed by the AIFM Directive. Such a breach could result in a regulatory authority or court in that or another EEA Member State requiring the general partner and us to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against a TPEP Fund, its general partner, or us. This could result in a reduction in the overall amount of capital available to a TPEP Fund, thus potentially limiting the range of investments that the TPEP Fund is able to pursue and make or otherwise result in a loss to the TPEP Fund.

*Potential Reporting Obligations; Other Regulatory Regimes.* Acquisitions by the TPEP Funds of equity securities at times result in reporting and compliance obligations under the Securities Exchange Act of 1934 (the "Exchange Act") and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or their equivalent regimes in non-U.S. jurisdictions. In addition, the TPEP Funds will be subject to tax reporting requirements in the United States and possibly in other jurisdictions. The costs of compliance will be borne by each such TPEP Fund.

*Risk Management; Operational Controls.* Although we and each TPEP Fund's general partner will seek to manage investment risks by employing appropriate due diligence, analysis and pricing models prior to a TPEP Fund's investment in a portfolio investment and continued monitoring of investments in each TPEP Fund, there is no assurance that these methods will expose all the considerations relevant to the investment decision. Further, we and a TPEP Fund's general partner use operational controls and risk management techniques that involve third parties over whom we and such general partner do not exercise control, including outsourced providers of fund administration and custody services. The proper operation of a TPEP Fund and safekeeping of a TPEP Fund's assets depends on the performance and financial wherewithal of these third parties. The operational controls and risk management techniques that we and a TPEP Fund's general partner use also necessarily include subjective elements, making our judgment and discretion and those of such general partner's investment professionals, and TPG's "Corporate Services" (i.e., control-side) professionals, fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for us and a TPEP Fund's general partner to control for risk, which in turn increases the likelihood of unpredictable results with respect to a portfolio investment and the TPEP Funds' overall performance.

*Effect of Substantial Withdrawals.* Substantial withdrawals by a TPEP Fund's investors could be triggered by a number of events, including

- investment performance;
- changes in prevailing interest rates and financial market performance;
- significant change in our personnel or management;
- legal or regulatory issues that investors perceive to have a bearing on us, a TPEP Fund or its general partner; or
- other factors.

Actions taken to meet substantial withdrawal requests from such TPEP Fund could result in prices of securities held by such TPEP Fund decreasing and in Fund expenses increasing (e.g., due to increased transaction costs incurred in the liquidation of positions or in connection with the termination of counterparty agreements). Substantial withdrawals could also significantly restrict such TPEP Fund's ability to obtain financing or derivatives counterparties needed for its investment and trading strategies, which would have a further material adverse effect on such TPEP Fund's performance.

*Equity Risk.* The market price of securities held by the TPEP Funds will increase and/or decrease, sometimes rapidly or unpredictably. The values of equity securities may decline due to general market conditions that are not specifically related to a particular TPEP Fund investment, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend, interest or other payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities that we believe are fundamentally undervalued or incorrectly valued at times will not ultimately be valued in the capital markets at prices or within the time frame we anticipate. As a result, a TPEP Fund may lose all or substantially all of its investment in a particular security.

*Short Sales.* We make short sales of investment securities on behalf of the TPEP Funds. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes the TPEP Funds to the risk of liability for the market value of the security that is sold, which is an unlimited risk in theory due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed by the TPEP Funds at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case the TPEP Funds would be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain *de minimis* threshold and is expected to adopt rules requiring monthly public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where the TPEP Funds trade have adopted reporting requirements. If the TPEP Funds' short positions or its strategy become generally known, it could have a significant effect on our ability to implement our investment strategy. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by the TPEP Funds forcing the TPEP Funds to cover its positions at a loss. Such reporting requirements likely would also limit our ability to access management and other personnel at certain companies where we seek to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as

the TPEP Funds, the cost of borrowing securities to sell short could increase significantly and the availability of such securities to the TPEP Funds could decrease significantly.

The SEC has adopted restrictions on the short sale of securities which fall more than 10% in a given day (referred to as the “circuit breaker” or “modified uptick rule”). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans on short sales of certain securities in response to market events. Restrictions or bans on short selling would make it more difficult for the TPEP Funds to execute certain investment strategies and may have a material adverse effect on the TPEP Funds’ ability to achieve their investment objectives and generate returns. In addition, engaging in short selling increases the risk of the TPEP Funds becoming subject to government investigation.

*Leverage.* We utilize leverage in investing the TPEP Funds’ assets, including through engaging in trading on margin by borrowing funds and pledging securities as collateral. While the use of borrowed funds increases returns if the TPEP Funds earn a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the TPEP Funds fail to earn as much on such incremental investments as it pays for such funds. The effect of leverage in these cases would therefore result in a greater decrease in the net asset value of the TPEP Funds than if the TPEP Funds were not so leveraged. Any use by the TPEP Funds of short-term margin borrowings will result in certain additional risks to the TPEP Funds. For example, the securities pledged to brokers to secure the TPEP Funds’ margin accounts could be subject to a “margin call,” pursuant to which the TPEP Funds would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the TPEP Funds’ assets accompanied by corresponding margin calls could force the TPEP Funds to liquidate assets quickly, and not for what we perceive to be their fair value, in order to pay off its margin debt. In addition, the TPEP Funds may engage in certain derivative transactions which implicitly contain leverage and subject the TPEP Funds to the same risks discussed above.

*Risks of Derivative Instruments.* The TPEP Funds from time to time use derivative instruments. Use of derivative instruments present various risks, including market risk, legal risk, operations risk and the following additional risks:

Tracking – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged would likely prevent the TPEP Funds from achieving the intended hedging effect or expose the TPEP Funds to the risk of loss.

Liquidity – Derivative instruments, especially when traded in large amounts, are not liquid in all circumstances, so that in volatile markets, the TPEP Funds likely would not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which each TPEP Fund may conduct its transactions in derivative instruments would prevent prompt liquidation of positions, subjecting such TPEP Fund to the potential of greater losses.

Leverage – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the TPEP Funds and would generally cause the TPEP Funds’ net asset value to be subject to wider fluctuations than would be the case if the TPEP Funds did not use the leverage feature in derivative instruments.

Over-the-Counter Trading/Counterparty Risk – The TPEP Funds will be exposed to counterparty risk to the extent they use “over-the-counter” derivatives, enter into repurchase agreements, lend their portfolio securities or allow a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt or otherwise experiences a business interruption, the TPEP Funds would expect to miss investment opportunities or otherwise hold investments they would prefer to sell, resulting in losses for the TPEP Funds. The TPEP Funds may effect transactions in “over-the-counter” or “interdealer” markets or other unregulated private markets. The lack of a common clearing facility in these markets creates counterparty risk. The participants in these markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the TPEP Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the TPEP Funds have concentrated its transactions with a single or small group of counterparties. The TPEP Funds typically would be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. The TPEP Funds typically are only able to close out over-the-counter transactions with the relevant counterparty, and generally are only able to transfer a position with the consent of the particular counterparty. When a counterparty’s obligations are not fully secured by collateral, the TPEP Funds are essentially an unsecured creditor of the counterparty. If the counterparty defaults, the TPEP Funds will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, the TPEP Funds will succeed in enforcing contractual remedies. Counterparty risk is still present even if a counterparty’s obligations are secured by collateral because the TPEP Funds’ interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent the TPEP Funds allows a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, the TPEP Funds may be treated as an unsecured creditor of such counterparty in the event of the counterparty’s insolvency. Counterparty risk would be more pronounced if a counterparty’s obligations exceed the amount of collateral held by the TPEP Funds (if any), the TPEP Funds are unable to exercise its interest in collateral upon default by the counterparty or the termination value of the instrument varies significantly from marked-to-market value of the instrument.

The TPEP Funds will be exposed to the credit risk of its counterparties and at times will bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding

the repurchase price, default by the seller would expose the TPEP Funds, as buyer, to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations. Conversely, where the TPEP Funds act as seller under a repurchase agreement it is exposed to the risk of the buyer defaulting in its obligation to return the securities when it is required to do so, and the TPEP Funds could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, the TPEP Funds would likely incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if the TPEP Funds are treated as an unsecured creditor and is required to return the underlying collateral to the seller's estate.

Securities purchased or sold on a "when-issued" or "delayed delivery" basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date. Loans of securities also involve risks of delay in receiving additional collateral or in recovering the securities loaned, or possibly loss of rights in the collateral, should the borrower of the securities become insolvent.

Additionally, the TPEP Funds are exposed to documentation risk, including the risk that the parties disagree as to the proper interpretation of the terms of a contract (*e.g.*, the definition of default). If a dispute occurs, the cost and unpredictability of the legal proceedings required for the TPEP Funds to enforce its contractual rights could lead the TPEP Funds to decide not to pursue its claims against the counterparty. In that case, the TPEP Funds would generally be unable to obtain payments that it believes are owed to it under over-the-counter derivatives contracts or those payments may be delayed or made only after the TPEP Funds have incurred the costs of litigation.

Due to the nature of the TPEP Funds' investments, the TPEP Funds would expect to invest in derivatives or execute a significant portion of its securities transactions through a limited number of counterparties, and events that affect the creditworthiness of any of those counterparties would therefore have a pronounced effect on the TPEP Funds. In addition, the creditworthiness of a counterparty typically would be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. We evaluate the creditworthiness of the counterparties to the TPEP Funds' transactions or their guarantors at the time the TPEP Funds enters into a transaction. The TPEP Funds are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of the TPEP Funds to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the TPEP Funds.

Counterparty risk is further complicated by recently enacted U.S. financial reform legislation, which includes provisions for new clearing, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies.

*Options.* The TPEP Funds may invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment

risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option from time to time are subject to greater fluctuation than an investment in the underlying securities would entail. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities falls below the exercise price. The ability to trade in or exercise options likely would be restricted in the event that trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the TPEP Funds greater flexibility to tailor an option to their needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

*Hedging.* The TPEP Funds from time to time employ hedging techniques intended to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. While we intend such transactions to reduce certain risks, they will entail certain other risks and involve costs. We expect the TPEP Funds to benefit from the use of these hedging mechanisms, but unanticipated changes in interest rates, securities prices, or currency exchange rates would typically result in a poorer overall performance for the TPEP Funds than if they had not entered into such hedging transactions.

The success of any hedging strategy will depend, in part, upon the ability of each TPEP Fund's general partner to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. Since the characteristics of many investments change as markets change or time passes, the success of the TPEP Funds' hedging strategy will also be subject to the ability of each TPEP Fund's general partner to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the TPEP Funds enter into hedging transactions to seek to reduce risk, it is possible that such transactions would result in a poorer overall performance for the TPEP Funds than if it had not engaged in such hedging transactions. For a variety of reasons, each TPEP Fund's general partner may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation risks preventing the TPEP Funds from achieving the intended hedge or exposing the TPEP Funds to risk of loss. Each TPEP Fund's general partner may be unable to or may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence, probability or magnitude of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the TPEP Funds' investments. In addition, although such hedging transactions are intended to hedge economic risks, they may not be effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction differs from time to time from the character of the loss or gain on the investment, or the timing of gain or loss for tax purposes differs from time to time between the hedging transaction and the investment.

*Initial Public Offerings.* The TPEP Funds will from time to time purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors contribute to substantial price volatility for the shares of these companies and, thus, for the Fund's interests. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near term prospects of achieving them.

*Non-U.S. Investments.* The TPEP Funds will invest outside of the United States. Such investments are subject to different, possibly greater risks than U.S. investments due to non-U.S. economic, political and legal developments, including, among other things,

- favorable or unfavorable changes in currency exchange rates;
- exchange control regulations (including currency blockage);
- expropriation of assets or nationalization;
- imposition of taxes on dividends, interest payments, or capital gains;
- the need for approval by government or other authorities to make investments;
- possible difficulty in obtaining and enforcing judgments against non-U.S. entities; and
- other factors beyond our control.

Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which the TPEP Funds invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets typically are subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements will in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for the TPEP Funds to invest in such markets is by entering into swaps or other derivative transactions with their prime brokers or others. Such transactions involve counterparty risks that are not present in the case of direct investments and that we may not be able to control. To the extent such non-U.S. laws and regulations do not provide the TPEP Funds with equivalent rights and privileges necessary to promote and protect the TPEP Funds' interest in any such proceeding, portfolio

investments would generally be adversely affected. Each TPEP Fund's general partner will analyze risks in the applicable foreign countries before making such investments, but there can be no assurance that adverse developments with respect to these risks will not adversely affect the assets of the TPEP Fund that are held in certain countries.

The risks described above are particularly relevant to the extent the TPEP Funds make investments in emerging market countries. Emerging market countries generally are subject to greater risks of expropriation, confiscatory taxation, nationalization, political, economic or social instability and other negative developments.

*Interest Rate Risks.* The TPEP Funds have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the TPEP Funds. Factors that affect market interest rates include,

- inflation;
- slow or stagnant economic growth, or recession;
- unemployment;
- money supply and the monetary policies of the Federal Reserve Board;
- international disorders, and instability in domestic and foreign financial markets.

The TPEP Funds expect that they will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, the TPEP Funds may not be able to manage this risk effectively. If a TPEP Fund is unable to manage interest rate risk effectively, its performance could be adversely affected.

*Portfolio Turnover.* The TPEP Funds do not expect to place any limit on the rate of portfolio turnover, and portfolio securities will be sold without regard to the time they have been held when, in our opinion, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may reduce a TPEP Fund's investment gains or create a loss for investors and would result in additional taxable costs for investors depending on the tax provisions applicable to such investors.

*Cash and Other Investments.* The TPEP Funds will invest at least a portion of its assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally expected to be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers that we deem to be creditworthy. The TPEP Funds may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they at times produce lower than expected

returns, and could result in losses. Investments in cash items and money market funds could provide less liquidity than anticipated by the TPEP Funds at the time of investment.

*Lending of Securities.* The TPEP Funds are able to lend portfolio securities to broker-dealers and other financial institutions. The advantage of such loans is that the TPEP Funds continue to receive the interest or dividends on the loaned securities, while at the same time earning interest on the collateral which is invested in short-term obligations. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates, and the TPEP Funds could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. On termination of the loan, the borrower is required to return the securities to the TPEP Funds; any gains or loss in the market price during the loan would inure to the TPEP Funds. In the event of the bankruptcy of the other party to a securities loan, the TPEP Funds could experience delays in recovering the securities they lent. To the extent that the value of the securities the TPEP Funds lent has increased, the TPEP Funds could experience a loss if such securities are not recovered.

*Custodial Risk.* Each TPEP Fund's prime brokers will have custody of a TPEP Fund's securities, cash, distributions and rights accruing to each TPEP Fund's securities accounts. SEC rules require the prime brokers to maintain physical possession and control of fully paid securities held in a TPEP Fund's account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the prime brokers generally have the ability to loan, pledge and rehypothecate the securities in a TPEP Fund's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the prime brokers. In such an event, a TPEP Fund would typically not have a right to recover its securities held by the prime brokers, but would rather have only an unsecured claim against the prime brokers and participate pro rata with other customers of the prime brokers in the proceeds of the sale of customer securities. Also, even if the prime brokers do have sufficient assets to meet all customer claims, there could be a delay before a TPEP Fund receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, the TPEP Funds have established relationships with multiple prime brokers. However, there can be no assurance that the TPEP Funds will be able to maintain such relationships. In addition, the TPEP Funds would likely not be able to identify potential solvency concerns with respect to the TPEP Funds' prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner. The prime brokers may hold the TPEP Funds' securities through third parties such as clearing corporations, other brokers or banks. In addition, the TPEP Funds from time to time hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, the TPEP Funds are subject to credit risk with respect to such third parties as well as with respect to the prime brokers. In addition, certain of the TPEP Funds' assets are held by non-U.S. affiliates of the TPEP Funds' prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the United States. If a TPEP Fund has over-collateralized derivative contracts, it is likely to be an unsecured creditor of any such counterparty in the event of its insolvency. Also, even if a TPEP Fund's prime broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before the TPEP Funds receive assets to satisfy its claims. A TPEP Fund may change the brokerage arrangements any time without notice to its investors.

There are likely to be operational and other delays associated with changes in prime brokerage arrangements.

*Tax Considerations.* An investment in the TPEP Funds involves complex U.S. federal income tax considerations that will differ for each investor, and from time to time there will be delays in distributing important tax information to investors. The TPEP Funds expect to be subject to income or withholding taxes in various jurisdictions in which they conduct investment activities. The rate of any withholding taxes and the creditability of such foreign taxes typically depend in part on the facts and circumstances relating to the particular investment and generally would differ for each investment.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

Not applicable.

#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

*TPG Capital BD, LLC.* Our affiliate, TPG BD (CRD no. 143876) is a broker-dealer registered with the SEC and a member of FINRA. TPG BD

- places securities and instruments issued by
  - certain private investment funds that our related entities manage individually or through our principals; and
  - other entities not related to us or our related entities;
- participates in underwriting syndicates and/or selling groups with respect to securities and instruments issued by portfolio companies of Other TPG Funds (as defined in Item 11), and could in the future act as lead underwriter in such syndicates or groups;
- participates in the arrangement of lines of credit to Other TPG Funds, portfolio companies of affiliated funds and third-party borrowers;
- participates in the syndication of opportunities to co-invest in portfolio companies alongside certain Other TPG Funds and third parties;
- in some cases, will act as a broker in transactions on behalf of Other TPG Funds; and
- provides advisory services to portfolio companies of Other TPG Funds.

*Other Investment Advisers.* The following investment advisers are affiliates of ours with which we have a relationship: TPG Capital Advisors, LLC, TPG Global Advisors, LLC, TPG Opportunities Advisors, LLC, TPG Real Estate Advisors, LLC and TSL Advisors, LLC, along with their respective relying advisers.

For a description of material conflicts of interest created by the relationship among us and our affiliated advisers, as well as a description of how such conflicts are addressed, please see Item 11 below.

Various entities serve as general partners of the TPEP Funds, and are our related persons. For a description of material conflicts of interest created by the relationship among us 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***

We have adopted a comprehensive Code of Ethics that is applicable to all of our officers and employees, officers and employees of certain independent contractors, certain temporary personnel and to certain of our affiliates and their officers and employees (collectively, “TPEP 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. Transactions in certain permitted investments must be “pre-cleared” by TPEP’s Chief Compliance Officer or his/her designee.

Under the Code of Ethics, TPEP Personnel also are required to file certain periodic reports as required by Rule 204A-1 under the Advisers Act. The records of any such trades by TPEP Personnel will not be open to inspection by the investors. Our management may from time to time implement additional internal policies or restrictions on trading by TPEP Personnel and their family/household that are in addition to the requirements of our Code of Ethics.

We will provide a copy of the Code of Ethics to any TPEP Fund or prospective client upon request.

##### ***Participation or Interest in Client Transactions; Related Person Investments***

Please see “Conflicts of Interest” below for information regarding circumstances in which we or a related person

- recommends to TPEP Funds, or buys or sells for Funds’ accounts, securities in which we or a related person has a material financial interest;
- invests in the same securities that we or a related person recommends to TPEP Funds;
- recommends securities to Funds, or buys or sells securities for TPEP Fund accounts, at or about the same time that we or a related person buys or sells the same securities for our own (or the related person’s own) account, as well as related conflicts of interest; and
- related conflicts of interest.

## *Conflicts of Interest*

We have a number of related advisers that focus primarily on different investment strategies (collectively, the “Related Advisers”), although such investment strategies overlap from time to time. We refer to the funds and accounts managed by the Related Advisers as the “Other TPG Funds.”

The TPEP Funds benefit from our relationship with the broader TPG platform. The TPEP Funds will have access to the industry knowledge of TPG’s investment teams, which is expected to enhance the TPEP Funds’ investment decision-making. We leverage TPG resources to complement the TPEP Funds’ investment process. These relationships, however, also give rise to a number of actual, potential and apparent conflicts of interest between the TPEP Funds, on the one hand, and TPG, the Related Advisers and the Other TPG Funds, on the other.

The following discussion enumerates certain of these actual, potential or apparent conflicts of interest and how we manage them. Such conflicts are often resolved by the same or overlapping professionals within our organization and the Related Advisers, and conflicts will not necessarily be resolved in the TPEP Funds’ favor.

TPG has established policies and procedures to address conflicts between its businesses. In addition, each TPEP Fund’s adviser has been designated to represent that fund’s interests. In most cases the resolution of the conflict will depend entirely on the exercise of our and TPG’s best judgment in light of the relevant facts and circumstances at the time, including the immediate and long-term interests of the relevant fund. The specific weight ascribed to each of the relevant factors is a subjective judgment about which reasonable people may differ, and such judgments will remain in our and TPG’s complete discretion.

### *Conflicts Arising from Other Investment Activities of Related Advisers and Other TPG Funds – Possession of Material Non-Public Information*

We and the TPEP Funds will face trading and other restrictions because we are part of a larger TPG family of advisers and funds (including the Related Advisers and Other TPG Funds). TPG is one of the largest diversified alternative investment firms in the world and engages in a broad range of investment activities. The investment opportunities pursued by (and in some cases required to be offered to) the Other TPG Funds involve both public and private companies across the globe, in nearly every industry and in various stages of development. As a result of these expansive activities, the Related Advisers, Other TPG Funds and their investment platforms regularly obtain confidential information regarding various target companies and other investment opportunities. Since we do not currently maintain information barriers among most of these businesses, we impute confidential information received by one investment team to all other investment professionals that are not behind an information barrier, which as a general matter includes all of the personnel who make investments for the TPEP Funds. If a Related Adviser, a TPEP Fund or Other TPG Fund receives confidential information with respect to a company, the TPEP Funds therefore face, as a result of securities law prohibitions on trading on the basis of material nonpublic information, certain restrictions on their ability to pursue a transaction with respect to that company or dispose of an investment. Moreover, the confidentiality agreements entered into on behalf of the Related Advisers and Other TPG Funds

often include provisions, such as “standstills,” that would prevent the TPEP Funds from acquiring or disposing of certain investments, potentially for extended periods. These restrictions could cause a TPEP Fund to incur substantial losses if it were prevented from selling a declining investment, and could limit a TPEP Fund’s ability to fully execute its investment strategy if it were unable to make investments it identifies as promising.

We determine, in limited circumstances, to erect temporary information barriers to restrict the transfer of confidential information with respect to certain companies between Related Advisers and us to avoid the restrictions described in the preceding paragraph with respect to such companies. In such instances, however, a TPEP Fund’s ability to benefit from our expertise outside it will be limited. In addition, in the event that a temporary information barrier is breached, even if inadvertently, the TPEP Funds will face the same restrictions on their investment activities as they would have faced had the temporary information barrier not have been established in the first place.

We have concluded that the advantages of benefiting from the expertise of the Related Advisers currently outweigh the resulting disadvantages of limitations on our ability to trade and constraints on our investment universe. There is no guarantee, however, that this will be the case and the TPEP Funds could sustain substantial losses as a result of these conflicts and limitations.

*Conflicts Arising from Other Investment Activities of Related Advisers and Other TPG Funds – New Businesses*

In addition, TPG expects that its affiliates will continue to sponsor and manage new investment vehicles in the future as they continue to develop their respective investment management and related businesses, including by engaging in strategic transactions involving the acquisition of or business combination with other investment platforms. TPG expects that the investment strategies and other activities of future investment vehicles and businesses sponsored or managed by its affiliates overlap with the investment strategies and activities of a TPEP Fund.

*Conflicts Relating to Investments by a TPEP Fund and other TPEP Funds*

Purchase and sale orders generally will be combined for the TPEP Funds with each entity paying its pro rata share of the total commission and paying or receiving its pro rata share of the total cost or sales proceeds. From the standpoint of each TPEP Fund, simultaneous identical portfolio transactions for such TPEP Fund and the other TPEP Funds may decrease the prices received, and increase the prices required to be paid, by such TPEP Fund for its portfolio sales and purchases.

The allocation of investment opportunities among the TPEP Funds gives rise to conflicts of interest. We intend to allocate investment opportunities in a manner that we believe to be appropriate and in the best interests of all the entities involved. While allocations between TPEP Funds for whom an investment is appropriate are generally made on a pro rata basis in proportion to the relative equity of each, there can be no assurances that an investment opportunity that comes to our attention will not be allocated wholly or primarily to some TPEP Funds, with other TPEP Funds being unable to participate in such investment opportunity or participating only on a limited basis. If, in our discretion, any of the TPEP Funds should not

participate in a particular investment opportunity for legal, tax or regulatory reasons, such investment opportunity will be allocated only to the TPEP Funds not affected by such legal, tax or regulatory reasons. To the extent an investment is not allocated pro rata, a TPEP Fund would incur a disproportionate amount of income or loss related to such investment relative to the other TPEP Funds.

We will evaluate for the TPEP Funds a variety of factors that are relevant in determining whether a particular situation or strategy is appropriate and feasible at a particular time, including,

- the nature of the investment opportunity taken in the context of the other investments at the time;
- the liquidity of the investment relative to the needs of the particular TPEP Fund;
- the investment or regulatory limitations on the particular entity; and
- the transaction costs involved.

Because these considerations may differ among the TPEP Funds in the context of any particular investment opportunity, investment activities of each TPEP Fund may differ considerably from time to time.

Expenses relating to making and monitoring common investments will generally be allocated pro rata among the TPEP Funds participating. However, we reserve the right to allocate expenses in another manner if we determine it is fair and equitable in our discretion taking into account such factors as we consider relevant.

#### *Conflicts Arising in the Allocation of Our Professionals' Time and Attention*

We and TPG personnel will devote such time to the activities of the TPEP Funds as we determine to be necessary to properly conduct the business affairs of the TPEP Funds. It is generally expected that all of the officers and employees responsible for advising a TPEP Fund will have responsibilities with respect to other Funds, including funds and accounts raised in the future. In addition, certain officers and other employees also have responsibilities to Other TPG Funds. Conflicts of interest arise in allocating time, services or functions of these individuals.

If any of our personnel ceases to be actively involved with the TPEP Funds, investors will be relying on the ability of us and TPG to identify and retain other investment professionals to conduct the TPEP Funds' business. In addition, TPG personnel who are not solely a part of our organization will be focused on Other TPG Funds and may have limited time or attention for TPEP investments.

#### *Conflicts Arising from the TPEP Funds' Performance Allocation Structure*

Relating each TPEP Fund's general partner's compensation directly to the performance of the TPEP Fund creates an incentive for the general partner and its affiliates to approve and cause the TPEP Fund to make more speculative investments than it would otherwise make in the absence of such performance-based compensation. In addition, because the performance allocation is

calculated on a basis that includes unrealized appreciation of the TPEP Funds' assets, it often will be greater than if the performance allocation were based solely on realized gains. The computations required to be made for purposes of computing the performance allocation will be made separately with respect to separate contributions to or withdrawals from the TPEP Funds by a particular investor, to reflect appropriately the different times investors may have contributed capital to the TPEP Funds or withdrawn capital from the TPEP Funds and the net asset values of the TPEP Funds at such times. As a result, a performance allocation could be charged with respect to a specific investment in the TPEP Funds made by an investor even if no performance allocation would have been charged had all of such investor's investments been aggregated for purposes of calculating the performance allocation.

#### *Conflicts Related to Transactions Among the TPEP Funds and Other TPG Funds*

The Governing Documents allow the TPEP Funds to participate in transactions in which we, a TPEP Fund's general partner, or TPG are directly or indirectly interested. In connection with such transactions, the TPEP Fund, on the one hand, and the other party to the transaction, on the other hand, will likely have conflicting interests, including with respect to consideration.

Although certain TPEP Funds will generally pursue similar investment objectives, and investments will generally be allocated proportionately to each of the TPEP Funds with similar investment objectives, the portfolios of the TPEP Funds may differ as a result of purchases and redemptions being made at different times and in different amounts, as well as because of different tax and regulatory considerations. The TPEP Funds that have the same investment objectives will likely enter into "rebalancing" transactions with each other when contributions or withdrawals of capital to each of the TPEP Funds change the ratio of assets between the TPEP Funds. The purpose of any such rebalancing transactions would be to bring each TPEP Fund's exposure to a commonly held investment into line with each TPEP Fund's percentage of total equity under management. Each TPEP Fund could be a purchaser or a seller in such rebalancing transactions. Purchases and sales made through the public market will not be considered rebalancing transactions.

All rebalancing transactions:

- are effected for cash consideration at the current fair value of the particular securities;
- do not involve restricted securities or securities for which market quotations are not readily available; and
- if executed through a broker, generally do not involve any brokerage commission fees (except for customary transfer fees and execution fees for transactions involving U.S. options or certain non-U.S. equities or where some or all of a position is in a swap) or other remuneration.

In certain rare instances, we may cause a TPEP Fund to purchase or sell investments from an Other TPG Fund or another Fund in a transaction other than a rebalancing trade. In such a transaction, there is a risk that a TPEP Fund may not receive the best possible price because the transaction was not exposed to public market forces. TPG and its professionals may have

investments in or receive fees from the related party providing an incentive to favor the other Fund or Other TPG Fund.

In order to mitigate such conflicts of interest in such transactions, we generally will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and TPEP's policies and procedures. In particular, we generally will seek to ensure that the transaction is

- in our judgment, in the best interests of any TPEP Fund involved in the transaction; and
- in compliance with any investment guidelines or restrictions of any TPEP Fund involved in the transaction.

In effecting these transactions, we will seek to ensure that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm's-length transaction with a third party and that is otherwise fair to both parties. The willingness of a third-party investor to make an investment on the same or similar terms as a TPEP Fund or the view of a third-party service provider generally will demonstrate the fairness of the transaction to such TPEP Fund. We will maintain documentation to memorialize the basis for determining fairness in pricing. Neither we nor any of our affiliates may receive any compensation for effecting a cross-fund transaction.

#### *Principal Transactions*

Section 206 of 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. The Advisers Act generally requires that, when an investment adviser or an affiliate of the adviser proposes to purchase a security from, or to sell a security to, an advisory client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction.

We have established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that the requisite disclosures be made to the applicable TPEP Fund regarding any proposed principal transactions, if required by the Advisers Act or applicable law, and a TPEP Fund's prior consent to the transaction be received. In addition, the Governing Documents relating to the TPEP Funds contain additional restrictions on our ability or that of the TPEP Funds to engage in principal transactions and disclosures regarding principal transactions that are likely to arise in the activities of the TPEP Funds.

#### *Conflicts Related to Transactions Alongside Related Advisers or Other TPG Funds*

Although it is not expected that we would have common investments with Related Advisers, in such a case a TPEP Fund could be disadvantaged as a result of,

- legal restrictions on the combined size of positions which may be taken for all accounts managed by us and in some cases Related Advisers, thereby limiting the size of such

TPEP Fund's position (examples include industry-specific limitations that arise in sectors like healthcare, trucking, and banking);

- the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions;
- a Related Adviser serving on a committee in a proceeding under Chapter 11 of the U.S. Bankruptcy Code; and
- other regulatory or legal restrictions on transactions.

Additionally, in certain circumstances we would want to avoid certain Exchange Act reporting requirements that may be triggered when TPG, in the aggregate, exceeds certain beneficial ownership thresholds. These restrictions could make an investment less attractive than it would otherwise be and reduce or entirely inhibit a TPEP Fund's ability to acquire or dispose of particular investments at a desired time or price.

We and the Related Advisers may express inconsistent views of a commonly held investment, or of market conditions more generally. For example, a TPEP Fund may choose to buy an investment in an entity while another Fund or Other TPG Fund sells its investment in such entity (or vice versa). In particular, an Other TPG Fund may exit or partially exit a position through a public offering in which a TPEP Fund participates as a purchaser.

#### *Conflicts Related to Investing in Different Levels of the Capital Structure*

TPG funds invest in a broad range of asset classes throughout the corporate capital structure, including loans and debt securities, preferred equity securities and common equity securities. Although we do not intend to cause a TPEP Fund to hold an interest in one part of a company's capital structure while an Other TPG Fund holds an interest in another, such a scenario is possible. Decisions taken by the Other TPG Fund in these circumstances to further its interests may be adverse to the interests of a TPEP Fund.

For example, a TPEP Fund could acquire a significant equity stake in a company whose debt securities are already held in part by an Other TPG Fund. As a creditor of the company, the Other TPG Fund could take actions, consistent with its obligations to maximize the return to its investors, with respect to its status as a creditor that would be adverse to the interests of the TPEP Fund as a holder of more junior securities. The Other TPG Fund, for instance, could cause the acceleration of the portfolio company's debt or exercise other rights it has that could precipitate a sharp decline in the value of the equity held by the TPEP Fund. The Other TPG Fund would be under no obligation to take any action or refrain from taking any action to prevent or mitigate any losses by the TPEP Fund.

#### *Conflicts Related to a Master-Feeder Structure*

Some of the TPEP Funds expect to invest all or substantially all of their assets in master funds. This structure poses conflicts of interest among the TPEP Funds invested in such master fund because, for tax or other reasons, some investments or potential investments by such master fund

might be more appropriate or desirable for investors in one TPEP Fund than for investors in another TPEP Fund.

Certain TPEP Funds have tax-exempt, taxable, and foreign investors, whereas most members of the general partners of the TPEP Funds are taxable at individual U.S. rates. Conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, certain decisions will at times be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

### *Conflicts of Interest Among Investors*

The investors in the TPEP Funds include taxable and tax exempt entities and include persons or entities organized in various jurisdictions. As a result, the investors at times have conflicting investment, tax and other interests with respect to their investments in the TPEP Funds. The conflicting interests of individual investors generally relate to or arise from, among other things, the nature of investments made by the TPEP Funds, the structuring or acquisition of portfolio investments, the timing of disposition of portfolio investments or any other decisions made by each TPEP Fund's general partner that may be more beneficial for one type of investors than for another, including investors affiliated with any TPEP Funds' general partner. In selecting investments appropriate for a TPEP Fund, its general partner will consider the investment objectives of such TPEP Fund as a whole, not the investment objectives of any investor individually.

### *Conflicts Related to the Valuation of Assets*

Each TPEP Fund's general partner has delegated to us the responsibility of valuing its assets and liabilities. We will either

- value the assets of the TPEP Funds in accordance with U.S. generally accepted accounting principles ("GAAP"), including Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements, or such other rules required by GAAP; or
- follow some other prudent method of valuation that TPEP considers in the circumstances reflects more fairly the value of a particular investment.

It is possible that the foregoing valuation procedure produces different valuations than those produced pursuant to Accounting Standards Codification Topic 820. In this case, the valuation presented in the TPEP Funds' audited financial statements will differ from that used to determine the net asset value of the TPEP Funds, which in turn is used to calculate contributions and withdrawals as well as management fees and performance allocations. There is a significant degree of judgment and discretion inherent in valuing assets.

While we follow rigorous valuation methodologies and procedures that are designed to ensure that our fair value determinations are strictly the product of the foregoing methodology, and

while in most cases the valuation of the securities held by the TPEP Funds will be based entirely on market prices, we have incentives to arrive at higher valuations. First, management fees and performance allocations are calculated based in part on our valuations; arriving at higher valuations would lead to higher management fees and performance allocations. Second, we regularly report to investors in the TPEP Funds, prospective investors and the investor community more generally metrics of the TPEP Funds' performance, such as rates of return, whose calculation depends on the value of the TPEP Funds' investments. These reports are an indication of the overall health of the TPEP Funds and are important to our efforts to attract investors to TPEP Funds and Other TPG Funds. An objective of our valuation methodologies and procedures is to eliminate any influence these incentives may have on our fair value determinations.

For the purpose of calculating the TPEP Funds' net asset value, we will, and are entitled to, rely on, and will not be responsible for the accuracy of, financial data the TPEP Funds' prime brokers, market makers or independent third-party pricing services furnish us. We also may use and rely on industry standard financial models in pricing certain securities or other assets.

#### *Conflicts Related to Strategic Transactions*

TPG is a broad-based alternative investment platform that engages in strategic transactions, including the acquisition of, or combination with, other investment platforms. In the event that we, any of our affiliates or any other party engages in any such transaction or otherwise engage in any actions or any other event occurs that results in an assignment (including for purposes of the Advisers Act) of the Advisory Agreements or of any other agreement (including because of any change in our control group), and as a result we or any other entity must seek the consent of the TPEP Fund under applicable law, the general partner or Board of Directors of the TPEP Fund will not seek the consent of the limited partners of such TPEP Fund but will have the authority to act for the TPEP Fund in determining whether or not to provide any required consent.

Since the general partner or Board of Directors of the TPEP Fund is under common control with us and we each may have a financial interest in the consummation of any such transaction that is different from the interests of the TPEP Fund or its limited partners, the general partner or Board of Directors of the TPEP Fund will likely have a conflict of interest in making this determination. Pursuant to the Governing Documents, the general partner or Board of Directors of the TPEP Fund is under no obligation to seek approval from the TPEP Fund's limited partners as to any such consent, and the limited partners will not have the right to remove the general partner or Board of Directors or cause the TPEP Fund to terminate the Advisory Agreement, transfer their interests or otherwise exit the TPEP Fund, or exercise any other rights or remedies (other than those that are explicitly provided for in the TPEP Fund's Governing Documents).

#### *Conflicts Arising from Customized Terms provided Certain Investors*

We and our related entities routinely enter into side letter agreements with certain investors in the TPEP Funds providing such investors with customized terms, which often result in preferential treatment, with respect to, among other things,

- the fee structure, including reduced advisory fees and/or performance allocation;

- the reporting obligations of the applicable TPEP Fund;
- the right to transfer interests in the applicable TPEP Fund;
- the right to withdraw from the applicable TPEP Fund;
- additional confidentiality protections; or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in TPEP Funds customized terms via a side letter and expect to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the TPEP Fund or Related Funds or that are anticipated to be important to future fundraising efforts;
- investors that are subject to specific legal, tax or regulatory status or other requirements or policies applicable to them; and
- other investors meeting other criteria we consider reasonable in our discretion.

We and our related entities have no obligation to disclose or offer any such additional rights, terms or conditions to any other investor in such TPEP Fund, except to the extent required by the Governing Documents of the applicable TPEP Fund. Once invested in a TPEP Fund, investors generally cannot impose additional investment guidelines or restrictions on the TPEP Fund.

#### *Third-Party Placement Agents*

In the future, we may from time to time enter into arrangements with third parties to raise capital for a TPEP Fund. Such placement agents typically receive a flat fee or in some cases a percentage of the investments they bring to the respective Fund. We generally bear such fees instead of the TPEP Funds. There is a conflict of interest created by the placement agent's compensation being based on the investor's decision to invest.

#### *Conflicts Relating to the General Partners, Funds, TPEP and Certain Related Advisers*

We, in our discretion, generally may contract for ourselves or on behalf of the TPEP Funds with

- any related person of TPG (including but not limited to a portfolio investment of an Other TPG Fund or a family member of TPG personnel); or
- a person with which TPG has a relationship or from which TPG otherwise derives financial, personal or other benefit to perform services (including but not limited to brokerage services).

In such circumstances, TPG will have a financial, personal or other business incentive to recommend the related or other person even if another person is more qualified to provide the applicable services or can provide such services at a lesser cost.

#### *Conflicts Arising from Business with Certain Investors*

We have service providers, including for example, investment bankers and outside legal counsel, who are investors in TPEP Funds and/or who provide services to businesses that are our competitors. We have a conflict of interest with the TPEP Funds in recommending the retention or continuation of a service provider if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or Other TPG Funds or will provide us information about our competitors. There is a possibility that we, 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.

#### *Conflicts Related to Business with Portfolio Investments and Investors*

We or TPG may engage in business opportunities arising from a TPEP Fund's investment, and such engagements would cause conflicts if such TPEP Fund is not allocated such opportunity (because such opportunity is outside of the TPEP Fund's investment mandate or for other reasons).

#### *Conflicts Related to Legal Counsel Engaged by TPEP Funds and Other TPG Funds*

The TPEP Funds and the Other TPG Funds will often engage common legal counsel and other advisers to represent all of the TPEP Funds and/or the Other TPG Funds in a particular transaction, including a transaction in which a TPEP Fund or Other TPG Funds have conflicting interests because they are investing in different securities of a single company. In the event of a significant dispute or divergence of interest between a TPEP Fund or Other TPG Funds, such as in a work-out or other distressed situation, separate representation will typically become desirable, in which case we and the other Related Advisers may hire separate counsel in our sole discretion, and in litigation and other circumstances, separate representation will occasionally be required. Law firms engaged to represent TPEP Funds and Other TPG Funds, partners in those firms or entities affiliated with those firms may be investors in such TPEP Fund or Other TPG Funds, and may also represent one or more portfolio investments or limited partners of such TPEP Fund and/or Other TPG Funds. Additionally, we and the TPEP Funds will at times engage other common service providers. In such circumstances, there will be a conflict of interest between us, on the one hand, and the TPEP Funds, on the other hand, in determining whether to engage such service providers, including the possibility that we will favor the engagement or continued engagement of such persons if we receive a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the TPEP Funds.

#### *Conflicts Related to the Employee Retirement Income Security Act of 1974*

A TPEP Fund and one or more other Funds or Other TPG Funds may hold "plan assets" subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). With respect to those plan assets, if any, we and certain related entities would be classified as "fiduciaries" under ERISA.

ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a TPEP Fund may be prohibited from entering into certain transactions if the investment would violate ERISA with respect to such TPEP Fund or such Other TPG Funds, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such TPEP Fund or such Other TPG Funds.

## **ITEM 12 – BROKERAGE PRACTICES**

### ***Investment or Brokerage Discretion***

For each of the TPEP Funds, we have 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. We will seek the best price and execution available except to the extent we are permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). “Best execution” means obtaining for a TPEP Fund the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

In selecting brokers or dealers, we generally will consider various factors, including:

- the broker-dealer’s reputation, experience and financial stability;
- the ability to maintain our anonymity;
- the ability to provide competitive pricing;
- the transaction’s size and timing;
- the ability and willingness to commit capital and provide prompt and accurate execution and settlement;
- whether the broker-dealer makes a market in a security and/or finds sources of liquidity;
- the nature of the market for the security and the difficulty of execution;
- the broker-dealer’s trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market;
- the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the TPEP Funds have been treated fairly and honestly in prior trades;
- the quality of execution and service rendered by the broker-dealer in prior transactions;
- any proprietary research and investment ideas; and
- our overall relationship with the broker-dealer.

We have formal arrangements with certain specific brokers or dealers to receive research or other services beyond transaction execution in exchange for higher brokerage commissions from client transactions (so-called “soft dollar” arrangements). In addition, we may select brokers or dealers who provide us with research reports and services, including:

- proprietary broker-dealer company research and analyses;
- oral and written reports, statistics and advice about the economy, industries and individual securities’ or company investment opportunities;
- reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics; and
- opportunities to confer with company management.

In accordance with Section 28(e) of the Exchange Act, broker-dealers providing such services will from time to time be paid commissions on transactions for TPEP Funds in excess of those that other broker-dealers not providing such reports or services might charge so long as we determine in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided. Any such research service may be broadly useful and of value to us in rendering investment advice to all or a significant portion of the TPEP Funds, or may be relevant and useful for the management of one or only a few TPEP Funds’ accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. Recognizing the value of the brokerage and research services provided, we will from time to time allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction. A conflict of interest exists when a broker-dealer provides such research services, as we will have an incentive to favor such broker-dealer over other that may charge lower commissions.

We will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. We will also periodically review the past performance of the broker-dealers with whom we have placed orders to execute TPEP Fund transactions in light of the factors discussed above.

### ***Trade Aggregation***

In pursuing our investment objectives, we cause the TPEP Funds to purchase and sell publicly traded securities through brokers. If we have determined to sell or purchase a publicly traded security at the same time for more than one TPEP Fund, the Chief Compliance Officer or his/her designee will ensure that combined orders for all TPEP Funds are generally placed while assigning pre-order allocations. If an order for more than one TPEP Fund cannot be fully executed, we typically “bunch” buy or sell orders for two or more TPEP Funds into a single large order, and place the bunched order with a single broker or dealer for execution. In many instances, such “bunching” of orders can result in lower commissions, a more favorable net price or more efficient execution than if each TPEP Funds order were placed separately. There may,

however, be instances in which order bunching results in a less favorable transaction than a particular TPEP Fund would have obtained by trading separately. Similarly, when orders are not bunched, there may be circumstances when purchases or sales of portfolio securities for one or more TPEP Funds will have an adverse effect on other TPEP Funds. We are not obligated to place all transactions on a “bunched” basis. We generally will seek to avoid putting any TPEP Fund at an advantage or disadvantage compared to other Funds that are buying or selling the same security. Each TPEP Fund participating in a “bunched” order generally will participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating TPEP Funds.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### ***Review of Accounts***

We provide continuous advisory services for the TPEP Funds. The portfolio investments of each TPEP Fund are primarily reviewed by us and our dedicated team of investment professionals. TPG provides general oversight and advice with respect to our investment decisions.

#### ***Reporting***

We generally do not provide formal written reports to any TPEP Fund unless specifically requested by the general partner of the vehicle. We generally report to investors in a TPEP Fund in accordance with the applicable Governing Documents.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

For information regarding any economic benefits we receive from non-clients, including a description of related conflicts of interest, please see “*Item 10 – Other Financial Industry Activities and Affiliations*” above. In addition, as discussed in Item 11, we and our related persons, in certain instances, receive discounts on products and services provided by portfolio companies held by TPEP Funds or the funds of our affiliates and/or the customers or suppliers of such portfolio companies.

### **ITEM 15 – CUSTODY**

Not applicable.

### **ITEM 16 – INVESTMENT DISCRETION**

Pursuant to the Advisory Agreement of each TPEP Fund, and subject to the direction and control of the general partner of such TPEP Fund, we generally perform the day-to-day investment operations of the TPEP Fund in accordance with the terms and conditions of the Advisory Agreement and partnership agreement of the TPEP Fund.

### **ITEM 17 – VOTING CLIENT SECURITIES**

We have been delegated the authority to vote proxies (which, for these purposes, includes other corporate actions, such as consent requests) regarding securities held by the TPEP Funds. We

have adopted and implemented policies and procedures reasonably designed to ensure that we vote proxies in the best interests of the TPEP Funds. In exercising our voting discretion, we seek to avoid any direct or indirect conflict of interest between the TPEP Funds and the voting decision.

It is our general policy to vote or to give consent on all matters presented to security holders in any proxy or similar request, and our policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise to withhold our vote or consent on any matter if, in the judgment of certain of our professionals, the costs associated with voting such proxy outweigh the benefits to the applicable TPEP Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable TPEP Funds.

The TPEP Funds generally cannot direct our vote.

Our Chief Compliance Officer or his/her delegate (a “Proxy Reviewer”) is responsible for monitoring proxy decisions for any actual or perceived conflicts of interests. All proxy voting decisions require a mandatory conflicts of interest review by a Proxy Reviewer, which includes consideration of whether we or any investment professional or other person recommending how to vote the proxy has an interest in how the proxy is voted that may present a conflict of interest. When the Proxy Reviewer deems appropriate in his sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Proxy Reviewer has the power to retain independent fiduciaries, consultants or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

When voting proxies on behalf of TPEP Funds, we vote in a manner that we believe is consistent with the best interest of the TPEP Funds, which may include agreeing with a third party to vote on a matter in a particular manner if we deem such agreement to be in the best interest of the TPEP Funds. We do not permit proxy voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

In accordance with the requirements of the Advisers Act, we maintain records of our proxy voting for at least five years and, at a TPEP Fund’s request, will furnish proxy voting information, free of charge, to the requesting TPEP Fund within a reasonable period of time (usually within ten business days). TPEP Funds may request proxy voting information by contacting the Chief Compliance Officer at (817) 871-4000 or by writing to TPG PEP Advisors, LLC, Attn: Chief Compliance Officer, at 301 Commerce St., Suite 3300, Fort Worth, Texas 76102.

## **ITEM 18 – FINANCIAL INFORMATION**

Not applicable.