

# **Lexington Partners L.P.**

## **Form ADV Part 2A**

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**This brochure provides information about the qualifications and business practices of Lexington Partners L.P. (“Lexington”). If you have any questions about the contents of this brochure, please contact us at (212) 754-0411 or via email at [info@lexpartners.com](mailto:info@lexpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Lexington is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Firm” and type in “Lexington Partners L.P.”). The search results will provide you with both Parts 1 and 2A of our Form ADV.**

**REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT LEXINGTON OR ANY OF THE PRINCIPALS OR EMPLOYEES OF LEXINGTON POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.**

## **Material Changes**

This section of the brochure will discuss only specific material changes that have been made since the last annual updating amendment to this brochure. The date of the most recent annual updating amendment to this brochure was March 30, 2016. Relevant changes since the last annual updating amendment are as follows:

- Additional information regarding fees and expenses in the section titled “*Fees and Compensation*”;
- Additional information regarding clients and types of accounts in the section titled “*Types of Clients*”;
- Additional risk factors included in the section titled “*Methods of Analysis, Investment Strategies and Risk of Loss*”; and
- Additional information regarding conflicts of interest in the section titled “*Other Financial Industry Activities and Affiliations*” and “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.*”

## **Table of Contents**

ADVISORY BUSINESS .....	4
FEES AND COMPENSATION .....	5
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	8
TYPES OF CLIENTS .....	10
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
DISCIPLINARY INFORMATION.....	21
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	21
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	24
BROKERAGE PRACTICES.....	29
REVIEW OF ACCOUNTS .....	30
CLIENT REFERRALS AND OTHER COMPENSATION .....	31
CUSTODY .....	31
INVESTMENT DISCRETION .....	32
VOTING CLIENT SECURITIES .....	32
FINANCIAL INFORMATION .....	33

## **Advisory Business**

The Lexington Partners organization was founded in 1994 and is one of the largest independent managers of secondary private equity and co-investment funds. Lexington Partners L.P., a Delaware limited partnership, is a registered investment adviser which has been in business since March 19, 2008. The principal owner of Lexington is Brent R. Nicklas. For purposes of this brochure, “Lexington” may include (where the context permits) affiliated general partners of the Lexington Funds (as defined below) and other affiliates that may provide advisory services to the Lexington Funds.

Lexington and/or its affiliates provide financial, investment and portfolio analysis services as required for the benefit of its “secondary” private equity funds, co-investment funds and separately managed accounts (collectively, the “Lexington Funds”) whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Lexington’s primary investment focus is to seek capital appreciation by acquiring, holding and realizing upon a diversified portfolio of private investment fund interests through secondary market purchases. Lexington also provides advice with respect to making “primary market” commitments to new private investment funds that have recently been formed and participating in co-investment transactions that are sponsored by managers or general partners of private investment funds. The Lexington Funds generally seek capital appreciation through investments in private investment funds and privately held portfolio companies, but may also make investments from time to time in publicly traded securities.

Lexington tailors its advisory services to the specific investment objectives and restrictions of each Lexington Fund pursuant to the investment guidelines and restrictions set forth in each Lexington Fund’s confidential private placement memorandum, limited partnership agreement, advisory agreement and other governing documents (collectively, the “Governing Documents”). Investors and prospective investors of each Lexington Fund should refer to the Governing Documents of the applicable Lexington Fund for complete information on the investment objectives and investment restrictions with respect to such Lexington Fund. Investment advice is provided directly to the Lexington Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Lexington Funds. There is no assurance that any of the Lexington Funds’ investment objectives will be achieved.

The Lexington Funds are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940 (as amended, the “Company Act”), and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to private investment funds whose securities are not publicly offered. A related entity of Lexington generally acts as general partner of each Lexington Fund, and Lexington or its affiliate, Lexington Advisors Inc. (which is also an SEC registered investment adviser), is the investment adviser of each Lexington Fund. Investment advisory services are provided to the Lexington Funds in accordance with the Governing Documents of the applicable Lexington Fund.

In accordance with common industry practice, one or more of the Lexington Funds' general partners enter into "side letters" or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available or disclosed to investors generally.

In addition to providing advisory services to the Lexington Funds, Lexington provides non-discretionary sub-advisory services to StepStone Group LLC ("StepStone") with respect to a portfolio of private investment funds managed by StepStone in which certain Lexington Funds are invested.

Lexington does not participate in any wrap fee programs.

Lexington manages all assets of the Lexington Funds on a discretionary basis in accordance with the terms and conditions of each Lexington Fund's Governing Documents. As of September 30, 2016, the amount of assets Lexington manages on a discretionary basis is \$27,467,914,832.

## **Fees and Compensation**

### *Compensation and Fee Schedules*

All investors and prospective investors should review the Governing Documents of each Lexington Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Lexington Fund. Different Lexington Funds are subject to different advisory fees as compensation for the investment advisory services rendered to the applicable Lexington Fund (each, an "Advisory Fee"), typically calculated based on committed capital or remaining invested capital with respect to such Lexington Fund. Lexington also receives performance-based compensation from the Lexington Funds as described further in the section titled "*Performance-Based Fees and Side-by-Side Management*".

The precise amount of, and the manner and calculation of, the Advisory Fees for each Lexington Fund are established by Lexington and are set forth in such Lexington Fund's Governing Documents, which are received by each investor prior to making an investment in such Lexington Fund. In certain circumstances, the Advisory Fees payable to Lexington by individual investors in the Lexington Funds will vary among such investors (e.g., based on size of commitment, timing of admission or otherwise) and may be negotiable. Moreover, employees and certain business associates and "friends and family" of Lexington or its personnel will typically not pay any Advisory Fees with respect to their direct or indirect investments in Lexington Funds.

Advisory Fees paid by a Lexington Fund are indirectly borne by investors in such Lexington Fund. Investors and prospective investors in each Lexington Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees and that fees may differ among investors in the same Lexington Fund. All clients of Lexington are "qualified purchasers" as defined in

Section 2(a)(51) of the Company Act and therefore Lexington has not included specific fee information in this brochure.

*Deduction of Fees; Timing of Payments; Termination*

Lexington is authorized under the Governing Documents to charge and deduct Advisory Fees directly from the Lexington Funds. Payments of Advisory Fees are generally made quarterly in advance and in accordance with the terms of the Governing Documents of the applicable Lexington Fund. Please refer to the Governing Documents of each of the Lexington Funds for complete information on the timing of Advisory Fee payments.

Upon termination of any Lexington Fund's advisory relationship with Lexington, any prepaid, unearned fees will be promptly refunded to such Lexington Fund, and any earned, unpaid fees will be due and payable.

*Other Fees and Expenses*

Consistent with the Governing Documents of the Lexington Funds, in addition to the Advisory Fees and performance-based compensation payable to Lexington, each Lexington Fund (and indirectly, the investors thereof) will incur and bear certain charges imposed by third parties, including (but not limited to): fees, costs and expenses of any administrators, independent appraisers, custodians, attorneys, accountants, auditors, tax advisors, consultants, brokers, agents, research-related data providers, valuation experts or other professionals (including advisors to Lexington), costs associated with preparing, printing and distributing communications and reports to investors and monitoring investor portfolio activity (including, without limitation, accounting or financial management software and other third party expenses incurred in connection with the preparation of financial statements, tax returns, Schedule K-1s and other accounting or similar administrative functions); out-of-pocket costs and expenses, if any, incurred in connection with developing, negotiating, structuring, monitoring, custody, or, to the extent applicable, disposing of, portfolio investments of the Lexington Fund (whether or not consummated), including, without limitation, any financing, legal, tax, accounting, advisory, consulting or other professional expenses in connection therewith and expenses incurred in connection with organizing the Lexington Fund and the offering of interests therein (including meetings with prospective investors and travel related thereto), as well as attending meetings related to portfolio investments, including, without limitation, any related legal and accounting fees and expenses, travel expenses, maintenance and formation and/or filing fees; the costs and expenses (including travel, set-up, room and board, honorarium, dining, entertainment and related expenses) of holding meetings or conferences with the Lexington Fund's investors and/or advisory board; out-of-pocket costs and expenses, if any, incurred by or on behalf of the Lexington Fund in developing, negotiating and structuring prospective or potential portfolio investments which are not ultimately made, including, without limitation, any legal, accounting, advisory, financing, travel and consulting costs and expenses in connection therewith (to the extent not otherwise reimbursed); investment banking, brokerage commissions, prime brokerage fees, registration fees and expenses, custodial expenses, other bank service fees and other investment costs, fees and expenses actually incurred in connection with actual portfolio

investments; expenses incurred in connection with complying with provisions in side letter agreements; interest on and fees and expenses arising out of all borrowings made by the Lexington Fund, including, without limitation, the costs of any pending or threatened litigation, audit, investigation, administrative or other proceedings, settlement or review of the business or activities of the Lexington Fund, D&O liability or other insurance and any indemnification or extraordinary expense or liability relating to the affairs of the Lexington Fund; all out of pocket fees, costs and expenses, if any, incurred in connection with the Lexington Fund's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law or regulation (including, for example, Form PF, FATCA, the Alternative Investment Fund Managers Directive, and the preparation and administration of any reports, disclosures, filings or notifications prepared in accordance with the foregoing) and third party expenses incurred in connection with the preparation and administration of filings in connection with such laws or regulations; all costs and expenses related to the presence of the Lexington Fund's general partner or its affiliates (including vehicles formed to facilitate portfolio investments) in jurisdictions in which the Lexington Fund or an alternative investment vehicle maintains subsidiary or related acquisition vehicles, including rent, domiciliation fees, directors fees and other similar costs; the costs and expenses incurred in arranging, negotiating, structuring, entering into and amending any credit facility and of any lenders, investment banks and other financing sources; the costs of dissolving the Lexington Fund and liquidating the Lexington Fund's assets; certain expenses incurred by the Lexington Fund's advisory board members (if any); and any taxes, fees or other governmental charges levied against the Lexington Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Lexington Fund. For the avoidance of doubt, any travel expenses described herein may include expenses associated with the use of private aircraft, business class or first class travel.

In addition, from time to time Lexington may form certain acquisition vehicles or similar "special purpose vehicles" ("SPVs") for the purpose of facilitating certain investments (including secondary transactions) by one or more Lexington Funds, investors and/or other third parties. In the event Lexington creates an SPV, the SPV, and indirectly the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

In addition, each private investment fund in which a Lexington Fund acquires an interest will generally pay advisory fees, performance-based compensation and/or other fees and expenses to an investment adviser and/or general partner that is not affiliated with Lexington. Compensation and expenses paid to Lexington for investment advisory services to the Lexington Funds are separate and distinct from the advisory fees, performance-based compensation and expenses charged by the independent investment advisers or general partners of the private investment funds in which the Lexington Funds invest.

While Lexington does not receive any investment advisory fees from StepStone in connection with the sub-advisory services, Lexington does receive reimbursement with

respect to reasonable out-of-pocket costs and expenses incurred by Lexington in performing the sub-advisory services.

The section titled “*Brokerage Practices*” describes the factors Lexington considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

#### *Timing of Payments*

Please refer to the subsection titled “*Deduction of Fees; Timing of Payments; Termination*” described above.

#### *Transaction-Based Compensation*

Lexington does not receive any compensation as broker or agent for the sale of securities or other investment products to any Lexington Fund. Please refer to the subsection titled “*Economic Benefits Received from Third Parties*” below for information on other types of compensation that Lexington may receive with respect to investments by the Lexington Funds.

#### *Allocation of Expenses*

In exercising its discretion to allocate investment opportunities and fees and expenses, Lexington is faced with a variety of potential conflicts of interest. Lexington will generally allocate fees and expenses incurred in the course of evaluating and making portfolio investments in which multiple Lexington Funds participate in accordance with the applicable Lexington Fund’s Governing Documents or, to the extent not addressed in such Governing Documents, in its sole discretion, using its good faith and best judgment considering those factors and policies Lexington deems relevant and appropriate. Lexington will make similar determinations with respect to the allocation of relevant fees and expenses among Lexington and its affiliates and the Lexington Funds.

If multiple Lexington Funds evaluate a potential investment that is not consummated, Lexington generally allocates fees and expenses generated in the course of evaluating such investment among such Lexington Funds based on the anticipated investment of each such Lexington Fund or such other method as Lexington deems appropriate. Such expenses typically are not allocated to co-investment vehicles.

Lexington may pay expenses on behalf of the Lexington Funds, and such expenses shall thereafter be allocated to, and reimbursed by, the relevant Lexington Funds in a manner consistent with the allocation procedures described above.

### **Performance-Based Fees and Side-by-Side Management**

#### *Performance-Based Fees*

A related entity of Lexington, as general partner of a Lexington Fund, will typically receive certain allocations calculated and charged based on a share of capital gains on or



capital appreciation of the assets of such Lexington Fund. Such “carried interest” allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”). Any share of profits paid to the general partners of the Lexington Funds are separate and distinct from the Advisory Fees charged by Lexington for advisory services.

Arrangements regarding performance-based allocations received by related persons of Lexington may create an incentive for Lexington to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee or compensation arrangement.

#### *Side-by-Side Management*

Different Lexington Funds are subject to different performance-based compensation arrangements, and, in certain cases, Lexington or an affiliate may not be permitted to take a performance-based allocation or may only be permitted to take a performance-based allocation from a Lexington Fund after the investors in such Lexington Fund have received a preferred return on their contributed capital. The potential for Lexington and its affiliates to receive different fees or allocations from performance-based accounts creates a potential conflict of interest with respect to the allocation of investment opportunities and Lexington time and resources because Lexington or its affiliates may have an incentive to direct the best investment ideas and/or resources to, or to allocate investments and/or resources in favor of, the account that pays a more favorable performance fee or allocation.

Additionally, to mitigate conflicts of interest, in the event an investment opportunity is suitable for more than one Lexington Fund, Lexington and its affiliates will derive an allocation that, over a period of time, is fair and equitable to each Lexington Fund relative to other Lexington Funds taking into account all relevant facts and circumstances. Allocation of commitments and investment decisions are made by Lexington with respect to all Lexington Funds in accordance with Lexington’s investment allocation policy, which takes into account multiple criteria, which include: the specific investment guidelines, objectives, size, geographical limitations, risk profile and capital available for investment of each applicable Lexington Fund; projected future capacity for investment of each applicable Lexington Fund; diversification needs and prudent concentration levels, including exposure of the applicable Lexington Fund(s) to a specific underlying portfolio fund and/or sponsor; the composition of each applicable Lexington Fund’s portfolio; availability of other suitable investments for each applicable Lexington Fund; the applicable Lexington Fund(s)’ liquidity; the size of the applicable investment opportunity; the applicable Lexington Fund’s targeted rate of return; in the case of a portfolio of interests, the ability to allocate the interests to more than one Lexington Fund; specific underlying fund investment objectives and restrictions, and the level of unfunded commitments of the applicable underlying funds; legal and contractual restrictions applicable to the transfer of the applicable interests; tax implications applicable to the investment opportunity; risk considerations; cash flow considerations; industry and other allocation targets; lender covenants and other limitations (if applicable); potential conflicts of interest, including whether each applicable Lexington

Fund has an existing investment in the security in question or the issuer of such security and whether any “right of first refusal” or similar right exists with respect to a specific Lexington Fund; the nature of the investment opportunity, including minimum investment amounts, the source of the opportunity and the involvement of specific deal teams; current and anticipated market conditions; and such other considerations as Lexington deems relevant in good faith.

Please refer to the Governing Documents of each Lexington Fund for complete information on the specific performance-based allocation arrangements of each Lexington Fund.

### **Types of Clients**

#### *Types of Clients and Investment Vehicles*

Lexington generally provides advice to pooled investment vehicles. Lexington also provides advice to separately managed accounts, (i.e., investment vehicles in which only Lexington and one or more affiliates of a single third party invest). Investors in the Lexington Funds may include, without limitation, corporations, endowments, foundations, trusts, estates, sovereign wealth funds, banks and other financial institutions, insurance companies, family offices, high net worth individuals and public and private retirement and pension plans and profit sharing plans. As noted above, Lexington also provides non-discretionary sub-advisory services to StepStone, an investment adviser registered with the SEC.

In connection with the formation and management of the Lexington Funds, Lexington or its related entities often establish certain vehicles (“Feeder Funds”) to address tax, legal and/or regulatory issues or requirements of certain investors in the Lexington Funds. Each Feeder Fund would be a limited partner (or equivalent) of a Lexington Fund and interests in such Feeder Fund would be held by the investors who participate in the Lexington Fund through such Feeder Fund. In addition, from time to time Lexington forms other parallel funds, alternative investment vehicles and/or similar investment vehicles to address tax, legal, regulatory and/or other business considerations.

Prospective investors are requested to refer to the Governing Documents of the applicable Lexington Fund for complete details on any Feeder Fund or other investment vehicle established in connection with such Lexington Fund and such Lexington Fund’s ability to make investments through any such vehicles.

#### *Minimum Investment Requirements*

Lexington and its related entities generally require that each investor in the Lexington Funds be an “accredited investor” as defined in Regulation D under the Securities Act. In addition, Lexington and its related entities generally require that each investor in each of the Lexington Funds be a “qualified purchaser” as defined in the Company Act.

In general, the minimum investment commitment required of an investor to participate in a Lexington Fund is \$10,000,000; however, the general partner of each Lexington Fund has discretion to increase or reduce the minimum investment commitment and such minimum investment requirement does not apply to all Lexington Funds. Investors are requested to refer to the Governing Documents of each of the Lexington Funds for complete information on minimum investment requirements for participation in a particular Lexington Fund.

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

Investments and potential investments are analyzed by Lexington based on (i) with respect to investments in private investment funds, the investment strategy and focus of the underlying private investment funds, the relevant experience of the underlying private investment funds' managers, the past performance of related private investment funds, if any, and any other methods deemed appropriate, and (ii) with respect to investments in equity and quasi-equity securities and securities distributed in kind to the Lexington Funds, the "fundamental" analysis of the issuers of such securities.

Lexington's principal sources of information (i) with respect to investments in private investment funds include private offering memoranda, quarterly and annual reports of the underlying private investment funds, personal interviews with the underlying private investment funds' managers, and reference checks on the underlying private investment funds' managers, and (ii) with respect to investments in equity and quasi-equity securities of an entity, include private offering memoranda, quarterly and annual reports, personal interviews with directors and officers of such entities and visits to such entities, SEC filings (if available) and general industry knowledge.

Lexington provides investment advice on various types of private investments. As described above, Lexington's primary investment strategy is to seek capital appreciation by acquiring, holding and realizing upon a diversified portfolio of private investment fund interests through secondary market purchases. Lexington also provides advice with respect to making "primary market" commitments to new private investment funds that have recently been formed and participating in co-investment transactions that are sponsored by managers or general partners of private investment funds.

The task of identifying investment opportunities and managing private equity investments is difficult. There can be no assurance that a Lexington Fund will be able to make and/or realize any particular investment or that the Lexington Funds will be able to generate returns for their investors. The marketability and value of any such investments will depend upon many factors beyond the control of the Lexington Funds. In addition, there can be no assurance that any investor will receive any distribution from a Lexington Fund. Investing in the Lexington Funds involves a risk of loss that investors should be prepared to bear. Investors in the Lexington Funds should carefully consider, among other factors, the following material risks involved with Lexington's investment strategies. Investors in the Lexington Funds are requested to refer to the Governing Documents of the applicable Lexington Fund for complete information on investment

strategies employed by such Lexington Fund and the corresponding risks associated with such investment strategies.

### Risks Inherent in Investments in the Lexington Funds

A successful program of investing is subject to risks related to (i) the quality of the management of the respective private investment funds in which the Lexington Funds invest (the “Investment Funds”); (ii) the ability of the management of the Investment Funds to select successful investment opportunities; (iii) general economic conditions; and (iv) the ability of the Lexington Funds and the Investment Funds to liquidate their investments. There can be no assurance that the investments made by the Investment Funds will result in rates of return to the Lexington Funds that are equal to or better than the average rate of return on investments in other partnerships, or that the performance of any Investment Fund will equal or exceed the performance of past investments made by Lexington. Historically, private equity returns have varied greatly over time, depending on the conditions at the time investments were made and when the private equity partnerships exited such investments. In addition, each private equity subclass may exhibit considerable volatility of returns. The Lexington Funds may not be successful in meeting their respective performance objectives. Investors should not subscribe to a Lexington Fund unless they can bear the risk of a complete loss of their committed capital.

### Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing private equity investments is highly competitive and involves a high degree of uncertainty. The Lexington Funds and the Investment Funds will be competing for investments with other private equity investment vehicles, as well as individuals, financial institutions and other institutional investors. Furthermore, over the past several years, an increasing number of private equity funds, including secondary and co-investment funds of funds and other capital pools targeted at the secondary and co-investment sectors, have been formed, and additional capital will likely be directed at these sectors in the future. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. No assurance can be given that the Lexington Funds will be able to identify investment opportunities that satisfy their investment objectives and desired diversification goals or, if the Lexington Funds are successful in identifying such investment opportunities, that they will be permitted to invest, or invest in the amounts desired, in such opportunities. Accordingly, it is possible that a Lexington Fund’s capital commitments will not be fully utilized if sufficient attractive investments are not identified and consummated by such Lexington Fund during its investment period.

### Certain Risks Particular to Secondary Investments

The market for secondary investments has been evolving and is likely to continue to evolve. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Lexington Funds and adversely affecting the terms upon which investments can be made by such

Lexington Funds. Accordingly, there can be no assurance that the Lexington Funds will be able to identify sufficient investment opportunities or that they will be able to acquire sufficient secondary investments on attractive terms. In addition, in the cases where a Lexington Fund acquires an interest in an Investment Fund in a secondary transaction, such Lexington Fund may acquire contingent liabilities of the seller of such interest. More specifically, where the seller has received distributions from the relevant Investment Fund and, subsequently, such Investment Fund recalls one or more of these distributions, such Lexington Fund (as the purchaser of the interest to which such distributions are attributable and not the seller) may be obligated to return monies equivalent to such distributions to the Investment Fund. While such Lexington Fund may, in turn, be able to make a claim against the seller for any such monies so paid to the Investment Fund, there can be no assurances that such Lexington Fund would have the ability to make such a claim or, if such a claim is made, that such Lexington Fund would prevail. Finally, in some instances, the Lexington Funds have the opportunity to acquire a portfolio of Investment Funds from a seller on an “all or nothing” basis. Certain of the Investment Funds in the portfolio are less attractive than others, and certain of the sponsors of such Investment Funds are more familiar to the Lexington Funds than others, or are more experienced or highly regarded than others. In addition, the Lexington Funds sometimes have the opportunity to participate in “linked secondaries” (e.g., a secondary market purchase of an existing interest and corresponding portfolio investment in a separate vehicle sponsored by the same investment manager). In certain instances, the corresponding portfolio investment may be less attractive than the secondary market purchase of an existing interest. In such cases, it may not be possible for the Lexington Funds to exclude from such purchases those investments which Lexington considers (for commercial, tax, legal or other reasons) less attractive. Moreover, with respect to linked secondaries relating to secondary transactions in which more than one Lexington fund participates, a Lexington Fund may be allocated a greater or lesser proportional share of commitments to corresponding portfolio investments than its proportional share of the secondary transaction. Similarly, with respect to secondary transactions in which multiple Lexington Funds participate, there can be no guarantee that agreements with counterparties regarding allocations of purchase price among secondary portfolio interests and/or deferred purchase price payment mechanics may be more or less advantageous to one or more specific Lexington Funds than the other participating Lexington Funds.

#### Certain Risks Particular to Co-Investments

Certain Lexington Funds may make “co-investments” in transactions sponsored by the general partners or managers of the Investment Funds. Typically, co-investments are structured as investments in special purpose vehicles established and controlled by the sponsor Investment Fund’s general partner or manager or an affiliate thereof, which in turn invest in an underlying transaction. Special purpose vehicles are typically structured so that all decision making with respect to the underlying investment transaction is made *mutatis mutandis* with the sponsor’s Investment Fund. Thus, a Lexington Fund’s investment in any co-investment will be largely controlled by the sponsor Investment Fund’s general partner or manager or an affiliate thereof. Co-investment opportunities are sometimes in high demand and over-subscribed. Accordingly, sponsor Investment Fund

general partners and managers are generally reluctant or unwilling to negotiate the terms of co-investments and at times insist on flexibility to deviate from strict *mutatis mutandis* decision making. This flexibility could cause the underlying investment to be less successful for the co-investors than for the sponsor's Investment Fund. In addition, the sponsor's Investment Fund typically receives transaction, monitoring and other fees and remuneration in connection with co-investment transactions. These fees are often not shared with co-investors, thus making investments less attractive for co-investors than for the sponsor's Investment Fund. The sponsor's Investment Fund is typically responsible for break-up fees if the underlying transaction is ultimately not consummated for certain reasons attributable to such Investment Fund. Some co-investment opportunities require co-investors to bear their pro-rata portion of any such break-up fees. In these situations, a Lexington Fund could be required to pay a portion of a break-up fee if a co-investment transaction is not consummated.

#### Allocation of Investment Opportunities Among Lexington Funds; Co-Investment Allocations

Lexington may, from time to time, be presented with investment opportunities that fall within the investment objectives of more than one Lexington Fund. Lexington has adopted written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith. Lexington must first determine which Lexington Fund(s) will participate in an investment opportunity. Prior to making any allocation to a Lexington Fund of an investment opportunity, Lexington determines what additional factors may restrict or limit the offering of an investment opportunity to the Lexington Fund(s). Possible restrictions are contained in the Governing Documents of the applicable Lexington Fund and may include an obligation to offer related investment opportunities to certain Lexington Funds and/or legal and regulatory exclusions.

Once the Lexington Fund(s) that will participate in a particular investment have been identified, Lexington will allocate such opportunities among such Lexington Funds on a basis that Lexington reasonably determines in good faith to be fair and reasonable taking into account all relevant facts and circumstances including (without limitation): the specific investment guidelines, objectives, size, geographical limitations, risk profile and capital available for investment of each applicable Lexington Fund; projected future capacity for investment of each applicable Lexington Fund; diversification needs and prudent concentration levels, including exposure of the applicable Lexington Fund(s) to a specific underlying portfolio fund and/or sponsor; the composition of each applicable Lexington Fund's portfolio; availability of other suitable investments for each applicable Lexington Fund; the applicable Lexington Fund(s) liquidity; the size of the applicable investment opportunity; the Lexington Fund's targeted rate of return; in the case of a portfolio of interests, the ability to allocate the interests to more than one Lexington Fund; specific underlying fund investment objectives and restrictions, and the level of unfunded commitments of the applicable underlying funds; legal and contractual restrictions applicable to the transfer of the applicable interests; tax implications applicable to the investment opportunity; risk considerations; cash flow considerations;

industry and other allocation targets; lender covenants and other limitations (if applicable); potential conflicts of interest, including whether each applicable Lexington Fund has an existing investment in the security in question or the issuer of such security and whether any “right of first refusal” or similar right exists with respect to a specific Lexington Fund; the nature of the investment opportunity, including minimum investment amounts, the source of the opportunity and the involvement of specific deal teams; current and anticipated market conditions; and such other considerations as Lexington deems relevant in good faith.

From time to time, an investment opportunity may be deemed to be inappropriate for a Lexington Fund as a result of one or more of the foregoing factors. As a result, certain Lexington Funds will, from time to time, invest in opportunities that other Lexington Funds with similar investment strategies have declined, and likewise, certain Lexington Funds will, from time to time, decline to invest in opportunities in which other Lexington Funds have invested.

In addition, principal executive officers and other personnel of Lexington invest in Lexington Funds (either directly or indirectly through the general partner of the applicable Lexington Fund), and therefore participate indirectly in investments made by the Lexington Funds in which they invest, consistent with the Governing Documents of the applicable Lexington Fund(s). Such interests will vary, and the existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Lexington Fund.

From time to time, Lexington has discretion with respect to the investment of co-investment capital. Lexington may form committed co-investment vehicles or managed accounts both during and following a Lexington Fund’s fundraising period to participate alongside a Lexington Fund in investment opportunities. Such committed co-investment vehicles or managed accounts may be allocated investment opportunities based on the ratio of capital commitments to such vehicles or accounts and the total or target capitalization of the applicable Lexington Fund, or on such other basis as agreed to by Lexington and the investor(s) in such vehicles or accounts. The capital committed to such co-investment vehicles or managed accounts would generally not be included in the overall size limitations on a Lexington Fund’s investment program.

In addition to committed co-investment vehicles and managed accounts, from time to time Lexington may determine that the amount of a specific investment opportunity exceeds the amount Lexington believes would be appropriate for the participating Lexington Fund(s) and, in such event, Lexington may offer co-investment opportunities alongside a Lexington Fund in such specific investment opportunity. Lexington is not expected to offer co-investment opportunities with respect to all of a Lexington Fund’s investments. Subject to any investment allocation requirements set forth in the Governing Documents of the Lexington Funds, in general (i) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Lexington or its related persons, (ii) co-investment opportunities may, and typically will, be offered to only a small subset of investors, and (iii) certain persons other than investors in the Lexington Funds (e.g., third parties) may be offered co-investment

opportunities. It is expected that many investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested.

Lexington shall allocate any such specific co-investment opportunities in its sole discretion and may consider some or all of a wide range of factors, including (without limitation): Lexington's evaluation of the size and financial resources of the potential co-investment party and Lexington's perception of the ability of that person or entity (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Lexington Fund(s) without harming or otherwise prejudicing such Lexington Funds(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case; any confidentiality concerns Lexington may have that may arise in connection with providing the potential co-investment party with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity; Lexington's evaluation of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the potential co-investment party would act upon the investment opportunity if offered; Lexington's evaluation of whether a particular potential co-investment party has provided value in sourcing, establishing relationships, participating in diligence and/or negotiations with respect to such potential transaction or is expected to provide value to the business or operations of a portfolio company or enterprise post-closing; Lexington's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Lexington Funds to take advantage of such opportunity; whether a particular party has indicated a desire to participate in investments of the type offered; any requirements or restrictions concerning co-investments in the applicable Lexington Fund Governing Documents; and whether Lexington believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide direct or indirect long-term benefits to Lexington, the Lexington Funds and/or future funds managed by Lexington.

The allocation of co-investment opportunities may involve a benefit to Lexington including, without limitation, fees or carried interest from the co-investment opportunity and capital commitments to other Lexington Funds.

There can be no assurance that Lexington will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on terms and conditions that will be preferable for the applicable Lexington Fund, or that expenses incurred by such Lexington Fund with respect to the syndication of the co-investment will not be substantial.

#### Secondary Transfers



To the extent Lexington has approval rights with respect to a secondary transfer of interests in a Lexington Fund pursuant to the applicable Governing Documents, or is asked to identify potential purchasers in connection with any such secondary transfer, Lexington will do so in its sole discretion, generally taking into account certain factors that it deems relevant, which may include: Lexington's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations; Lexington's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Lexington Funds and/or Lexington; whether the potential purchaser would subject Lexington, the applicable Lexington Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens; any requirements in such Lexington Fund's Governing Documents; and any such other facts as it deems appropriate under the circumstances in exercising such discretion. Lexington will typically have sole discretion to consent or not consent to the transfer of any interest in a Lexington Fund.

#### Leverage and Affiliate Transactions

A Lexington Fund and/or special purpose vehicle through which it holds portfolio investments will often use leverage (up to certain limits) to finance portfolio investments in a manner consistent with its Governing Documents. Although Lexington seeks to use leverage in a manner it believes is prudent, the use of leverage may involve a high degree of financial risk. Borrowings by a Lexington Fund and/or a special purpose vehicle have the potential to enhance overall returns that exceed the cost of funds; however, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the cost of funds. In addition, borrowings may be secured by investors' capital commitments to a Lexington Fund as well as by the assets of the applicable Lexington Fund and subsidiary special purpose vehicles, and the documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such borrowing. Moreover, from time to time, counterparties to transactions in which a Lexington Fund participates (including counterparty sellers, lenders or other credit providers) may require a Lexington Fund to guarantee, or otherwise be liable for, the obligations of (including loans and other extensions of credit by) other Lexington Funds, accounts, co-investment vehicles, current or prospective portfolio investments (or any subsidiary thereof), or any special purpose vehicles formed to effect the acquisition thereof or participating in similar transactions.

Net IRRs in respect of investment and performance data, as reported to limited partners of the Lexington Funds from time to time, are based on the payment date of capital contributions received from limited partners of such Lexington Fund. This treatment also applies in instances where a Lexington Fund utilizes borrowings under such Lexington Fund's subscription-based credit facility in advance of receiving capital contributions from its limited partners to repay any such borrowings and related interest expense. As a result, use of a subscription-based credit facility will result in a higher reported IRR than if the facility had not been utilized and instead such limited partners' capital had been

contributed at the inception of an investment.

#### Illiquidity of Investments by the Lexington Funds

The Lexington Funds may not be able to liquidate a particular interest in an Investment Fund or directly held security at the time and upon the terms it desires. Further, the timing of distributions received by the Lexington Funds from the Investment Funds, if any, will likely be at the discretion of such Investment Funds' management and may not occur at a time that is desirable. Distributions received by the Lexington Funds from the Investment Funds can be in the form of securities. If a Lexington Fund holds securities, it may engage in various hedging transactions, including the purchase and sale of derivative securities which may involve borrowing. Unanticipated changes in interest rates, securities prices, currency exchange rates, or other factors could result in losses to such Lexington Fund and its investors.

#### Lack of Liquidity of Interests in the Lexington Funds

Prospective investors should be aware of the long-term nature of their investment in the Lexington Funds. There is not now and will not be a public market for interests in the Lexington Funds. Interests in the Lexington Funds may not be assigned, transferred or encumbered without the prior written permission of the general partner of the applicable Lexington Fund. Accordingly, an investor may not be able to liquidate its investment and must be prepared to bear the risks of owning its interest for an extended period of time. The inability to transfer interests in the Lexington Funds may limit the availability of estate planning strategies. The interests will not be registered under the Securities Act or under the various "Blue Sky" or securities laws of the state or jurisdiction of residence of any investor. The timing of distributions to investors from the Lexington Funds, if any, will depend in substantial part on the timing of distributions, if any, received by the Lexington Funds from the Investment Funds and will be unpredictable.

#### Reliance on Management

All decisions with respect to the management of a Lexington Fund and the investments of a Lexington Fund will be made by the general partner of such Lexington Fund and/or its affiliates, and thus the investors must rely on the ability of the general partner and/or its affiliates to make appropriate investments for the Lexington Funds and to manage and dispose of such investments. In addition, the timing and form of distributions from the Lexington Funds will be subject to the discretion of the general partner. Investors will generally have no right or power to participate in the affairs or investment activities of the Lexington Funds or to replace the general partner. Accordingly, no person should purchase an interest in a Lexington Fund unless such person is willing to entrust all aspects of the management of such Lexington Fund and the investments of such Lexington Fund to the general partner and/or its affiliates.

#### Dependence on Key Personnel

The success of the Lexington Funds will be highly dependent on the expertise and performance of Lexington's investment team. There can be no assurance that the members of the investment team will continue to be associated with the respective general partners of the Lexington Funds or any of their affiliates throughout the life of the Lexington Funds. The loss of certain of these individuals could have a significant adverse impact on the business of the Lexington Funds. Investors in the Lexington Funds will have no recourse in the event that any of these individuals ceases to perform services for the Lexington Funds. Investors are not expected to be permitted to withdraw commitments or investments in the Lexington Funds as a result of the departure of one of the professionals responsible for the activities of the Lexington Funds.

#### Risks Related to Commitment Strategy

The general partner of a Lexington Fund may expect Investment Funds to drawdown less capital than such Lexington Fund has committed to the Investment Funds. If the general partner decides it is in the best interest of the Lexington Fund to fully deploy the total capital commitments of such Lexington Fund's investors, the general partner will make aggregate commitments to Investment Funds that exceed the aggregate capital commitments of investors to such Lexington Fund. Although each Lexington Fund will monitor cash flow projections closely, there can be no assurance that each such Lexington Fund will be able to meet all of its commitments to the Investment Funds or otherwise successfully implement its commitment strategy. If a Lexington Fund is not able to meet all of its commitments to the Investment Funds, such Lexington Fund may be subject to penalties arising under the terms of its contractual commitments with respect to its investment in Investment Funds, including, without limitation, being required to sell its interest in an Investment Fund or forfeiting a portion of its investment in an Investment Fund. In such cases, such Lexington Fund's return from such Investment Fund could be materially lower than it would have been had the Lexington Fund been able to meet all of its commitments.

#### Reliance on Management of Investment Funds

The Lexington Funds will invest in Investment Funds managed by investment managers unrelated to Lexington and, therefore, investments by such Investment Funds will be selected by such unrelated investment managers. The Lexington Funds will typically not have an active role in the day-to-day management of the Investment Funds. As a result, the returns of the Lexington Funds will depend in large part on the performance of these unrelated investment managers and could be substantially adversely affected by the unfavorable performance of a small number of investment managers.

#### Special Purpose Vehicles

From time to time, Lexington or its related persons form special purpose vehicles if Lexington determines in good faith that for legal, tax, regulatory or other reasons it is in the best interests of one or more of the Lexington Funds that investments in Investment Funds be made through such special purpose vehicles. In certain circumstances, depending on the jurisdiction of organization, applicable tax treaties and other tax, legal

or business considerations, special purpose vehicles through which multiple Lexington Funds invest may not provide for complete segregation of Investment Fund assets and liabilities in respect of the applicable Lexington Funds holding investments in such Investment Funds through such special purpose vehicles. Accordingly, if any Lexington Fund is unable to meet all of its commitments to the Investment Fund in which it holds an interest through a special purpose vehicle, other Lexington Funds that hold investments through such special purpose vehicle could be adversely affected.

#### Multiple Levels of Expense

The Lexington Funds and the Investment Funds impose performance-based allocations or fees, management charges, and other expenses. Such fees and expenses will result in greater expense than if investors of a Lexington Fund were able to invest directly in the Investment Funds or the portfolio companies of such Investment Funds. Fees and expenses of the Lexington Funds and the Investment Funds in which the Lexington Funds invest will generally be paid regardless of whether the Lexington Funds or the Investment Funds produce positive investment returns. From time to time, a Lexington Fund may purchase an interest in another Investment Fund managed by Lexington, provided that the sale or purchase is consistent with Lexington's fiduciary obligations to each such Lexington Fund. While Lexington endeavors at all times to act in the best interests of the Lexington Funds, investors should be aware that Lexington's receipt of compensation from each of the Investment Funds and the contribution of additional capital by a Lexington Fund to another investment fund managed by Lexington creates a potential conflict of interest with respect to such transactions.

#### Financial Market Fluctuations

General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Lexington Funds and may affect the Lexington Funds' ability to make investments and the value of the investments held by the Lexington Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Lexington Funds' investments. Moreover, governmental measures undertaken in response to market turmoil (whether regulatory or financial in nature) could have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may become more volatile. The ability to realize investments depends not only on portfolio investments and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. The duration and ultimate effect of market conditions and whether such conditions may worsen cannot be predicted.

#### Cybersecurity Risk

Lexington, the Lexington Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Lexington Funds and their investors, despite the

efforts of Lexington and the Lexington Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Lexington Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Lexington, the Lexington Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Lexington's systems to disclose sensitive information in order to gain access to Lexington's data or that of the Lexington Funds or the Lexington Funds' investors. A successful penetration or circumvention of the security of Lexington's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Lexington Funds, Lexington or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the Investment Funds, which could have material adverse consequences for such Investment Funds, and may cause the Lexington Funds' investments to lose value.

### **Disciplinary Information**

Lexington and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

### **Other Financial Industry Activities and Affiliations**

#### *Registered Broker-Dealers*

Neither Lexington nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

#### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

Neither Lexington nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

#### *Relationships with Related Persons*

Lexington is affiliated through common control and ownership with Lexington Advisors Inc. ("Lexington Advisors"), an investment adviser registered with the SEC. Lexington may provide sub-advisory, back-office, administrative and/or other services to Lexington Advisors and/or receive advisory fee revenue from Lexington Advisors in connection

with the investment advisory services provided by Lexington Advisors to its managed private investment funds. Moreover, Lexington is affiliated with Lexington Partners UK LLP, Lexington Partners Asia Limited and Lexington Partners Chile SPA (collectively, the “Lexington Foreign Affiliates”), each of which provide certain consulting and/or sub-advisory services to Lexington from time to time. Lexington, Lexington Advisors and the Lexington Foreign Affiliates share compliance personnel, and the personnel of the Lexington Foreign Affiliates will be subject to the same compliance policies and procedures and Code of Ethics requirements as the personnel of Lexington and Lexington Advisors (in addition to any other compliance requirements of applicable regulatory authorities in the Lexington Foreign Affiliates’ respective jurisdictions). Furthermore, various related entities of Lexington serve as general partners of the Lexington Funds.

Lexington manages a number of Lexington Affiliated Funds (as defined below) that may have investment objectives similar to each other. Lexington expects that it, Lexington Advisors or their personnel will in the future establish one or more additional investment funds and/or managed accounts with investment objectives substantially similar to, or different from, those of the current Lexington Affiliated Funds. Allocation of available investment opportunities between the Lexington Affiliated Funds and any such “successor” investment funds and/or managed accounts could give rise to conflicts of interest. In addition, it is expected that employees of Lexington responsible for managing a particular Lexington Affiliated Fund will have responsibilities with respect to other Lexington Affiliated Funds managed by Lexington, including “successor” funds and other managed accounts. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

Additionally, as discussed in the section titled “*Participation or Interest in Client Transactions; Personal Trading*,” Lexington and its related entities are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Lexington Funds and additional private investment funds managed by Lexington Advisors (collectively, the “Lexington Affiliated Funds”). Certain principals and related persons of Lexington spend substantially all of their business time on one or more of the Lexington Affiliated Funds as required pursuant to the terms of each Lexington Affiliated Fund’s Governing Documents. This can create conflicts in the allocation of time, resources and investment opportunities among the Lexington Affiliated Funds. Investors are requested to refer to the Governing Documents of each Lexington Fund for complete information on the requisite time commitments of Lexington, Lexington Personnel, and its related persons to the Lexington Affiliated Funds.

In addition, Brent R. Nicklas is a President and Director of Lexington Advisors and a vice president and director of Landmark Advisers, Inc. (“Landmark”), a SEC-registered investment adviser, and a partner of certain general partner vehicles sponsored by Landmark.

### *Selection or Recommendation of Other Advisers*

As a secondary private equity manager, Lexington selects Investment Funds for its clients. From time to time, principals or related persons of the Investment Funds may invest in the Lexington Funds. Lexington does not, however, receive compensation from the advisers of such Investment Funds in a manner that would create a material conflict of interest and does not have other business relationships with other advisers that create a material conflict of interest.

Certain of Lexington's principals and/or related persons are invited from time to time to serve on the advisory boards of the Investment Funds in which the Lexington Funds invest to provide advice on certain conflicts of interest and other matters pertaining to such Investment Funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such Investment Funds into account.

In limited circumstances, an investment by a Lexington Affiliated Fund (or diligence with respect to a potential investment by such Lexington Affiliated Fund) will cause Lexington and its related persons to become subject to legal or contractual restrictions on their ability to effect transactions for other Lexington Affiliated Funds, for example due to the receipt of non-public information.

Lexington has engaged consultants (including specialized consultants, external executives and industry roundtable members) and senior advisors located in key areas of emerging interest. Lexington's advisors work in an advisory capacity with Lexington's professionals to leverage their strong local connections regarding market intelligence and investment-related resources. The nature of the relationship with each such advisor and the time devotion requirements of each such advisor may vary significantly.

The Lexington Affiliated Funds shall, in Lexington's discretion, bear their allocable share of the fees, costs, and expenses of such advisors. Advisors engaged by Lexington may invest, participate, or engage in (for their own accounts or for the accounts of others), or may possess an interest in, other financial ventures and investment and professional activities of every kind, nature and description, independently or with others, including but not limited to: management of other investment partnerships; investment in, financing, acquisition or disposition of securities; investment and management counseling; providing brokerage and investment banking services; or serving as officers, directors, managers, consultants, advisors or agents of other companies, partners of any partnership, members of any limited liability company or trustees of any trust (and may receive fees, commissions, remuneration or reimbursement of expenses in connection with these activities), whether or not such activities may conflict with any interest of Lexington, the Lexington Affiliated Funds or their respective investors.

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

### *Code of Ethics*

Lexington has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act that is applicable to all of its members, partners, officers, directors (or other person occupying a similar status or performing similar functions), employees, and other persons who provide investment advice on behalf of Lexington and are subject to its supervision and control (collectively, “Lexington Personnel”) expressing Lexington’s commitment to ethical conduct. Lexington’s Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Lexington’s (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of Lexington Personnel with access to client investment recommendations. The Code of Ethics helps Lexington detect and prevent potential conflicts of interest. Under Lexington’s Code of Ethics, all Lexington Personnel have a duty to act only in the best interests of the Lexington Funds and all potential conflicts and violations of the Code of Ethics must be promptly reported to Lexington’s Chief Compliance Officer (“CCO”). All Lexington Personnel must acknowledge the terms of the Code of Ethics. It is the expressed policy of Lexington that no person employed by Lexington shall prefer his or her own interest to that of an advisory client.

To supervise compliance with its Code of Ethics, Lexington requires that certain restricted persons provide annual securities holdings reports and quarterly transaction reports (or equivalent reports or acknowledgements) to the firm’s CCO. Lexington requires such “access persons” to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by Lexington’s personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

Lexington requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Lexington’s Code of Ethics also includes the firm’s policy prohibiting the misuse of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

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

Lexington will provide a complete copy of its Code of Ethics to any client or prospective client upon request.



### *Participation or Interest in Client Transactions; Personal Trading*

As general partners, limited partners and/or managing members of the general partners of each of the Lexington Funds, Lexington and its related persons have indirect beneficial interests in the securities owned by the Lexington Funds and will share in any profits and losses generated by the Lexington Funds' investments. Before Lexington makes a recommendation that a Lexington Fund buy or sell a security, all related persons that have direct ownership of such security at the time of such recommendation are required to disclose such interest to Lexington and may not be permitted to participate in the discussions or authorizations to recommend that a Lexington Fund buy or sell such security. A related person shall not be so restricted if such person's only interest in a security is (i) held indirectly through one of the general partner entities, the Lexington Funds or otherwise or (ii) related to such person's service as a director or advisor of a portfolio investment entity to facilitate Lexington's ability to monitor the investment.

Lexington and/or certain related persons of Lexington may, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Lexington Funds in connection with certain "warehousing" or other principal transactions, provided that the sale is consistent with Lexington's fiduciary obligations to such Lexington Funds. Such transactions will be fully disclosed and the written consent of the appropriate Lexington Fund (which, in certain circumstances, may be provided by the applicable Lexington Fund's advisory board) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act (to the extent such transactions constitute "principal transactions") and all other applicable state and federal securities laws.

In certain situations, related persons of Lexington may purchase interests in the same portfolio investments held by one or more Lexington Funds. All such transactions are subject to compliance with Lexington's Code of Ethics as described above.

Moreover, Lexington may cause a Lexington Fund to engage in "cross transactions" via the purchase or acquisition of a limited partner (or equivalent) interest from or sale or transfer of a limited partner (or equivalent) interest to another Lexington Affiliated Fund, provided that the transfer is consistent with Lexington's fiduciary obligations to each Lexington Affiliated Fund participating in the cross transaction. These transactions may arise when, for example, parallel Lexington Funds and/or committed co-investment vehicles or managed accounts rebalance their portfolios at their final closing, or when a Lexington Affiliated Fund has warehoused an investment prior to the initial closing of a separate Lexington Affiliated Fund.

Lexington Affiliated Funds may also acquire interests in other Lexington Affiliated Funds from a Lexington investor to the extent consistent with fiduciary principles and the applicable Governing Documents. These transactions may arise when, for example, a Lexington Affiliated Fund is included in a larger secondary transaction pursued by a separate Lexington Affiliated Fund.

From time to time, Lexington may also guarantee certain credit facilities entered into by a Lexington Fund to enable such Lexington Fund to acquire a portfolio of investments prior to holding an initial closing. In connection with such warehousing arrangements, Lexington will generally be reimbursed for its out of pocket costs and receive a backstop guaranty payment from the applicable Lexington Fund equal to a percentage of the principal amount of the credit facility. Investors are requested to refer to the Governing Documents of each Lexington Fund for additional information on any such loan and warehousing arrangements applicable to such Lexington Fund.

While Lexington endeavors at all times to act in the best interests of the Lexington Funds, investors should be aware that Lexington's receipt of compensation from the Lexington Funds creates a potential conflict of interest with respect to such transactions.

### *Conflicts of Interest*

Lexington and its related entities engage in a broad range of investment-related activities. In the ordinary course of conducting its activities, the interests of a Lexington Fund will, from time to time, conflict with the interests of Lexington, other Lexington Funds and/or their respective affiliates.

### *Resolution of Conflicts*

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

- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Governing Documents for the Lexington Funds;
- Many of the Lexington Funds have established an advisory board, consisting of representatives of investors not affiliated with Lexington. The advisory boards are required to approve certain conflicts of interest pursuant to the relevant Lexington Fund's Governing Documents;
- Where Lexington deems appropriate, unaffiliated third parties may be used to help resolve conflicts or to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Lexington Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Lexington Fund.

### *Diverse Membership*

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

### *Advisory Board Rights*

Many of the Lexington Funds have established an advisory board, consisting of representatives of investors. A conflict of interest may exist when some, but not all, limited partners are permitted to designate a member or a non-voting observer to the advisory board. The advisory board may also have the ability to approve conflicts of interests with respect to Lexington and the applicable Lexington Fund which could be disadvantageous to the other investors, including those investors who are not invited or permitted to designate a member or a non-voting observer to the advisory board.

### *Other Conflicts*

Lexington and the Lexington Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Lexington Funds may be investors in a Lexington Fund, and may also represent one or more underlying portfolio investments or investors in a Lexington Fund. In the event of a significant dispute or divergence of interest between Lexington Funds, Lexington and/or its affiliates, the parties may engage separate counsel in the sole discretion of Lexington and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, Lexington and the Lexington Funds engage other common service providers.

Certain advisors and other service providers or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms, and certain other advisors and agents) to Lexington, the Lexington Affiliated Funds, the Investment Funds, or any of their affiliates may also provide goods or services to or have business, personal, political, financial, or other relationships with Lexington and its affiliates. Such advisors and service providers may be investors in the Lexington Affiliated Funds, affiliates of Lexington, sources of

investment opportunities or co-investors or counterparties therewith. These relationships have the potential to influence Lexington in deciding whether to select or recommend such a service provider to perform services for the Lexington Affiliated Funds (the cost of which will generally be borne directly or indirectly by the Lexington Affiliated Funds). Notwithstanding the foregoing, any such determination will be made in accordance with Lexington's fiduciary obligations to the Lexington Affiliated Funds and investment transactions for the Lexington Affiliated Funds that require the use of a service provider will generally be allocated to service providers on the basis of Lexington's judgment as to best execution, the evaluation of which includes, among other considerations, such service provider's provision of investment-related resources, research and/or other services or resources that Lexington believes to be of benefit to the Lexington Affiliated Funds. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Lexington or its affiliates as compared to services provided to the Lexington Affiliated Funds, which may result in more favorable rates or arrangements than those payable by the Lexington Affiliated Funds. Moreover, Lexington from time to time engages in transactions with prospective and actual investors that entail business benefits to such investors (for example, financial service providers that may also invest in private investment funds such as the Lexington Affiliated Funds). Such transactions may be entered into prior to or coincident with an investor's admission to a Lexington Affiliated Fund or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to Lexington, the Lexington Affiliated Funds, and/or their respective portfolio investments.

The Lexington Funds may, from time to time, enter into borrowing arrangements that require certain Lexington Funds to be jointly and severally liable for the repayment of obligations (including the execution of joint guarantees for such borrowings). If one Lexington Fund defaults on such arrangement, the other Lexington Funds are responsible for the defaulted amount. The Lexington Funds will only enter into such joint and several borrowing arrangement when Lexington determines it is necessary or in the best interests of the Lexington Funds.

Lexington Affiliated Funds may acquire interests in other Lexington Affiliated Funds from time to time, either on a secondary basis via purchase from an investor in a Lexington Affiliated Fund, directly pursuant to the offering of interests in a Lexington Affiliated Fund, or indirectly via the purchase of a third party Investment Fund that holds an interest in a Lexington Affiliated Fund, in each case to the extent consistent with fiduciary principles and to the extent not prohibited by the applicable governing documents of such Lexington Affiliated Fund(s). These transactions may arise when, for example, a Lexington Affiliated Fund is included in a larger secondary transaction pursued by a separate Lexington Affiliated Fund. Subject to the applicable governing documents of the relevant Lexington Affiliated Funds, the amount of such fees allocable to Lexington Affiliated Funds that are acquired on a secondary basis will not result in an offset of the advisory fee payable by the acquiring Lexington Affiliated Fund. The potential for Lexington and/or its affiliates to receive advisory fees and carried interest from multiple Lexington Affiliated Funds creates a conflict of interest with respect to any

such acquisition.

### **Brokerage Practices**

Although Lexington typically does not utilize broker-dealers to effect portfolio investments, the Lexington Funds may receive shares of certain companies as part of a general distribution in kind. Subject to the investment objectives, policies and restrictions of each Lexington Fund, as set forth in such Lexington Fund's Governing Documents, Lexington will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Lexington Funds and negotiate the commission cost to be paid.

In selecting brokers, Lexington's primary consideration will be to obtain the most favorable net result for the Lexington Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, Lexington seeks to obtain best execution by considering factors including, but not limited to, the nature of the transaction, the size of the transaction, execution capability, execution costs, the level of service offered, responsiveness, financial responsibility and reliability, resources, experience in liquidating distributions from private equity funds, research services (such as reports and analyses of markets, industries, companies and economic trends) and such other factors as Lexington considers relevant and beneficial to the Lexington Funds. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

### *Research and Soft Dollar Benefits*

Lexington does not engage in any formal soft dollar arrangements with respect to securities transactions for the Lexington Funds.

Any research services and/or other products or services that are provided to Lexington by brokers or dealers may be used for the benefit of all clients of Lexington and do not necessarily benefit solely the Lexington Fund from which the commissions were generated. Lexington has no commitment or arrangement to provide any specific level of commissions or transactions with respect to any proprietary research received. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to the Lexington Funds, but does create a potential conflict of interest of which investors should be aware in assessing Lexington's choice of broker-dealers.

### *Service Providers and Client Referrals*

Subject to Lexington's obligation to seek best execution of all transactions for its clients, Lexington may consider referrals of investors in determining its selection of third party service providers. Accordingly, Lexington may have an incentive to select or recommend a service provider based on its interest in receiving investor referrals. Any

such determinations will be made in accordance with Lexington's fiduciary obligations to the Lexington Funds and Lexington's compliance policies and procedures.

#### *Directed Brokerage*

Lexington has discretionary authority to select the brokers or dealers in connection with securities transactions of the Lexington Funds, and investors are not permitted to direct Lexington to use a particular broker or dealer to execute portfolio transactions on behalf of a Lexington Fund.

#### *Trade Aggregation*

Lexington will, to the extent possible, generally place a combined order for two or more Lexington Affiliated Funds it manages engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Lexington Affiliated Funds' Governing Documents, and otherwise in the best interest of the participating Lexington Affiliated Funds.

### **Review of Accounts**

#### *Review of Client Accounts*

The investments of the Lexington Funds are generally private, illiquid and long-term in nature, and accordingly Lexington's review of them is not directed toward a short-term decision to dispose of securities. However, Lexington will continuously monitor portfolio investments on behalf of the Lexington Funds. Investments are reviewed in the context of each Lexington Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Lexington Fund. Members of Lexington's investment committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Lexington Funds.

#### *Reports to Clients*

The general partners of each Lexington Fund distribute quarterly and annual written reports to their respective investors. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the Lexington Fund and the audited financial statements of the Lexington Fund. The quarterly reports generally contain unaudited financial statements of the Lexington Fund for the fiscal quarter.

Investors are requested to refer to the Governing Documents of each Lexington Fund for further information on the reports provided by a particular Lexington Fund to its investors.

## **Client Referrals and Other Compensation**

### *Economic Benefits Received from Third Parties*

From time to time, in connection with investments made by certain Lexington Funds, Lexington or its affiliates or supervised persons may receive transaction fees, directors fees, investment banking fees, advisory fees, closing fees, topping fees, break-up fees and/or other similar fees. To mitigate potential conflicts of interest, Lexington may offset all or a portion of such benefits against advisory fees payable by the applicable Lexington Fund in accordance with such Lexington Fund's Governing Documents. Investors are requested to refer to the Governing Documents of each of the Lexington Funds for complete information on the additional compensation received by Lexington or its affiliates or supervised persons in connection with a particular Lexington Fund's investments.

### *Third Party Compensation for Client Referrals*

While not a client solicitation arrangement, Lexington and related entities of Lexington will from time to time enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a Lexington Fund. Any sales charge associated therewith will ultimately be payable by Lexington and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Lexington Fund to Lexington. Moreover, as described above, Lexington may consider referrals of investors to the Lexington Funds in determining its selection of third party service providers.

Lexington endeavors at all times to put the interests of the Lexington Funds first as part of Lexington's fiduciary duty to the Lexington Funds. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to Lexington and the Lexington Funds.

## **Custody**

Lexington will not have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, Lexington will generally be deemed to have custody of the assets of the Lexington Funds as a result of its position as an affiliate of the general partner of each Lexington Fund.

It is Lexington's policy to cause each Lexington Fund with assets over which Lexington is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 180 days after the end of each fiscal year. In addition, upon the final liquidation of any such Lexington Fund, Lexington will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Lexington Fund to all investors promptly after completion of the

audit. Investors will generally not receive account statements directly from the bank or other qualified custodian holding physical custody of the Lexington Funds' securities.

### **Investment Discretion**

Subject to the investment objectives, policies and restrictions of each Lexington Fund as set forth in the Governing Documents of such Lexington Fund, Lexington has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Lexington Fund, including the selection of, and commissions paid to, broker-dealers.

### **Voting Client Securities**

Because Lexington has, or will accept, authority to vote securities held by a Lexington Fund, it has adopted policies and procedures (the "Proxy Voting Policies and Procedures") that have been designed to ensure that Lexington complies with the requirements of the Advisers Act, and reflect Lexington's commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the Lexington Funds.

When exercising its voting authority over client securities, Lexington considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. Lexington votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with the Proxy Voting Policies and Procedures and Lexington's fiduciary duties to the Lexington Funds.

Lexington reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Lexington Fund. As a result, depending on the Lexington Fund's particular circumstances, Lexington may vote one Lexington Fund's securities differently than it votes those of another Lexington Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, Lexington may determine that it is in the Lexington Fund's best interest for Lexington to "abstain" from voting or not to vote at all, and will do so accordingly. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, Lexington may not always vote proxies in accordance with the Proxy Voting Policies and Procedures. In addition, many possible proxy matters are not covered in the Proxy Voting Policies and Procedures. Generally, Lexington will vote proxies (i) in favor of management's recommendation for the election of the board of directors and (ii) to approve the financial statements as presented by management.

Prior to exercising its voting authority, Lexington, in consultation with the CCO and/or outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of Lexington, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, Lexington takes steps to



ensure that its voting decision is based on the best interests of the applicable Lexington Funds and is not a product of the conflict. Lexington may, at its discretion, (A) seek the advice of the applicable advisory board in voting such security (if any); (B) disclose the conflict of interest to the investors in the Lexington Fund (or its advisory board) and defer to the Lexington Fund's voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with Lexington's outside counsel) which would serve the best interest of the Lexington Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

Lexington will deliver to each investor in a Lexington Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Lexington Fund.

### **Financial Information**

Lexington has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.