

**Item 1.**      **Cover Page**

**Bain Capital Partnership Strategies, LP**

**200 Clarendon Street  
Boston, MA 02116**

**Part 2A of Form ADV: Firm Brochure**

**October 2018**

**This brochure provides information about the qualifications and business practices of Bain Capital Partnership Strategies, LP. If you have any questions about the contents of this brochure, please contact us at (617) 516-2318. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Bain Capital Partnership Strategies, LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2.    Material Changes**

Item 2 is not applicable.

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#### **Item 4.**     **Advisory Business**

Bain Capital Partnership Strategies, LP (the “Adviser”), a Delaware limited partnership wholly owned by Bain Capital, LP (“Bain Capital”) provides investment advisory services to pooled investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). As the investment adviser of the Funds, the Adviser, along with each Fund’s general partner (each, a “General Partner”), identifies investment opportunities for, and may participate in the acquisition, monitoring and disposition of investment opportunities of, each applicable Fund.

The primary focus of the Adviser’s investment advisory activity is recommending limited partnership interests in third party funds that invest primarily in public equity (developed and emerging markets) asset classes to the Funds. The Funds generally partner with third party fund managers via commingled funds, funds-of-one, or separately managed accounts. However, from time to time, the Adviser may offer advice to the Funds on investments in equities, private equity transactions, fixed income products, derivative instruments or in other asset classes.

The Adviser provides investment advisory services to each Fund pursuant to separate investment and advisory agreements (each an “Advisory Agreement”). Investment advice is provided by the Adviser directly to each Fund, subject to the direction and control of the applicable General Partner of such Fund and not individually to investors in those Funds.

Any restrictions on investing in certain types of investments are established by the General Partner of the applicable Fund and are set forth in the governing documents for each respective Fund. Currently there are no restrictions on the types of investments, companies or assets in which a Fund may invest.

Bain Capital Partnership Strategies has been in business since 2018. As of September 30, 2018, Bain Capital Partnership Strategies provides investment advice to a total of approximately \$460,000,000 of client assets, all of which is managed on a discretionary<sup>1</sup> basis.

#### **Item 5.**     **Fees and Compensation**

As compensation for investment advisory services rendered to the Funds, the Adviser generally receives from each applicable Fund an annual management fee payable quarterly in advance. Management fees paid by a Fund are indirectly borne by the investors in such Fund.

The precise amount, and the manner and calculation, of the management fee for each Fund is established by the Adviser and is set forth in such Fund’s Advisory Agreement, limited partnership agreement (or analogous organizational document) and/or other documentation received by each investor prior to investment in such vehicle. Fees may differ from one Fund to another, as well as among investors in the same Fund.

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<sup>1</sup> Bain Capital Partnership Strategies does not have investment discretion; discretion is due to the nature of Bain Capital Partnership Strategies’ affiliation with the General Partner of each Fund.

Upon termination of an Advisory Agreement, appropriate treatment, including, where applicable, returning prepaid management fees on a prorated basis, will be given to all management fees collected in advance. As described below, the management fee may be reduced in some circumstances in connection with the receipt by the Adviser or its related persons of various fees paid by actual or prospective portfolio investments. The management fee is generally subject to waiver or reduction by the Adviser in its sole discretion, including in connection with investments made by the General Partners or their related persons. The fee structures described above may be modified from time to time.

In general, a Fund shall bear its expenses. Expenses borne by a Fund may vary among the Funds. Please refer to the limited partnership agreement (or analogous organizational document) of the applicable Fund for details regarding the practices of such Fund.

Each Fund bears all of its organizational, operational, and offering expenses and obligations, which include:

- (a) all investment-related expenses, including expenses relating to identifying (including any finder's fees); evaluating; valuing; researching; investigating; structuring; diligencing; monitoring; hedging; purchasing, holding, selling (or potentially selling), refinancing (including any brokerage fees or expenses), in each case, including with respect to investments in platform companies or add-on acquisitions; or restructuring investments and potential investments (whether or not completed) (including lodging, travel (including the use of first class or business travel), transportation, meals, entertainment and other similar expenses relating to the foregoing);
- (b) all expenses of the Fund incurred in connection with the ongoing operation and administration of the Fund, including any legal, tax, auditing, accounting, domiciliation, consulting fees, bookkeeping, record keeping and clerical services to the Fund (performed by internal staff of the Fund's Adviser or the Fund's General Partner, affiliates of or entities established by the Fund's Adviser or the Fund's General Partner or by third parties; *provided* that the amount charged to the Fund for such services by internal staff may be capped at a certain dollar amount);
- (c) all financing fees; taxes and expenses associated with the Fund's financial statements or tax reporting (including tax information, returns, elections, investigations, settlements, reviews and audits); expenses incurred in connection with the maintenance of the Fund's books and records, account holder diligence or the preparation and delivery of wires, financial and other reports, circulars, forms, notices, valuations, investment summaries and other information (including courier and delivery expenses); expenses incurred by general partner or designee as tax matters representative in connection with the Fund and expenses incurred in connection with the dissolution and liquidation of the Fund;
- (d) expenses and fees of any administrator, and/or depositary;
- (e) all fees, costs and expenses of professionals (including industry executives, advisors, consultants (including operating and sourcing consultants), operating executives, subject matter experts or other persons acting in a similar capacity) who provide services to the

Fund and/or its portfolio companies, including services related to the development of investment theses and investment opportunities in a given sector or deal analyses (in each case which services may, for the avoidance of doubt, be provided prior to the commencement of an investment);

- (f) research expenses (e.g., news and quotation subscriptions and market research, conference expenses related to developing potential investment ideas, trends and themes within industries, sectors or geographies), information technology expenses (including technology service providers) and expenses related to acquiring, developing, implementing or maintaining related software;
- (g) all fees, expenses and costs in connection with any legal and/or regulatory compliance and any government and/or regulatory filings related to a Fund's offering of interests in the Fund or the Fund's investments (including regulatory filings of the General Partner, the Fund Adviser and their affiliates relating to the Fund, including any Alternative Investment Fund Management Directive ("AIFMD") filings and any charges levied pursuant to the exercise of cross border management and marketing passports) whether, for the avoidance of doubt, they are incurred once or on a periodic basis during the life of the Fund;
- (h) all expenses related to advisory board meetings (including travel and other expenses) and costs and expenses incurred in relation to obtaining consents or approvals of the Fund investors or the advisory board;
- (i) any costs, losses, damages or other expenses relating to any warranties or indemnities given by the Fund in relation to any investments, including where a claim has been made in respect of such warranties or indemnities;
- (j) all costs of all subsidiaries, AIVs and other vehicles and special purpose entities through which investments are held or managed (including, but not limited to master holding companies or similar serving as a regional platform for the Fund's investments) including costs associated with establishing and administering such entities (including any depositary, central administration, auditor and expenses for administering an entity), maintaining a permanent residence in certain jurisdictions (such as rent for office space, related overhead and employee salaries and benefits) and winding up and dissolving such entities;
- (k) all costs and expenses incurred in connection with the preparation of amendments to the limited partnership agreement or other documentation of the Fund;
- (l) all costs and expenses incurred in connection with or incidental to the incurrence or refinancing of any credit facility or other indebtedness, guarantees by or other obligations of the Fund; *provided* that such expenses will not be allocated to any limited partners that do not participate in, or benefit from, such borrowings, guarantees or other obligations;
- (m) management fees;
- (n) offering expenses up to the applicable offering expenses cap;

- (o) costs and expenses of administering side letters entered into with Fund limited partners (including the process of distributing and implementing applicable elections pursuant to any “most-favored nations” clauses in side letters);
- (p) all reasonable travel expenses incurred in connection with the Fund’s affairs;
- (q) all out-of-pocket expenses incurred in connection with the collection of amounts due to the Fund from any person;
- (r) all expenses incurred in connection with the obtaining and maintaining of insurance policies by or on behalf of the Fund, investments of the Fund (unless borne by the relevant portfolio company), the Fund General Partner or the Fund Adviser with respect to the Fund, including the allocable portion of any insurance policies that provide the Fund General Partner and/or the Fund Adviser with coverage covering multiple funds, personnel or liabilities, including with respect to the Fund;
- (s) all expenses incurred in connection with a purchase, sale, assignment, pledge or transfer of a Fund limited partner’s interest in the Fund or the withdrawal or termination of a Fund limited partner (but only to the extent not paid by the applicable purchaser or Fund limited partner, assignee, pledgee or transferee, as the case may be);
- (t) all costs and expenses associated with a defaulting Fund limited partner (but only to the extent not paid by the applicable defaulting Fund limited partner);
- (u) any taxes, or any expenses, penalties or liabilities which are not allocated to one or more Fund investors;
- (v) all expenses incurred in connection with any proceeding involving the Fund (including the cost of any investigation and preparation) and the amount of any judgment, fine or settlement paid in connection therewith; and
- (w) all indemnification obligations and any other indemnity, contribution, or reimbursement obligations of the Fund with respect to any person, whether payable in connection with a proceeding involving the Fund or otherwise (collectively, “Fund Expenses”).

For the avoidance of doubt, similar expenses incurred with respect to any feeder vehicle will also be considered Fund Expenses. The foregoing will be considered Fund Expenses whether incurred directly by the Fund or by the Fund General Partner, the Fund Adviser or any of their affiliates on behalf of the Fund. The Fund will bear its pro rata share of out-of-pocket expenses (including rent, compensation and board expenses) directly relating to fund administrative services performed by the Fund Adviser or their affiliates and fund administrative service companies and other special purpose entities maintained by the Fund Adviser, the Fund General Partner or affiliates of or entities established by the Fund Adviser, the Fund General Partners, in certain jurisdictions required or desirable in connection with investments.

The General Partner will notify the Advisory Board at least annually to the extent that members of Bain Capital Partnership Strategies or its affiliates are engaged to provide services to the Funds,

portfolio investments or investment vehicles, the fees and expenses of which are deemed to be Partnership Expenses.

Each Fund General Partner and each Fund Adviser will each pay its normal operating expenses, including salaries and employee benefit expenses of employees and related overhead (including rent, utilities, office expenses, travel expenses not allocated to the Fund as described herein and other similar items) and all fees and expenses incurred in connection with each Fund General Partner's and each Fund Adviser's compliance with any applicable ongoing regulatory requirements, excluding in each case those requirements that are imposed as a result of the organization or operation of the Fund (including, but not limited to, those fees referred to in subparagraph (g) above) and certain material and other expenses as described in the limited partner agreement.

The appropriate allocation of expenses and fees among the Funds, any feeder vehicles, parallel vehicles, other Related Funds (as defined in Item 10 below) and any other persons or entities that may invest or co-invest with the Fund in one or more investments will be determined by the Fund General Partners and the general partners (or similar governing entity) of such other funds or accounts that invest alongside the Funds in good faith and in a manner consistent with the limited partnership agreements (or analogous organizational documents) of such other investing entities. It is possible that there may be no other entity that has agreed to share expenses with a Fund if the investment is not consummated, with the result that a Fund may bear all of the expenses relating to that potential investment (including potentially additional costs associated with a potential co-investment), notwithstanding that other funds or third parties may have benefitted from the opportunity to review, investigate and otherwise assess that potential investment, or that such other funds or third parties may be entitled to receive all or a portion of any termination fees paid in respect of such unconsummated co-investment.

#### *Fees Received by Affiliated Broker-Dealer*

Our affiliate, Bain Capital Distributors, LLC ("Bain Capital Distributors") is a broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). Bain Capital Distributors places securities and instruments issued by certain private investment funds that the Adviser and its affiliates manage.

When Bain Capital Distributors acts as the placement agent for a Fund in respect of securities or instruments issued by a Fund, no commission or other compensation is received by Bain Capital Distributors from such Fund or their investors for such service.

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

The Funds may pay performance fees and other similar incentive fee arrangements. Certain investors in the Funds may incur lower or no performance fee. Performance fees may differ from one Fund to another, as well as among investors in the same Fund.

The payment by Funds of performance fees at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying performance fees at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be



otherwise set forth in the limited partnership agreements of the Funds, this conflict will be mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 10 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

#### **Item 7.    Types of Clients**

The Adviser provides investment advisory services to the Funds, subject to the direction and control of the general partner of such Fund and not individually to the limited partners of such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in Funds may include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other business entities.

Although the Adviser does not impose minimum dollar values on creating a Fund, legal eligibility requirements must be met. Minimum investment commitments may be established for limited partners in Funds. The General Partner of each Fund, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the applicable fund documents of such Fund.

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

For the Funds, the Adviser's investment strategy involves in-depth strategic and financial analysis, placing particular emphasis on global market dynamics, non-correlation, and manager capability. The Adviser typically recommends investments in funds it believes will outperform their relative benchmarks generally in asset classes not offered under Bain Capital's platform.

The Adviser's fundamental research includes the following detailed analyses:

- Sub-strategy/geographic attractiveness
- Competitive analysis
- Management strategy and capability
- Absolute and relative performance versus competitors and benchmarks
- Key risks and opportunities

As part of its in-depth research, the Adviser dedicates significant resources to assessing an investment's strategic position rather than simply performing financial analysis. This strategic evaluation generally includes market research, peer analysis, risk assessment and management interviews and reference checks.

## **Risks**

Investing in a Fund involves a substantial degree of risk. A Fund may lose all or a substantial portion of their value, and investors in a Fund must be prepared to bear the risk of loss of their investments therein.

Different risks may exist with respect to investments in different Funds

The risks associated with an investment in any particular Fund may be substantially impacted by the nature and timing of the market.

In addition, material risks relating to the investment strategies and methods of analysis described above, and the types of investments typically made by Funds in connection with those strategies and methods, include the following:

### ***Risks Related to Investing in a Private Fund***

#### ***Risks Associated with Investments in or alongside Underlying Funds***

The Funds generally expect to make investments in diversified funds, select concentrated funds and co-investment funds, including open- and closed-end investment funds and managed accounts, and operating company securities across a range of alternative asset classes, including public equity securities, fixed income securities, private equity, venture capital, foreign exchange, real assets (including public and private real estate, natural resources and commodities), other liquid and illiquid investment situations and securities (including, without limitation, direct purchases of operating company securities acquired by co-investments with alternative assets managers), and hedge funds (each, an “Underlying Fund” and together, “Underlying Funds”). Investments in Underlying Funds may be speculative, leveraged, and volatile. The instruments in which Underlying Funds invest may at any given time consist of substantial amounts of securities and other financial instruments or obligations which are very thinly traded, which are restricted as to their transferability under applicable laws, or for which no market exists, and such investments may also be adversely affected by exchange regulations. The sale of any such investments may be possible only at substantial discounts. Furthermore, such investments may be extremely difficult to value with any degree of certainty.

#### ***Reliance on the Adviser and Underlying Advisers***

An investor must rely on the Adviser’s ability to identify and make investments consistent with a Fund’s investment objective and policies. In addition, the limited partners will not have an opportunity to evaluate the relevant economic, financial or other information regarding specific investments to be made by a Fund or the terms of any investment. The Adviser may be unable to find a sufficient number of attractive opportunities to invest a Fund’s portfolio or meet its investment objective. Further, there can be no assurance that what the General Partner or the Adviser perceives as an attractive investment opportunity will not, in fact, result in substantial losses due to one or more of a wide variety of factors. Limited partners have no right or power to take part in the management of a Fund. Investors will not receive the detailed financial information issued by Underlying Funds or direct investments in which a Fund invests that is available to the General Partner and the Adviser. Accordingly, no person should purchase interests unless such

person is willing to entrust all aspects of the management of the Funds to the General Partner and the Adviser.

The loss of the services of one or more of the members of the professional staff of the Adviser could have an adverse impact on a Fund's ability to realize its investment objective. In addition, it is expected that all of the officers and employees responsible for managing or advising a Fund will continue to have responsibilities with respect to other funds and accounts managed and advised by the Adviser and its affiliates (including funds or accounts exclusively for the benefit of certain principals and current and former employees of the Adviser and its affiliates). Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy and other functions of other funds and accounts. In addition, the limited partnership agreement and the investment management agreement limit the circumstances under which the General Partner, the Adviser and their respective affiliates can be held liable to a Fund. As a result, limited partners may have a more limited right of action in certain cases than they would in the absence of such provisions.

Similarly, in managing and directing the investment program of an Underlying Fund, the investment adviser of the Underlying Fund (the "Underlying Adviser") may rely heavily on certain key personnel. The departure of any such key personnel or their inability to fulfill certain duties may adversely affect the ability of the Underlying Adviser to effectively implement the investment program of such Underlying Fund.

#### *Counterparty Risk*

Certain markets in which the Funds or the Underlying Funds may effect transactions are "over-the-counter" or "interdealer" markets, and may also include unregulated private markets. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the applicable fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the applicable fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the applicable fund has concentrated its transactions with a single or small group of counterparties. The Funds and Underlying Funds may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods, including broker-dealers in jurisdictions in emerging markets. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty and it is not expected that any Underlying Fund would be so restricted. The ability of the Funds and each Underlying Fund to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Fund or an Underlying Fund. Similar risks also arise in connection with derivative instruments and brokerage arrangements that a Fund or an Underlying Fund may put in place.

The Funds and each Underlying Fund may only close out "over-the-counter" transactions (including swaps and contracts for differences ("CFDs")) with the relevant counterparty, and may only transfer a position with the consent of the particular counterparty. Also, if the counterparty

defaults, the applicable fund will have contractual remedies pursuant to the agreement related to the transaction, but there is no assurance that contract counterparties will be able to meet their obligations pursuant to such contracts or that, in the event of default, the applicable fund will succeed in enforcing contractual remedies. There also may be documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the applicable fund to enforce its contractual rights may lead such fund to decide not to pursue its claims against the counterparty. A Fund and each Underlying Fund thus assumes the risk that it may be unable to obtain payments owed to it under contracts relating to over-the-counter transactions or that those payments may be delayed or made only after the applicable fund has incurred the costs of litigation.

#### *Senior Advisors and Third Party Service Providers*

The General Partners and Adviser may retain third parties to provide services in relation to a Fund's investment activities and operations. Additional third party consultants, legal advisors, accountants, investment banks and others may be retained to assist in the investment due diligence process to varying degrees depending on the particular investment. In addition, the General Partners and the Adviser may retain one or more individuals in connection with sourcing potential investments for a Fund, establishing platforms for investments, operating portfolio companies or providing other similar services (such individuals, senior advisors, fundless sponsors and other third-party experts, advisors or consultants, "service providers"). Such involvement of service providers may present a number of risks primarily relating to the General Partners' reduced control of the functions that are outsourced. The General Partners and the Adviser may rely on the findings of service providers in making investment and management decisions. While no service provider providing services to the Funds will have any fiduciary duties to the Funds or the limited partners, they may be entitled to indemnification under the terms of the service contracts or other arrangements entered into with respect to the Funds, which costs and expenses of such indemnification would be borne by the Funds. In certain circumstances, Bain Capital and its employees may have other relationships with other service providers which makes the General Partners or the Adviser more likely to engage a particular service provider. Fees paid to service providers may be structured in various manners, including as a retainer, as incentive compensation or based on the particular services provided. As set forth in the applicable Fund's governing documents, these fees will generally be borne by the Funds and will not reduce the management fee owed to the Adviser. Service providers may also be granted preferential equity interests (including stock options) in one or more investment vehicles, which they may not have received if they did not have an ongoing relationship with the General Partners, the Adviser and the Funds. Any such fees and/or preferential equity interests (including any stock options) will not be for the benefit of a Fund, and the amount of such fees and the value of such preferential interests (including any such stock options) will not reduce the management fees owed to the Adviser, even if the payment of such fees or granting of such preferential equity interests have the effect of reducing payments to such third parties by the Adviser.

#### *Valuation*

Fund investments at estimated fair value as determined in good faith by the applicable General Partners of the Funds. In determining fair value of a Fund's investments in Underlying Funds, the General Partner will generally rely on the net asset values reported to the Fund by the Underlying Funds. Due to the generally illiquid nature of the Funds' investments (including designated

investments), fair values determined by the applicable General Partners may not reflect the prices that actually would be received when such investments are realized, and such difference between the fair value determination and the ultimate sales price could be material. Similarly, there can be no assurance that the net asset values of the Underlying Funds reported to the Funds by the Underlying Funds appropriately reflect the fair values of such Underlying Funds' investments or the prices that actually would be received when such investments are realized. Such valuations may be provided by the Underlying Advisers to the Underlying Funds based on the interim unaudited financial records of such Underlying Fund, and, therefore, may be subject to adjustment (upward or downward) upon the receipt of new or revised information by the Underlying Adviser. The value of a Fund's interest in a particular Underlying Fund cannot be considered final until the annual audit of such Underlying Fund is complete (if such Underlying Fund is audited). Because Underlying Funds only periodically report their net asset values, the net asset values on which the General Partners will rely in determining the fair value of the Funds' investments in Underlying Funds (including for purposes of subscriptions and withdrawals) will often be based on reports relating to a prior point in time, and the General Partners have the authority to value an interest in an Underlying Fund at a value other than that reported by such Underlying Fund.

The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. In addition, from time to time, third-party pricing information may not be available regarding certain of the Funds' assets and/or some of the Funds' assets may be valued internally. Performance information of the Funds, which may hold illiquid or hard-to-value assets, is therefore dependent upon the valuation procedures of the Adviser, and such values may not ultimately be realized. With respect to the Funds, the exercise of discretion in valuation by the General Partners may give rise to conflicts of interest, as management fees and performance fees in certain Funds is calculated based, in part, on these valuations and such valuations affect performance return calculations. In addition, the General Partners may or may not value the investments differently with how the same or similar investments are valued by the general partners of the other Related Funds (as defined below).

### *Leverage*

The Funds may utilize leverage for any purpose, including through engaging in trading on margin by borrowing funds and pledging or charging securities as collateral (including by a pledge of the Funds' interests in Underlying Funds). While such use of borrowed funds increases returns if a Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if such Fund fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of a Fund than if the Fund were not so leveraged. Any use by a Fund of short-term margin borrowings will result in certain additional risks to such Fund. For example, the securities pledged to brokers to secure a Fund's margin accounts could be subject to a "margin call," pursuant to which the Fund would be required either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of a Fund's assets accompanied by corresponding margin calls could force the Fund to liquidate assets quickly, and not for fair value, in order to pay off margin debt. In some circumstances, the

broker-dealer from which a Fund has borrowed the money may have the right to liquidate collateral and/or terminate such Fund's brokerage and related legal agreements with little or no notice. Due to recent market events, it may become increasingly difficult to utilize leverage in the future, which could negatively impact the returns of the Funds.

In addition, in connection with any such leverage, the Funds may be required to agree to certain covenants and other restrictions related to its activities with the lender, including with respect to payments of cash from the Funds. As a result, failure to obtain the consent of a lender to pay cash out of the Funds or approve a withdrawal may cause a delay in effectuating withdrawals or the payment of proceeds to a withdrawing partner.

Money borrowed for leveraging will be subject to interest costs. Furthermore, the amount of borrowings that the Funds may have outstanding at any time could be large in relation to their capital. Thus, in addition to changes in the value of securities purchased with borrowed funds, the amount of borrowings and the interest rates on those borrowings, which may fluctuate from time to time, may have a marked effect on the Funds' performance.

In addition, Underlying Funds or other investments may utilize leverage. Use of leverage by the Funds would be in addition to any leverage utilized by Underlying Funds. Many of the same risks described with respect to the use of leverage by the Funds apply to the use of leverage by Underlying Funds.

#### *In-Kind Distributions*

Although the Funds expect to distribute primarily cash to investors upon redemption, the Funds may make distributions in kind in the circumstances noted in the governing documents. There can be no assurance that the Funds will have sufficient cash to satisfy withdrawal requests, or that they will be able to liquidate investments at the time such withdrawals are requested at favorable prices. In the event that distributions are made of property other than cash, the amount of any such distribution will be accounted for as provided in the applicable limited partnership agreement. Investments distributed in kind may not be readily marketable or disposable and may have to be held by investors for an indefinite period of time.

#### *Side Letters or Similar Agreements*

The General Partners, without any further act, approval or vote of any limited partner, often enter into certain side letter or similar arrangements with certain limited partners providing such limited partners with different or preferential rights or terms, including (i) different economic arrangements (including a most favored nation right to receive the same rights or arrangements offered to other fund investors that made an equal or lower capital commitment to a Fund, subject to certain exceptions, including the right to appoint a representative to the Advisory Board, consents to the use of confidential information additional reporting obligations, agreements to refrain from disclosing the names or marks of certain limited partners, rights based on particular circumstances of a limited partner and any rights established in favor of another fund investor that invests in a fund as an anchor investor or as part of a larger investment program or managed account with Bain Capital); (ii) certain limited partners receiving information more frequently than, or not otherwise provided to, limited partners generally; (iii) the ability of certain limited

partners to provide selected confidential information to regulators or other recipients; (iv) modifications to a limited partner's subscription agreement; (v) agreements to permit representatives of certain limited partners to serve on an Advisory Board; (vi) the right to be offered a co-investment opportunity; (vii) the reduction or elimination of a limited partner's capital commitment; (viii) the termination of a limited partner's interest in a Fund; (ix) consent rights; (x) arrangements with respect to waivers of certain obligations, including indemnification obligations set forth in a limited partner's subscription agreement; (xi) agreements by a General Partner to refrain from exercising certain remedies or taking certain actions against a limited partner (including in connection with a default by such limited partner), if any law, rule or regulation applicable to such limited partner prohibits such limited partner from agreeing to permit such General Partner to exercise such remedies or take such actions; and (xii) any other matter deemed appropriate by a General Partner (collectively, "Side Letter Rights"). Any such information rights that may be provided to certain limited partners pursuant to clause (ii) above may provide the recipient greater insights into the Funds' activities than is included in standard reports to limited partners, thereby enhancing the recipient's ability to make investment decisions (including subscription and withdrawal decisions) with respect to the Funds. In addition, as a result of receiving client reports or otherwise, one or more clients may have access to different information regarding transactions, strategies or views than other limited partners, and may act on such information in accounts not controlled by the General Partners, which may have a material adverse effect on the performance of the Funds. Except as otherwise agreed with a limited partner, the Adviser, a Fund or a Fund's General Partners are not required to disclose the terms of side letter arrangements with other fund investors.

#### *Market Disruption Risk and Terrorism Risk*

The military operations of the United States and its allies, the instability in various parts of the world and the prevalence of terrorist attacks throughout the world could have significant adverse effects on the global economy. In addition, certain illnesses spread rapidly and have the potential to significantly affect the global economy. Terrorist attacks, in particular, may exacerbate some of the foregoing risk factors. Attempted, ongoing, failed or even initially well-regarded negotiations between the United States and countries subject to continued international sanctions may negatively affect the global economy and may have amplified effects on emerging market country economies, securities markets and valuations. A terrorist attack involving, or in the vicinity of, a company in which Funds invests may result in a liability far in excess of available insurance coverage. Neither the Adviser nor the General Partners can predict the likelihood of these types of events occurring in the future nor how such events may affect the Funds.

#### *Different Terms of Employee Investors*

It is expected that certain employees and personnel of the Adviser will invest in the Funds. Subject to applicable law, the terms of an investment by an employee differ from, and are more favorable than, those of an investment by an external limited partner. For example, employee investors generally will not be subject to a management fee or performance fee with respect to their investment, may receive capital calls, distributions and information regarding investments at different times than limited partners and may benefit from different credit facility arrangements than the Funds.

### *Cyber Security Risk*

With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Funds and their service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Funds, the General Partners (as applicable), the Adviser, the Funds' custodians and/or other third party service providers may adversely impact the Funds or the limited partners. For instance, cyber-attacks may interfere with the processing of limited partner transactions, impact the ability to value assets, cause the release of private limited partner information or confidential information of the Funds, impede trading, cause reputational damage, and subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Funds may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future. The Funds and the limited partners could be negatively impacted as a result. While the Funds or the Funds' service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for the Funds' portfolio investments, which could result in material adverse consequences for such issuers, and may cause the Funds' investments therein to lose value.

### *Expedited Transactions*

Investment analyses and decisions by the Adviser may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Adviser at the time of making an investment decision may be limited. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment.

### *Indemnification*

To the extent permitted by applicable law and regulation, the Funds will be required to indemnify the General Partners, the Adviser and certain persons and entities affiliated with the General Partners for liabilities incurred in connection with the Funds' affairs. These liabilities may be material and have an adverse effect on the returns to the limited partners. The Funds' indemnification obligation would be payable from the Funds' assets, including unfunded commitments of the limited partners, and the limited partners may be required to return certain amounts distributed to them to fund the Funds' indemnity obligations.

Furthermore, to the extent permitted by applicable law and regulation, the limited partnership agreements limit the circumstances under which the General Partners and the Adviser may be held liable to the Funds or the limited partners. As a result, the limited partners may have a more limited right of action in certain cases. Any insurance policies utilized by the General Partners to help mitigate the Funds' exposure to any indemnifiable costs and liabilities may be subject to certain



limitations and restrictions on payments. The Funds cannot guarantee that the General Partners will be able to collect on claims against such policies. Further, the Funds may bear expenses associated with insurance policies that cover losses in situations where the General Partners or the Adviser would not be entitled to indemnification.

#### *Disclosure of Information Regarding Limited Partners*

The Funds, the General Partners, the Adviser or their affiliates, service providers or agents may from time to time be required or may, in their discretion, determine that it is advisable to disclose certain information about the Funds and their Limited Partners, including investments held directly or indirectly by the Funds and the names and level of beneficial ownership of its Limited Partners, to (i) regulatory or taxing authorities of certain jurisdictions, which have or assert jurisdiction over the disclosing party or in which the Funds directly or indirectly invest, or (ii) any counterparty of, or service provider to, the General Partners, the Adviser or the Funds. Disclosure of confidential information under such circumstances shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Funds, the General Partners, the Adviser or any of their affiliates, service providers or agents, may be prohibited from disclosing that the request has been made.

#### *Confidential Information*

The limited partnership agreements will contain confidentiality provisions intended to protect proprietary and other information relating to a Fund and a Fund's investments. To the extent that such information is publicly disclosed, competitors of the Fund and others may benefit from such information, thereby adversely affecting a Fund, the General Partner, and the economic interests of the investors. Underlying Funds may similarly be adversely affected by public disclosure of confidential information. To protect the sensitive nature of such confidential information and in some cases based on the status of a limited partner (including limited partners that are subject to the Freedom of Information Act, as amended from time to time ("FOIA") or similar state or local law, rule or regulation), the General Partner will have the right to keep confidential from limited partners any information that such General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which such General Partner reasonably believes is not in the best interest of a Fund or could damage a Fund's investments or that a Fund is required by law or by agreement with a third party to keep confidential.

#### *Adjustments*

The General Partners may, under certain circumstances, restate the NAV of the Funds in respect of a prior period. In such event, subject to the applicable limited partnership agreement, the General Partners may adjust the NAV of the limited partnership interests held by the affected limited partners (to the extent such limited partners remain in the Funds at the time of the restatement) and under certain circumstances as further provided in the limited partnership agreement, seek payment of certain amounts from former limited partners. If a General Partner elects, in its sole discretion, not to seek the payment of such amounts from a limited partner or former limited partner or is unable to collect such amounts from a limited partner or former limited partner, the NAV of such Fund will be less than it would have been had such amounts been

collected. In such case, any corresponding restatement of and reduction in the NAV of such Fund will be borne by the remaining limited partners.

### *Contingent Liabilities*

The Funds may from time to time incur contingent liabilities in connection with an investment. There can be no assurance that the Funds will adequately reserve for their contingent liabilities or be able to adequately reserve for such liabilities in compliance with U.S. GAAP. In such event, limited partners remaining in the Funds may indirectly through the Funds be adversely affected and may be required to bear the burden of a liability that arose at a time when they were not invested in the Funds or may otherwise disproportionately affect investors.

### *Accrual for Liabilities*

In certain circumstances, the Funds might not accrue amounts for a liability, including without limitation (i) because such accruals are not required or permitted by applicable accounting standards, including U.S. GAAP, (ii) because the facts giving rise to such liability are not known to the Funds, (iii) due to uncertainties or inconsistencies in, or in the application of, the relevant law or regulations (including tax regulations) that would potentially give rise to such liability, or (iv) because the Funds do not anticipate that any payments relating to such liability will be required. Limited partners that invest in the Funds at a time during which liabilities are not accrued will invest in the Funds at a higher NAV than had such liabilities been accrued at the time of the applicable investment. In the event that the Funds subsequently are required or, subject to any limitations under applicable law, determine to accrue amounts for such liabilities or are required to pay amounts relating to such liabilities, such accruals or payments will reduce the Funds' NAV. Limited partners in the Funds at the time when the Funds determine to accrue for such liabilities or are required to pay amounts relating to such liabilities generally will bear the entire amount of such accrual or payment even though they may not have been limited partners during the period to which the liabilities are attributed.

In addition, limited partners that withdraw from their capital accounts at a time during which liabilities are not accrued will withdraw from the Funds at a higher NAV than if such liabilities had been accrued at the time of the applicable withdrawal. Likewise, limited partners that withdraw from their capital accounts at a time during which liabilities are accrued will withdraw from the Funds at a lower NAV than if such liabilities had not been accrued at the time of the applicable withdrawal. In the event that amounts associated with accrued liabilities do not subsequently become payable and the amounts of the liabilities are reduced, causing the NAV of the Funds to increase, the benefits of such increased NAV will accrue to limited partners at the time such liabilities are reduced, and limited partners who previously withdrew generally will not receive additional compensation or otherwise share the benefit of such increase.

In order to permit the Funds to equitably allocate the burden of a liability among limited partners in the event that the Funds are required to make a payment in respect of, or are required (or otherwise determine) to establish an accrual for, a liability attributable to an earlier period for which no accrual has previously been made, a Fund may take such measures as the applicable General Partner determines appropriate in its discretion to allocate the burden of such liability among the then-current limited partners such that the liability is borne by the limited partners in

proportion to their respective interests in such Fund for the period in which the liability was incurred or existed or in such other manner as such General Partner determines equitable and reasonable. However, the Funds will not seek payments from former limited partners in the Funds in connection with the foregoing (although amounts established as holdbacks or reserves are available to satisfy such liability), and as a result of this, among other reasons, the Funds may be unable to equitably allocate such burden.

### *Trading Risk*

The Adviser's trade error policy only requires the Adviser to reimburse the Funds for any losses resulting from the Adviser's breach of the applicable standard of care (generally gross negligence or willful misconduct). Although the Adviser's traders endeavor to take the utmost care in implementing investment decisions on behalf of the Funds, trade errors do occur and could have a material adverse impact on the performance of the Funds.

### *Operational Risk*

The Funds are subject to operational risk, including the possibility that errors may be made by the Adviser or its Affiliates in certain transactions, calculations or valuations on behalf of, or otherwise relating to, the Funds. Limited partners may not be notified of the occurrence of an error or the resolution of any error. Generally, the Adviser and its Affiliates will not be held accountable for such errors, and the Funds may bear losses resulting from such errors.

### *Dependence on Technology*

The General Partners' and the Funds' activities rely on technology, including hardware, software, and other computerized or automated processes. The performance of the Funds could be compromised by computer viruses, telecommunications failures, power loss, natural disasters, security breaches, software related "system crashes," disruption or deterioration of services of third-party providers, terrorist attacks, and similar events. Any event that interrupts the General Partners' computer and telecommunications operations could result in, among other things, the inability of the General Partners to trade or monitor the Funds' investments and therefore could have a material adverse effect on the operating results of the Funds.

## ***Risks Related to a Fund's Investments***

### *General*

The Funds have broad discretion in making investments. The Funds' investments will generally consist of investments in Underlying Funds that invest in and actively trade securities and other assets, as well as other investments ("Portfolio Investments" and, together with any investment in an Underlying Fund, the Fund's "Investments") using a variety of strategies and investment techniques with significant risk characteristics, including as a result of business, financial, market or legal uncertainties.

Because the Adviser will invest a substantial portion of the Funds' assets in Underlying Funds, the success of the Funds depends on the Adviser's selection of the Underlying Funds and on the ability of the Underlying Advisors to develop and implement investment strategies that achieve

the Underlying Funds' investment objectives. Subjective decisions made by the Adviser and/or the Underlying Advisors may cause the Funds to incur losses or to miss profit opportunities on which it may otherwise have capitalized. In addition, the NAV of the assets allocated to Underlying Advisors (and as a result, the NAV of the Funds) will fluctuate in response to, among other things, various market and economic factors related to the markets in which the Underlying Funds invest and the financial condition and prospects of investments in Underlying Funds, Portfolio Investments and the investments of Underlying Funds ("Underlying Investments"). Further, the Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. Similarly, the performance of other funds advised by the Adviser's Affiliate Advisors (as defined below) may not be indicative of the results that the Funds may be able to achieve with the Funds' investments in the future. An investor may lose money by investing in the Funds.

### *Certain Risks Relating to Designated Investments*

#### *Illiquidity*

Limited partners who have elected in their subscription agreements to participate in designated investments may be allocated interests in designated investments up to such limited partner's designated investment cap. Any such portion will not be eligible for withdrawal at the option of such limited partner. An investment may remain designated as a designated investment for an extended period of time. In addition, if a limited partner withdraws capital from its capital account at a time that it holds an interest in a designated investment, the applicable Fund may (and in the case of a full or substantial withdrawal, is expected to) hold back withdrawal proceeds to fund future potential follow-on investments, fees, expenses, potential liabilities or other payments attributable to such account (an "Expense Reserve"). As a result of the foregoing, a limited partner may not be able to liquidate its investment in such Fund promptly and may be required to bear the economic risk of its investment for an indefinite period of time. In addition, any amounts held back as an Expense Reserve will be based on estimates of anticipated expenses, potential follow-on investments, fees, potential liabilities, other payments attributable to a limited partner's account, or other various factors which may be subject to error. As a result, the amount of any such Expense Reserve may exceed the amount required to fund expenses.

#### *Designation and Realization of Designated Investments*

The General Partners may exercise discretion in determining whether to designate an investment as a designated investment. A decision by the General Partners not to designate an investment as a designated investment or to determine that an asset no longer needs to be treated as a designated investment could have adverse effects on the Funds and the limited partners. For example, such decision may cause a Fund's portfolio (other than designated investments) to be less liquid, which may in turn limit the ability of limited partners to withdraw from such Fund because the Fund may not hold enough or be able to obtain enough available cash. This could result in the suspension of withdrawals, as determined by the applicable General Partner in its sole discretion, and could have an adverse impact on the value of the other limited partners' interests. This could also result in a Fund being required to liquidate some or all of its assets at a time when it is not considered by the applicable General Partner to be an optimal time to do so, which could have a material adverse effect on such Fund's portfolio. Likewise, such decision may result in limited partners subscribing

for interests in, or withdrawing from, such Fund based on inaccurate valuations of the Fund's portfolio. As another example, upon the deemed realization of a designated investment, the valuation of such investment may be difficult to determine or calculate, and a failure to determine the appropriate valuation could negatively impact the limited partners who participated in such designated investment or the limited partners who did not participate in such designated investment. Similarly, a decision to deem a designated investment as realized generally results in all limited partners participating in future profits and losses of such investment, which may be better or worse for a given limited partner relative to had such investment remained a designated investment. The General Partners have the discretion to deem a designated investment as realized but designate such investment as a "Limited Participation Investment" such that less than all limited partners participate in future profits and losses of such investment, though the General Partners are under no obligation to do so; the decision to do so may have a negative impact on some limited partners, as may a decision not to designate such investment as a Limited Participation Investment. For the avoidance of doubt, the General Partners in their sole discretion may, but are not required to, designate as a Limited Participation Investment a designated investment that has been deemed realized, with the only participating partners being those limited partners who participated in such designated investment.

#### *Designated Investment Caps; Allocation of Designated Investments*

Each limited partner's capital account is subject to a cap on designated investments. As a result of such caps, the Funds may not be able to make investments that the General Partners determine to be attractive opportunities if the General Partners determine that such investments would be designated as designated investments and would cause capital accounts to exceed their designated investment caps.

In addition, in the event that one or more capital accounts has exceeded its cap, the other capital accounts may be allocated a greater interest in a designated investment (although not in excess of their cap) than would have been the case had such other capital account not exceeded its cap.

Notwithstanding the foregoing, because of follow-on investments (which may be made and allocated to a capital account even if such allocation would cause such capital account to exceed its designated investment cap), allocations of additional cash or other liquid assets to accounts following the designation of the related designated investment (which are expected to occur to fund ongoing expenses, including management fees, allocable to accounts and are also not subject to the designated investment cap), withdrawals of capital not attributable to designated investments by a limited partner, and performance divergence between a Fund's public portfolio and the designated investments, a limited partner's capital account may at any time hold interests in designated investments in excess of any applicable designated investment cap.

In the applicable General Partner's discretion, a limited partner's participation in a follow-on investment of a designated investment may be limited or eliminated to the extent such limited partner has an insufficient Expense Reserve to consummate the portion of such follow-on investment that would otherwise have been allocated to such limited partner, which may result in reduced participation in such investment.

### Management Fee

For purposes of calculating the management fee, designated investments are valued at their fair values in accordance with the General Partners' valuation policy. However, such designated investments may lack readily ascertainable market values, in which case the valuation of such designated investments may be based upon assumptions and estimates that are subject to error. This may result in the General Partners overvaluing designated investments, which would cause the management fee in respect of such designated investments to be greater than would otherwise have been the case if such designated investments had been not been overvalued.

### Lack of (or Limited) Participation in Follow-on Investments

A limited partner that makes a withdrawal prior to the designation of a follow-on investment associated with a designated investment in which such limited partner participates, may not participate in, or may be allocated less than its full pro rata portion of, such follow-on investment. Consequently, such limited partner's indirect interest in the applicable issuer may be subject to dilution, devaluation and/or subordination or such limited partner may fail to participate in a beneficial investment opportunity. In addition, there can be no assurance that any follow-on investments actually allocated to a limited partner will alleviate the dilution, devaluation and/or subordination of such limited partner's indirect interest in an issuer.

### Expenses, Liabilities and Payments Attributable to Designated Investments; Borrowings

The General Partners have discretion to allocate expenses, liabilities and payments attributable to designated investments in such manner as they determines appropriate in their sole discretion, and may make such adjustments and take such actions in connection therewith as they determine appropriate in their sole discretion, including in the event that such expenses, liabilities or payments exceed the available cash and/or other assets attributable to the limited partner capital account to which they relate.

In the event that at any time funds are borrowed from the General Partners, an affiliate thereof or from a third party to pay certain expenses attributable to a designated investment, the Funds (including limited partners that did not participate in the applicable designated investment) will bear the risk that when the applicable designated investment is realized, the realization proceeds will not be large enough to repay any such borrowing.

As a result of the allocations and actions referenced above, a limited partner may be required, indirectly through its interest in a Fund, to bear a portion of an expense, liability or payment even though such limited partner did not participate in the designated investment that gave rise to the expense, liability or payment, or may be required to bear more than such limited partner's pro rata share of such expense, liability or payment. In addition, regardless of such allocations by the General Partners, the liabilities of designated investments constitute liabilities of the Funds as a whole. If a limited partner that participated in the applicable designated investment has withdrawn capital from its capital account and the remaining balance of its capital account or its Expense Reserve, if any, are insufficient to cover the amount of such losses, the Funds will be unable to collect such limited partner's pro rata share of such expenses, such liabilities will be borne by some or all of the remaining limited partners, including potentially limited partners that did not

participate in the applicable designated investment. As a result, it is possible that limited partners that did not participate in the applicable designated investment could, under certain circumstances, be adversely impacted by liabilities attributable to such designated investment.

### ***Risks Related to the Funds' Investments in Underlying Funds***

#### *Selection of Underlying Funds; Dependence upon Underlying Advisors*

The Adviser has the sole authority and responsibility for the selection of the Underlying Funds in which the Funds will invest. In connection with such Underlying Fund investments, the Funds will be dependent upon the ability of the portfolio managers of such Underlying Funds to develop and implement strategies that achieve their investment objectives. Further, the success of any investment in an Underlying Fund, once made, is substantially dependent on the expertise of numerous Underlying Advisors who are involved in running and overseeing the Underlying Funds to help underwrite, operate, manage and dispose of assets.

The Funds generally do not expect to have the opportunity to evaluate or to approve specific investments made by any Underlying Adviser, and none of the General Partners, the Adviser or the Funds will have an active role in the day-to-day management of the Underlying Funds. As a result, the returns of the Funds will depend largely on the performance of these unrelated Underlying Advisors and could be substantially adversely affected by the unfavorable performance and/or practices and policies of these Underlying Advisors. For example, an Underlying Adviser may suffer a business failure or become bankrupt, may engage in illegal activities, may breach its fiduciary or other duties, or may engage in activities that compete with investments of a Fund. Underlying Advisors may also allocate investment opportunities or expenses and fees in a manner that is not fair and equitable and that could adversely impact the Funds, and there can be no assurance that assessment of an Underlying Fund by the Adviser will identify all potential risks of problems or issues with an Underlying Adviser or verify the compliance of an Underlying Adviser with its stated policies and procedures. The due diligence information on which the Adviser relies may be difficult to obtain, limited in scope or inaccurate. Many Underlying Advisors operate in an unregulated environment, and the Adviser may have little or no oversight over or input in the activities of such portfolio managers. In all cases, the Funds will rely on each Underlying Advisors to manage its activities in a manner consistent with its stated disclosures and applicable laws and regulations.

#### *Performance-Based Compensation Arrangements with Fund Managers*

The Funds expect to typically invest in Underlying Funds that provide compensation to their respective managers, in whole or in part, based on the appreciation in value (including, in many cases, unrealized appreciation) of the account during specific measuring periods. Performance-based arrangements generally may create an incentive for portfolio managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

#### *Multiple Levels of Fees and Other Expenses*

Although in most cases investor access to the Underlying Funds may be limited or unavailable, an investor who meets the conditions imposed by, and has access to, the Underlying Funds may be able to invest directly. By investing in the Underlying Funds indirectly through the Funds, a limited

partner will bear asset based fees and performance-based fees and allocations payable to the portfolio managers of the Underlying Funds, as well as any applicable management fees and incentive fees at the Fund level. Moreover, an investor in the Funds will bear a proportionate share of the transaction-related expenses and other operating costs of both the Funds and, indirectly, similar expenses of the Underlying Funds. Thus, a limited partner may be subject to higher aggregate fees and expenses than if the limited partner invested in the Underlying Funds directly or in an investment fund that invests directly in the assets in which the Underlying Funds invest.

#### *Reliance on Valuation Information From Underlying Advisors and Third Parties.*

In order to value the assets and liabilities of the Funds, the Funds and/or the Adviser will rely on information provided by Underlying Advisors or their agents and/or other outside parties and will have limited ability to assess the accuracy of such information. Such persons may provide inaccurate, incomplete, out-of-date or otherwise unreliable information. Furthermore, some investments (for example, certain derivatives, distressed investments and other structured instruments) are complex and thus difficult to value; however, the valuation all of the Funds' investments will be determined pursuant to the Adviser's valuation procedures. To the extent the information received by the Funds is inaccurate or unreliable, the valuation of the Funds' assets and liabilities may be inaccurate. In addition, the net asset values received by the Funds from Underlying Advisors may be estimates only, subject to revision through the end of each Underlying Fund's annual audit (if such Underlying Fund is audited).

Furthermore, when market quotations may not be available, investments such as complex or unique financial instruments may be priced by the Adviser, the Underlying Advisors or the relevant administrator pursuant to a number of methodologies, such as computer-based analytical modeling or individual security evaluations. These methodologies generate approximations of market values and there may be significant professional disagreement about the most appropriate methodology for a particular type of financial instrument or different methodologies that might be used under different circumstances. In the absence of an actual market transaction, reliance on such methodologies is essential but may introduce significant variances in the ultimate valuation of an investment. In addition, the Adviser, Underlying Advisors or relevant administrator, as applicable, will generally face a conflict of interest in providing valuations to the Funds as these valuations may affect the compensation of such parties.

#### *Ownership of Underlying Investments*

When deciding whether to invest or continue investing in an Underlying Fund, the Adviser does not independently investigate the ownership status of the assets of the Underlying Fund. Instead, the Adviser relies on statements and other financial information provided to it by the Underlying Adviser. In the event that an Underlying Fund does not own, or there is a defect in the ownership of, the Underlying Investments, this could have an adverse impact on the ability of the Funds to achieve their investment objectives.

#### *Underlying Adviser Fraud, Misconduct or Poor Judgment*

The value of investments made by the Funds may be adversely affected by material misrepresentations, omissions, inaccuracies or incompleteness on the part of Underlying Advisors. The Adviser may have no, or only limited, access to information regarding the activities of the



Underlying Advisers. Furthermore, the Adviser cannot guarantee the accuracy or completeness of such information. As a consequence, although the Adviser will monitor the activities of the Underlying Advisers, it may be difficult, if not impossible, for the Adviser to protect the Funds from the risk of Underlying Adviser fraud, misrepresentation, material strategy alteration or poor judgment. In addition, certain service providers and consultants to Underlying Advisers may engage in fraudulent or similar activities (e.g., the dissemination by “expert networks” of material, non-public information regarding issuers), and the Underlying Advisers may intentionally or negligently benefit from such activities. Limited partners themselves will have no direct dealings or contractual relationships with the Underlying Advisers and therefore will not be able to monitor the activities of the Underlying Advisers.

#### *Underlying Adviser Evaluation*

In connection with the Adviser’s initial or ongoing evaluation of Underlying Advisers, the Adviser may identify certain areas of potential concern, including in areas related to operations, risk management, performance, personnel or investments. The Adviser may determine to work with such Underlying Adviser to address such potential concerns rather than immediately seeking to reallocate the Funds’ assets invested with such Underlying Adviser. In addition, the Adviser may invest with an Underlying Adviser notwithstanding such areas of potential concern. Any such discussions and actions may occur over extended periods and the Adviser may decide not to seek to terminate a particular Underlying Adviser (or otherwise seek to fully withdraw from an investment in an Underlying Fund) despite having outstanding comments, requests or concerns, even if such comments, requests or concerns are material.

#### *Effect of Withdrawals on the Funds’ Portfolios*

Although the Funds generally plan to seek diversification in the investment of their assets, to the extent a significant number of interests are withdrawn at any one time, the Funds may not be able to satisfy such withdrawal requests from a variety of their investments and may be required to make disproportionate withdrawals from select investments, resulting in a temporary imbalance in its diversification strategy. Any reallocation of the Funds’ assets to correct such imbalance may take a significant period of time to implement due to the liquidity provisions and restrictions of the Underlying Funds and for other reasons. Consequently, it is possible that the investments underlying the remaining interests would be more concentrated than those generally expected for an investment in the Funds, which may increase the market risk and liquidity risk associated with the remaining interests.

In addition, following receipt of a withdrawal request, the Funds may seek to liquidate assets in advance of the applicable withdrawal date, which may result in the Funds holding cash or highly liquid investments pending such withdrawal date.

#### *Potential Impact of Withdrawal Terms on Investment Decisions*

The Funds’ investment opportunities may be limited as a result of their withdrawal terms (or anticipated liquidity needs). For example, if the Adviser were to advise other clients with investment objectives overlapping with the Funds’ but offering more limited liquidity terms, the Adviser may determine that investment opportunities are more appropriate for such other clients in light of their more limited liquidity terms. In addition, as a result of differences between

withdrawal terms (or anticipated liquidity needs) of the Funds and of Underlying Funds, the Adviser may select Underlying Funds for withdrawal on the basis of the withdrawal terms of such Underlying Funds rather than other investment considerations, which may result in the remaining portfolio of the Funds being less diverse in terms of investment strategies, number of investment managers or Underlying Funds, liquidity, geography, development or other investment considerations than would otherwise be the case. Moreover, withdrawal restrictions imposed by Underlying Funds may delay or preclude portfolio adjustments the Adviser would otherwise implement. The Funds' investments could depreciate in value during the time a withdrawal from an Underlying Fund is delayed and the Funds would be precluded from redeploying their capital to more advantageous investment opportunities. In addition, the withdrawal of the Funds from an Underlying Fund could also involve expense to the Funds under the terms of the investment.

#### *Risks Associated With Restrictions on Withdrawals by the Fund from Underlying Funds*

Among the principal disadvantages and risks inherent in the Funds' structure are the liquidity restrictions that the Underlying Funds in which they invest impose on the asset allocation flexibility and risk control capability of the Funds. Additionally, the Funds may seek to withdraw investments in Underlying Funds to reallocate Fund assets, raise withdrawal proceeds for withdrawing limited partners, repay borrowings or for other purposes. If the Funds are unable to withdraw from an Underlying Fund, the Adviser may be unable to reallocate the Funds' assets as dynamically as the Adviser may otherwise desire. This limitation will exist even when an Underlying Fund has not implemented a constraint on its expected liquidity. Given that, even under normal market and operating conditions, the Underlying Funds permit withdrawals infrequently (or, in some cases, not at all) and on significant advance notice, a Fund's flexibility to reallocate assets among Underlying Funds will be limited. Restrictions on withdrawals may impact both withdrawing limited partners and remaining limited partners, although the consequences to each may be different.

- *Gates, Suspensions and Withdrawal Fees.* The terms and conditions applicable to Underlying Funds may permit such Underlying Funds to, among other things: (i) distribute assets in kind rather than pay withdrawals in cash; (ii) suspend withdrawals or the payment of withdrawal proceeds; or (iii) impose other limits on withdrawals such as "lock-ups" (which delay the initial date on which investors in Underlying Funds can withdraw) and "gates" (which restrict the overall amount a Fund may withdraw from an Underlying Fund) any of which could preclude the Funds from liquidating all or a portion of their interest in such investment as anticipated. Many Underlying Funds permit withdrawals only on a quarterly or less frequent basis (semi-annual, annual, or longer, including not allowing any voluntary withdrawals), and only if the relevant Fund has delivered notice to the Underlying Fund 90 days, 180 days, or longer before the applicable withdrawal date. Additionally, in some cases Underlying Advisers may also suspend the determination of the net asset value of all or a portion of their portfolios. Underlying Funds may take one or more of these actions for various reasons, including as a result of events in the world financial markets. The ability of an Underlying Fund to implement any such mechanism requires interpretation of an Underlying Fund's governing documents. Any decision by the Funds or the Adviser as to whether to challenge an Underlying Adviser's implementation of any such mechanism involves subjective business and legal judgments, and is unlikely to be successful. The ability of limited partners to withdraw all or any

portion of their interests may be adversely affected to varying degrees by the foregoing. Depending on, among other things, the length of any restricted periods (or lock-up periods) imposed by Underlying Funds, the aggregate amount of withdrawal requests from the Funds and other investors in the Underlying Funds, the next regularly scheduled withdrawal dates of such Underlying Funds, the imposition of “gates” or suspensions by Underlying Funds, including in connection with the dissolution of an Underlying Fund, the decision by an Underlying Fund to satisfy withdrawals in kind and the percentage of designated investments in a Fund’s portfolio, the Funds may determine, among other options, to distribute assets to withdrawing limited partners in kind, or to suspend withdrawals.

Further, the Funds may be unable to withdraw all or a portion of their interests in certain Underlying Funds for a significant period of time. In addition, the Funds may incur withdrawal charges or fees in connection with withdrawing investments in Underlying Funds that may result in a significant expense to the Funds.

- Secondary Market. The Funds may sell their interests in Underlying Funds through secondary market sales, but generally only with the consent of the Underlying Adviser. At the discretion of the General Partners, any such sale of an investment may be effected at a discount, thereby triggering a similar economic effect as a withdrawal penalty. See “—*Risks Related to the Funds’ Investments—Risk of Indirectly Investing in ‘Side Pockets’*” below for a discussion of the sale of designated investments in the secondary market.
- Payment of Withdrawal Proceeds. Any withdrawal from the Funds will be subject to the Funds’ holdings of and expectations regarding available cash. A limited partner’s right to receive timely withdrawal payments from the Funds will depend in part on whether the Funds receive sufficient withdrawal proceeds on a timely basis from Underlying Funds as well as capital contributions. If the Funds receive withdrawal proceeds and/or capital contributions in a lesser amount or later than anticipated, the Funds may delay or limit payments to withdrawing limited partners. As described above, the liquidity of each Underlying Fund will vary depending on the investment strategy of the particular Underlying Fund, and withdrawals from Underlying Funds may be delayed by, among other things, withdrawal or transfer restrictions applicable to the Underlying Funds. The Adviser generally will have complete discretion in the selection of assets to be withdrawn or liquidated. If the Funds delay the payment of withdrawal proceeds, the withdrawing limited partner will remain subject to investment-related risks until such time as sufficient proceeds are received by the Funds from withdrawals of Underlying Funds and/or capital contributions.
- Indemnification, Withdrawal Adjustments, Givebacks and Other Potential Legal Obligations With Respect to Proceeds Received from Underlying Funds. Subsequent to a withdrawal from an Underlying Fund (whether to fund withdrawals, reallocate assets or otherwise), the Funds may have indemnification or reimbursement obligations to an Underlying Fund with respect to liabilities, expenses or other adjustments to the withdrawal value that relate to the period during which the Funds were invested in the Underlying Fund (or with respect to a partial withdrawal, that portion that has been withdrawn). Such obligations may survive beyond the Funds’ withdrawal and may exceed

the value of any remaining interest the Funds have in the Underlying Fund (including with respect to any unpaid holdback). A reimbursement obligation could arise or be asserted, or an agreement or compromise reached, for example, based on the terms of the governing documents of the Underlying Fund, applicable law, litigation or other less formal dispute resolution processes (a “Reimbursement Claim”). Recently, lawsuits have been filed with claims that, notwithstanding an investor’s lack of knowledge that a withdrawal may have been based on an overvaluation of a holding in an investment fund, an obligation to repay the amount of the asserted overpayment may exist. The Funds also may be subject to a Reimbursement Claim if the governing documents of an Underlying Fund require that the Funds be subject to a “giveback” in the event of an overpayment of withdrawal proceeds or as a result of bankruptcy proceedings involving an Underlying Fund.

It is likely that the legal, contractual and other authority relevant to any Reimbursement Claim will be uncertain and require the Funds, together with legal counsel, to evaluate any Reimbursement Claim and determine a course of action in a manner they consider in the best interests of the Funds and, if relevant and to the extent permitted under applicable law, other clients of the Adviser or the Affiliate Advisers. An evaluation is likely to require consideration of many competing considerations and could require consideration of the interests of both the Funds and other clients and any course of action would be uncertain as to its ultimate results. Such an evaluation may be time consuming and expensive for the Funds, their limited partners and other clients of the Adviser or the other Affiliate Advisers.

A determination to contest or pay all or a portion of a Reimbursement Claim might impact existing limited partners, former limited partners or limited partners who have partially withdrawn, differently. For example, the law, contractual agreements or other arrangements between the Funds and limited partners may be different from those relevant to the Reimbursement Claim, and a separate determination might be necessary with respect to whether the Funds (and their remaining limited partners), former limited partners or limited partners with partial withdrawals would be responsible for all or a portion of any Reimbursement Claim. The Funds’ ability to require former limited partners or limited partners with respect to partial withdrawals to contribute to a Reimbursement Claim may be limited and such Reimbursement Claims may be difficult to collect. The expense of considering and pursuing any course of action likely will be borne by remaining limited partners in the Funds. Absent definitive provisions in the Funds’ governing documents to the contrary and a determination that it is legally and economically in the Funds’ interest to pursue former limited partners or limited partners with relevant partial withdrawals, the Funds’ existing limited partners likely will bear the full cost of any Reimbursement Claim.

#### *Risk of Indirectly Investing in “Side Pockets”*

Certain Underlying Funds may invest a portion of their assets in investments that the relevant Underlying Advisers believe are illiquid, lack a readily assessable market value, should be held until the resolution of a special event or circumstance or should otherwise be “side-pocketed”. In those situations, the Underlying Advisers may “side pocket” such investments (i.e., segregate such assets or securities from the other assets and securities of the Underlying Fund) and the Funds will generally not be able to withdraw their interest in such “side pocket” until after the underlying side pocketed investment is liquidated or otherwise realized. Therefore, the Funds may be required to hold their interest in such Underlying Funds for a significant period of time, and the Funds’

inability to withdraw their interests from such Underlying Funds may have a material adverse effect on the Funds' ability to reallocate assets or raise sufficient available cash to satisfy withdrawal requests. In addition, significant amounts of withdrawal requests by limited partners in the Funds that are not offset by new subscriptions could result in the Funds holding a greater concentration of highly illiquid investments than was previously the case. This could have a material adverse effect on the Funds' investment mix, and could also cause the Funds to limit future withdrawals.

In addition, in the event that the Adviser determines to reduce the Funds' exposure to Underlying Funds' side pocketed investments generally or to an investment side pocketed by an Underlying Fund, for liquidity reasons or otherwise, the Adviser may cause the Funds to sell their interest in one or more investments to a third party or, to the extent permitted by applicable law, to the Adviser, an affiliate of the Adviser or another client advised by the Adviser or other Affiliate Advisers. Any such sale may be of the side pocketed investment by itself or together with the associated interest in the relevant Underlying Fund and may be effected through a broker or a matching or other service designed to bring together buyers and sellers of such investments. In the event of any such sale, the Funds will bear the associated brokerage and other expenses, subject, with respect to a sale to a Fund or a Related Fund, to the Adviser's cross transactions policy. Any such transfer may be made at a price that represents a discount to the last value reported by the applicable Underlying Fund, and the Funds may receive significantly less than the value at which such investment might be realized if it were realized at the time of the transfer or the value at which such investment will ultimately be realized.

#### *Limitations on Liquidity*

The sale of investments may be subject to restrictions imposed by the applicable securities laws of the countries in which a Fund or an Underlying Fund invests or in which it wishes to publicly list securities, if applicable. In addition, practical limitations may inhibit a Fund's or an Underlying Fund's ability to liquidate certain of its investments in the portfolio companies when the issuer is privately held and a Fund, directly or through an Underlying Fund, owns a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of a Fund's investments or Underlying Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

#### *Closed-End or Drawdown Underlying Funds*

Certain of the Underlying Fund's in which the Funds may invest require capital calls over an extended period of time and, absent legal, regulatory, tax or other similar reason do not allow generally allow for redemption or withdrawal at the request of their investors ("Closed End Funds"). The Adviser expects that such investments in Closed End Funds may be designated as designated investments. If an investor in a Closed End Fund fails to pay installments of its capital commitment and the payments made by non-defaulting limited partners (including the Funds) and borrowings by such Closed End Fund are inadequate to cover the defaulted amounts, the Closed End Fund may be unable to pay its obligations. As a result, such Closed End Fund's ability to complete its investment program or otherwise to continue operations may be substantially impaired and the returns realized by the Funds may be materially adversely affected. Further,

failure by an investor in a Closed End Fund to meet a capital call could result in the failure of the Closed End Fund to make desired investments, which could have adverse consequences for the Funds and all of the limited partners. In the event that the Funds default on a payment obligation to a Closed End Fund, the Funds may be subject to various penalties, including forfeiture of a portion of its interest in such Closed End Fund, as provided in the governing documentation of the Closed End Fund.

### ***Risks Related to Portfolio Investments and Underlying Investments***

#### ***Portfolio Investments***

The General Partners may cause the Funds to invest directly or indirectly in Portfolio Investments in a broad range of assets, including, without limitation, securities, financial instruments or non-traditional structures (including, without limitation, through structuring vehicles that may or may not be actively managed by the Adviser or its affiliates). Unless such Portfolio Investments are designated as designated investments, in which case the designated investment cap would apply, the General Partners will have no constraints on the number of Portfolio Investments held by the Funds at any time or on the percentage of the Funds' assets allocated to Portfolio Investments (individually or in the aggregate). Unfavorable performance, losses and other events affecting even a single Portfolio Investment may adversely affect the Funds. As with investments in Underlying Funds, Portfolio Investments may be relatively less liquid than the Funds and may be purchased through leverage. The Adviser may have less experience identifying, evaluating and monitoring certain types of Portfolio Investments.

The risks described herein with respect to the investments made by Underlying Funds will also apply to the Portfolio Investments.

#### ***Investments in Emerging Markets***

The Funds and the Underlying Funds generally expect to invest in emerging markets and therefore would be subject to more substantial risks in political and macro-economic conditions that are not usually associated with similar investments in the United States and other industrialized democracies. The economies of emerging markets may perform favorably or unfavorably compared with more developed economies in such respects as growth of gross domestic product, rate of inflation, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The economies of emerging markets generally are heavily dependent upon international trade and, accordingly, may be affected adversely by protective trade barriers and economic conditions in the countries with which they trade. In addition, the economies of certain emerging markets are vulnerable to weaknesses in world prices for their commodity exports. See also “—*General Risks Associated with Non-U.S. Investments*” below.

Certain countries in which the Funds and the Underlying Funds may invest, including in emerging markets, have historically experienced substantial rates of inflation, and the rapidly growing nature of an emerging economy may lead to higher rates of inflation. Inflation and rapid fluctuations in interest rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging economies. Past governmental efforts to curb inflation have included wage and price controls, as well as more drastic economic measures that have had a materially adverse effect on the level of economic activity in the affected country. There can be no assurance

that inflation will not become a serious problem in the future and thereby negatively affect the Funds' or the Underlying Funds' investment returns.

Emerging markets have in the past experienced, and may in the future experience, interest rate volatility, extensive external debt, lack of financial liquidity and stock market volatility, which have contributed to a decline in business and consumer spending, in addition to other adverse market conditions. Although such events may at times create significant investment opportunities leading to attractive returns, there can be no assurance that economic and financial difficulties will not adversely affect the value of the Funds' investments or make it more difficult for the Funds or an Underlying Fund to locate appropriate investment opportunities.

Differences may remain between the degree of sophistication of the legal systems of many developing countries and the degree of sophistication of the body of commercial law and practice typically found in more developed countries. The lack of comprehensive and enforceable legal systems in some developing countries may adversely affect the Funds' investments and the Underlying Investments and prevent the Funds or an Underlying Fund from effectively enforcing their rights. The validity and enforceability of contracts in such countries, particularly with governmental entities, is relatively uncertain. In addition, bankruptcy regulations in some emerging markets are still developing. There is no assurance that the Funds or an Underlying Fund could accurately anticipate the outcome of any bankruptcy proceedings in emerging markets.

Certain emerging markets have historically been subject to political instability and their prospects are tied to the continuation of economic and political liberalization in the region. Instability may result from factors such as government or military intervention in decision-making, terrorism, religious disputes, civil unrest, separatist movements, extremism or hostilities between neighboring countries. An outbreak of hostilities could result in substantial losses for the Funds or an Underlying Fund. Social and economic problems in a single emerging market may have an adverse effect on other markets and economies and, therefore, could adversely affect the Funds or an Underlying Fund.

#### *Risk of a Slowdown or Decline of Rapid Growth*

While the economies of certain countries have grown rapidly in recent years and many economic commentators have projected continued future growth, a slowdown or even a decline of the economies of such countries could adversely impact the companies in which the Funds or the Underlying Funds invest, reduce the availability of suitable or attractive investment opportunities, and reduce the availability or attractiveness of opportunities to exit investments. Indeed, certain countries are currently experiencing a slowdown or decline in their economies, particularly since the financial crisis in 2008 and 2009, and such slowdown or decline may continue or worsen.

#### *Global Market Risks, Generally*

The global market remains challenging despite the improvement in liquidity since the financial crisis in 2008 and 2009. The financing landscape continues to go through changes with the implementation of Basel III, Solvency II and other regulations. Also, the economic fundamentals in the global market have not improved since the financial crisis and in some cases, have deteriorated, which makes investing in this environment challenging and may impact the value, and introduce greater performance risk, of potential and actual investments.

The Funds' Investments and the Underlying Investments are expected to include investments in assets based in, or companies organized or having a principal place of business in, less developed countries. These countries have a short history of market economics, and investments in assets or companies in such countries may entail a higher risk than companies in other regions. The particular risks include changes in exchange-control regulations, political and social instability, government expropriation, imposition of unanticipated taxes, illiquid markets and limited information, high transaction costs, limited government supervision of exchanges, brokers and companies, complex or undeveloped insolvency laws, difficulty in enforcing contractual obligation, lack of uniform accounting and auditing standards and greater price volatility.

### *Political and Social Risks of Investments in Certain Countries*

Certain countries have in the past experienced, and may in the future experience, political and social instability that could adversely affect the Funds' Investments and the Underlying Investments. The Funds and the Underlying Funds will be exposed to the direct and indirect consequences of potential political, economic, social and diplomatic changes in the countries in such regions. Certain countries face social and political instability resulting from among other things, (i) authoritarian governments or military involvement in political and economic decision making and changes in government through extra-constitutional means; (ii) popular unrest and internal insurgencies associated with demands for improved political, economic and social conditions; (iii) hostile relations with neighboring countries; and (iv) ethnic, racial and religious conflict.

Governments of some countries have exercised and continue to exercise substantial influence over many aspects of the private sector, and certain industries may be subject to significant government regulation. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on foreign capital inflows, repatriation of investment income or capital, renunciation of foreign debt, political, economic or social instability, or other economic or political developments could adversely affect the assets of the Funds held in a particular country in such regions. Additionally, the availability of attractive investment opportunities for the Funds is expected to depend in part on governments in certain countries continuing to liberalize their policies regarding foreign investment and, in some cases, to further encourage private sector initiatives.

### *Government Influence*

The governments of certain countries typically participate to a significant degree, through ownership interests or regulation, in local business, often exercising a controlling influence in certain key sectors of the economy, such as telecommunications, banking and financial institutions, air and rail transportation, electrical power, steel and shipbuilding, and mining and natural resources. In some cases, the government owns or controls many companies, including some of the largest in the country. Accordingly, government actions in the future could have significant effects on economic conditions in some of these countries, which could affect private sector companies, the Funds and the Underlying Funds, as well as market conditions and the prices and yields of Fund investments and Underlying Investments. As a result of the high degree of government influence, the risks from investing in such countries, including the risks of nationalization or expropriation of assets, may be heightened.



### *Restrictions on Foreign Investments*

Foreign investment in the securities of issuers operating in certain countries is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in certain issuers and increase the costs and expenses of the Funds or Underlying Funds. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. Non-convertibility of certain currencies may introduce an additional degree of uncertainty to determining values of investments held by the Funds. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Funds of restrictions on investments.

### *Public Market Illiquidity and Regulation*

A high proportion of the shares of many companies in many countries may be held by a limited number of persons. A limited number of issuers in securities markets in such countries may represent a disproportionately large percentage of market capitalization and trading value. The limited liquidity of securities markets may affect the Funds' and the Underlying Funds' ability to acquire or dispose of securities at the price and time it wishes to do so. The illiquidity of Fund investments and Underlying Investments may continue even if the underlying companies obtain listings on their respective home country exchanges. In addition, settlement systems in certain countries may be less developed than in other more established markets and could impede the Funds' or the Underlying Funds' ability to effect transactions in these countries. Disclosure and regulatory standards of securities markets in many countries are in many respects less stringent than U.S. standards. Furthermore, there may be a lower level of monitoring and regulation of the markets and the activities of investors in such markets, and enforcement of existing regulations may be extremely limited. Consequently, should the Funds or the Underlying Funds make investments through the public markets in these countries, the prices at which the Funds or the Underlying Funds may acquire investments may be affected by other market participants' anticipation of the Funds' investments or the Underlying Investments, by trading by persons with material non-public information and by securities transactions by brokers in anticipation of transactions by the Funds or the Underlying Funds in particular securities.

### *Impact of Natural or Man-Made Disasters; Disease Epidemics*

Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organized public funding for natural emergencies, and natural disaster early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other

power sources are restored and operations of the company can be resumed. Bain Capital, the Funds, the Underlying Funds, the Funds' investments and the Underlying Investments could also be at risk in the event of such a disaster. The magnitude of future economic repercussions of natural disasters may also be unknown, may delay the ability of the Funds or the Underlying Funds to invest in certain companies, and may ultimately prevent any such investment entirely.

Investments of the Funds and the Underlying Funds may also be negatively affected by man-made disasters. Publicity of such types of man-made disasters may have a significant negative impact on overall consumer confidence, which in turn may materially and adversely affect the performance of the Funds' investments or the Underlying Investments, whether or not such investments are involved in such man-made disaster.

In addition, any outbreak of disease epidemics such as the severe acute respiratory syndrome, avian influenza, H1N1/09 or other similarly infectious diseases may result in the closure of a company's offices or other businesses, including office buildings, retail stores and other commercial venues and could also result in a general economic decline and have an adverse impact on the value of the Funds or the Underlying Funds, the Funds' investments or the Underlying Investments, or the Funds' or the Underlying Funds' ability to source new investments.

#### *Investment and Repatriation Restrictions*

Investments by the Funds or Underlying Funds in companies in emerging markets may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require a significant expenditure of time and resources and structuring alternatives that differ significantly from those customarily used in more developed countries. Some emerging countries have laws and regulations that currently preclude direct foreign investment in the securities of their companies.

In addition to the foregoing investment restrictions, prior governmental approval for foreign investments may be required under certain circumstances in some emerging countries. Ownership limitations also may be imposed by the charters of individual companies in emerging countries to prevent, among other concerns, violation of foreign investment limitations. Some attractive equity securities may not be available to the Funds or Underlying Funds because U.S. investors hold the maximum amount permitted under current applicable laws or because of minimum eligibility requirements (such as net worth) for investing in certain types of securities in some emerging countries.

Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration or approval in some emerging countries. The Funds or an Underlying Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on securities held by the Funds or an Underlying Fund or gains from the disposition of such securities.

#### *Concentration of Investments*

The Funds are not limited in the amount of capital commitments that may be committed to any one investment. As such, their assets may not be diversified. Any such non-diversification would increase the risk of loss to the Funds if there was a decline in the value of any Underlying Fund in

which the Funds had invested a large percentage of their assets. Investments in a non-diversified fund will generally entail greater risks than investment in a “diversified” fund. If a large portion of the assets of an Underlying Fund is held in cash or cash-like instruments, performance might be affected.

### *Highly Competitive Market for Investment Opportunities*

The business of investing in assets meeting the Funds’ investment objectives is highly competitive. Competition for investment opportunities includes a growing number of non-traditional participants and increased participation by existing participants, such as insurance companies, sovereign wealth funds, private and public pension funds, family offices, high net worth individuals and other private investors. Some of these competitors may have a lower cost of capital, more available capital to make similar investments and access to funding sources that are not available to the Funds. In addition, some of the Funds’ competitors may have higher risk tolerances, different risk assessments and/or different return thresholds than those of the Funds, which could allow them to consider a wider variety of investments. The Adviser cannot assure investors that the competitive pressures that the Funds faces, as well as competition that the Underlying Funds face in acquiring Underlying Investments, will not have a material adverse effect on their businesses, financial condition, results of operations and prospects. It is also possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments in Underlying Funds and Portfolio Investments can be made.

In addition, because the market for investments in attractive Underlying Funds is highly competitive, successfully sourcing Underlying Funds, Underlying Advisers and Portfolio Investments can be problematic given the high level of investor demand some investment opportunities may receive. This risk may be magnified in the emerging markets where there are fewer managers and, as a result, there is greater competition for investment opportunities. Likewise, identifying attractive investment opportunities and Underlying Advisers is difficult and involves a high degree of uncertainty. Even if investment opportunities and Underlying Advisers are identified, there is no assurance that the Funds’ bid to acquire interests in such investments will be successful. In addition, the investment manager may not be able to obtain as favorable terms for investments in Underlying Funds or Portfolio Investments as it otherwise would in a less competitive investment environment.

### *Equity Securities*

The Funds and Underlying Funds invest in equity securities. The value of equity securities held directly or indirectly by the Funds will generally be adversely affected by actual or perceived negative events relating to the issuer of such securities, the industry or geographic areas in which such issuer operates or the financial markets generally. However, equity securities are typically even more susceptible to such events given their subordinate position in the issuer’s capital structure. As such, equity securities generally have greater price volatility than fixed income securities, and the market price of equity securities owned by the Funds and the Underlying Funds is more susceptible to moving up or down in a rapid or unpredictable manner.

### *Pre-IPO Investments*

The Funds or Underlying Funds may make investments in late stage or mature issuers to provide financing in anticipation of an initial public offering. None of the Funds, the Adviser or any of their affiliates will have control over whether any such pre-IPO issuer engages in an initial public offering of its shares, or the timing of such offering. No assurance can be provided that any such pre-IPO issuer will engage in an initial public offering of its shares, and even if it does, due to the timing or nature of the offering, the Funds or an Underlying Fund may elect not to or be unable to participate in the offering.

### *Interest Rate, Currency Exchange and Investment Risk Management*

The Funds may use various investment strategies to hedge interest rate or currency exchange risks. These strategies are generally accepted as portfolio management techniques and are regularly used by many investment funds and other institutional investors. Techniques and instruments change over time as new instruments and strategies are developed or regulatory changes occur. The Funds may use any or all such types of interest rate hedging transactions and currency hedging transactions at any time and no particular strategy will dictate the use of one transaction rather than another. The choice of any particular interest rate hedging transactions and currency hedging transactions will be a function of numerous variables, including market conditions.

Certain investments or liabilities of the Funds will likely be denominated in currencies other than the U.S. dollar, and hence the value of such investments, or the amount of such liabilities, will depend in part on the relative strength of the U.S. dollar. The Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between non-U.S. currencies and the U.S. dollar. Changes in non-U.S. currency exchange rates may also affect the value of dividends and interest earned as well as the level of gains and losses realized on the sale of securities. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the non-U.S. exchange markets. These rates are also affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The Funds are not obligated to engage in any currency hedging operations, and there can be no assurance as to the success of any hedging operations that the Funds may implement.

The use of interest rate hedging transactions and currency hedging transactions involves certain inherent risks. These risks include (i) the possibility that the market will move in a manner or direction that would have resulted in gain for the Funds had an interest rate hedging transaction or currency hedging transaction not been utilized, in which case it would have been better had the Funds not engaged in the interest rate hedging transaction or currency hedging transaction, (ii) the risk of imperfect correlation between the risk sought to be hedged and the interest rate hedging transaction or currency hedging transaction utilized, (iii) potential illiquidity for the hedging instrument utilized, which would likely make it difficult for the Funds to close-out or unwind an interest rate hedging transaction or currency hedging transaction and (iv) credit risk with respect to the counterparty to the interest rate hedging transaction or currency hedging transaction.

The Funds may also enter into certain hedging and short sale transactions for the purpose of protecting the market value of an Investment for a period of time without having to currently dispose of such Investment. Such defensive hedge transactions will generally be entered into when

the Funds are legally restricted from selling an investment or when the Funds otherwise determine that it is advisable to decrease its exposure to the risk of a decline in the market value of an investment. Such defensive hedging transactions will often expose the Funds to the counterparty's credit risk. There also can be no assurance that Funds will accurately assess the risk of a market value decline with respect to an investment or enter into an appropriate defensive hedge transaction to protect against such risk. Furthermore, the Funds are in no event obligated to enter into any defensive hedge transaction.

The Funds may from time to time employ various investment programs including the use of short sales, currency hedging transactions, securities lending agreements and repurchase agreements. There can be no assurance that any such investment program will be undertaken successfully.

Underlying Funds might also utilize hedging and other investment programs noted above, which would be expected to expose such Underlying Funds to similar risks as those noted above.

### *Derivatives Instruments*

The Funds or the Underlying Funds may, but are not required to, use derivatives in their respective investment strategies. Derivatives instruments, or "derivatives", include instruments and contracts which are derived from, and are valued in relation to, one or more underlying securities, financial benchmarks, or indices (e.g., swaps, credit derivatives, futures contracts, index futures, forward contracts, and options). Derivatives typically allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, or index at a fraction of the cost of acquiring, borrowing, or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges.

Derivatives may entail investment exposures that are greater than their initial margins or option premiums would suggest, meaning that a small investment in derivatives could have a large potential impact on the Funds' or an Underlying Fund's performance. If the Funds or an Underlying Fund invests in derivatives at inopportune times or judges market conditions incorrectly, such investments may lower the Funds' or such Underlying Fund's return or result in a loss, which could be significant. Derivatives are also subject to various other types of risk, including market risk, liquidity risk, structuring risk, counterparty financial soundness, credit worthiness and performance risk, legal risk, and operational risk. In addition, the Funds or an Underlying Fund could experience losses if they are unable to liquidate positions because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives.

Derivatives instruments that may be purchased or sold by the Funds or an Underlying Fund may include instruments not traded on an exchange. The risk of nonperformance by the obligor on an instrument may be greater than, and the ease with which the Funds or an Underlying Fund can dispose of or enter into closing transactions with respect to an instrument may be less than, the

risk associated with an exchange traded instrument, although this is not always the case. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments. Derivative instruments not traded on exchanges are not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with the transactions.

#### *Risks Relating to Investments in Money Market and Other Liquid Instruments*

The Funds and each Underlying Fund may, from time to time, hold cash, cash equivalents, U.S. Treasuries, and other short-term securities, or money market funds to attempt to minimize volatility caused by adverse market, economic, or other conditions, pending investment, in order to fund anticipated withdrawals or expenses, or for such other reasons as determined by the General Partners or the applicable Underlying Adviser in its sole discretion. Any such temporary or defensive positions could prevent the Funds from achieving its investment objective.

#### *Prime Brokers and Custodians*

There are risks involved in dealing with the custodians or prime brokers who settle trades. While the general partner of an Underlying Fund may seek to monitor exposure to prime brokers and custodians, there is no guarantee that these prime brokers and custodians, or any other prime broker or custodian that an Underlying Fund may use from time to time, will not become insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency or liquidation of a broker-dealer, in the event of a failure of a broker-dealer that has custody of an Underlying Fund’s assets, there is no certainty that an Underlying Fund would not incur losses due to its assets being unavailable for a period of time, ultimately recovering less than full value of its assets, or both.

Each Underlying Fund is exposed to the credit risk of the counterparties, including brokers, dealers and exchanges through which they deal, whether they engage in exchange-traded or off-exchange transactions. If an Underlying Fund’s clearing brokers become bankrupt or insolvent, or otherwise default on their obligations to the applicable fund, such fund may not receive all amounts owing to it in respect of its trading, despite the clearinghouse fully discharging all of its obligations. Furthermore, in the event of the bankruptcy of one of the clearing brokers, the an Underlying Fund could be limited to recovering only a pro rata share of all available funds segregated on behalf of the clearing broker’s combined customer accounts, even though certain property specifically traceable to such Underlying Fund (for example, Treasury bills deposited by the applicable fund with the clearing broker as margin) was held by the clearing broker. In addition, many of the instruments which an Underlying Fund may trade are traded in markets in which performance is the responsibility only of the individual counterparty with whom the trader has entered into a contract and not of an exchange or clearing corporation. Underlying Funds are subject to the risk of the inability or refusal to perform on the part of the counterparties with whom such contracts are traded.

#### *Highly Volatile Instruments*

The prices of certain financial instruments, including swaps, forward contracts and options, in which the Funds expect to invest or in which an Underlying Fund may invest are highly volatile. Price movements of forward contracts and other derivative contracts in which the Funds’ or an

Underlying Fund's assets can be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention is intended to influence prices directly and, together with other factors, often cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Funds and Underlying Funds are also subject to the risk of failure of any exchange on which its positions trade or of their clearinghouses.

#### *Disposition of Portfolio Investments*

In connection with the disposition of a Portfolio Investment, the Funds may be required to make representations about the business and financial affairs of the relevant Portfolio Investment typical of those made in connection with the sale of any security or business. The Funds may also be required to indemnify the purchasers of such Portfolio Investment to the extent that any such representation turns out to be inaccurate. These arrangements may result in contingent liabilities, which ultimately may have to be funded by the Funds.

#### *Spread Widening Risk; Investments in Undervalued Assets*

For reasons not necessarily attributable to any of the risks set forth herein, there is a possibility that the prices of the securities and other financial assets in which the Funds invest will decline substantially. In particular, the Funds may seek to invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Purchasing assets at what appear to be "undervalued" levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It is not possible to predict, or to hedge against, such "spread widening" risk.

The Funds may be required to hold undervalued assets for a substantial period of time with the expectation that the assets will appreciate in value, even though there is no assurance that such value appreciation will take place. Accordingly, there is a possibility that the Funds will be forced to sell such undervalued assets at a substantial loss. During the period pending any sale, a portion of the Funds' funds would be committed to undervalued assets purchased, thus possibly preventing the Funds from investing in other opportunities. In addition, the Funds could finance such purchases with borrowed funds and thus will have to pay interest on such funds during this waiting period. Finally, margin calls and other events related to the Funds' indebtedness could force the Funds to have to sell assets at prices that are less than their fair value.

#### *Third-Party Litigation*

In addition to litigation relating to the bankruptcy process, a Fund's investment activities subject them to the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where the Funds exercise control or significant influence over a company's direction. The

expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds and would reduce net assets.

### *Economic and Market Risk; Financial Market Fluctuations*

General economic conditions may affect the Funds' and the Underlying Funds' activities. Issuers in which the Funds or Underlying Funds invest may be sensitive to general downward swings in the overall economy. Changes in economic conditions, including, for example, interest rates, availability and terms of credit, inflation, economic uncertainty, changes in laws, unemployment, competition, technological developments, political events, changes in fiscal policies, national and international political circumstances and innumerable other factors, none of which will be within the control of the General Partners, can substantially and adversely affect the business and prospects of the Funds and Underlying Funds.

Fluctuations in the market prices of investments and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and Underlying Funds and may affect the Funds' or Underlying Funds' ability to make investments and the value of the investments held by the Funds and Underlying Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' and Underlying Funds' investments. Securities markets in certain market countries in which the Funds or the Underlying Funds may invest are smaller, more fragmented, less liquid and more volatile than the securities markets of the United States and other more developed countries and have in the past experienced substantial price volatility. While current market conditions may create opportunities for the Funds or the Underlying Funds to make investments at prices that the General Partners and the Adviser believe are attractive, such conditions create a number of risks. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by, among other reasons, the tightening of the credit markets, and the ongoing financial turmoil and uncertainty. The repercussions of this market turmoil are unclear.

The ability to realize investments depends on political, market and economic conditions at the time of such realizations. The Funds or Underlying Funds may be adversely affected to the extent that they seek to dispose of any of its investments in an illiquid or volatile market and the Funds or Underlying Funds may find themselves unable to dispose of investments at prices that the General Partners or the applicable Underlying Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. No assurance can be given as to the effect of these economic conditions on the Funds' or the Underlying Funds' investment objectives.

### *General Risks Associated with Non-U.S. Investments*

Investment in non-U.S. companies frequently involve certain additional risks due to non-U.S. economic, political and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, capital gains or gross proceeds, the need for approval by government or other authorities to make investments, and



possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, there frequently is less information publicly available about a non-U.S. issuer than about a U.S. issuer, and different, often less comprehensive, accounting, reporting and disclosure requirements and practices apply to issuers in certain foreign countries than is the case with U.S. issuers. As a result, information available to the Funds or an Underlying Fund is often less reliable and less detailed than information available in more developed countries, and the Funds' or the Underlying Funds' due diligence reviews often provide less information than reviews conducted in more developed countries.

The securities of some non-U.S. governments and companies and non-U.S. securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. Moreover, the expenses normally associated with non-U.S. investments often exceed those associated with U.S. investments. Certain countries may restrict foreign investment in the securities of issuers operating in that country. These restrictions or controls may at times limit or preclude foreign investment in certain issuers and increase the costs and expenses of the Funds or Underlying Funds. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals.

The Funds and the Underlying Funds are expected to invest a material portion (and possibly all) of their respective capital outside the United States in non-dollar denominated investments. Because such investments may involve non-U.S. dollar currencies and because the Funds or the Underlying Funds may temporarily hold funds in bank deposits in such currencies during the completion of their investment programs, the Funds or the Underlying Funds may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a foreign currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies.

#### *Lack of Liquidity in Markets*

Despite the heavy volume of trading in securities and futures, the markets for some securities may be thinly traded from time to time. This lack of liquidity and market depth could disadvantage the Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Also, securities exchanges and the SEC have authority to suspend trading in a particular security without notice.

The Funds or Underlying Funds may invest in securities and derivatives that often do not have a liquid market. This lack of liquidity creates several risks. First, it makes it difficult for the Underlying Advisers and the Adviser to determine if the Underlying Adviser is accurately valuing its positions because of the uncertainty regarding the realization of the prices that are quoted if the Underlying Adviser were to attempt to liquidate its portfolio at those prices. In fact, the valuation of an Underlying Fund's less liquid investments may differ materially from the actual or realizable value of those investments. Second, it increases the risk that withdrawals from those Underlying Funds by other investors will cause reductions in the net asset value of those Underlying Funds merely due to selling pressure, rather than a fundamental change in the investments themselves. Third, it increases the risk that an Underlying Fund could be required to liquidate positions at

disadvantageous prices because of an inability to raise margin collateral from other sources. Fourth, it increases the risk that an Underlying Fund may not honor a Fund's liquidity expectations.

#### *Fixed-Income Securities*

The Funds and Underlying Funds may invest in bonds or other fixed-income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) and distressed debt securities. Such securities may be rated below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which generally react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue lower rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

#### *Risk of Minority Positions*

The Funds may make Portfolio Investments in minority, non-controlling, equity interests of companies, and in particular investment management companies. While the Funds may seek to get the appropriate governance and exit rights at the time of investment, there may be instances in which the Funds may not be able to exercise control over such investments. In addition, in certain situations, including where the businesses are in bankruptcy or undergoing a reorganization, minority investors may be subject to the decisions taken by majority investors, and the outcome of the Funds' investment may depend on such majority-controlled decisions, which decisions may not be consistent with the Funds' objectives.

In addition, as a minority investor in an investment management company, the Funds typically will have a limited ability to exert influence over the funds managed by such company, will not have the opportunity to evaluate or select the specific portfolio investments made by any fund managed by such company and will not be responsible for the results of such funds. The Adviser expects that the existing managers of such companies will retain autonomy over the day-to-day operations of their investment management companies and will generally retain a majority stake in them. In such cases, the Funds will rely on the existing management and board of directors or similar body of such entities, which may include representation of other investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. In holding non-controlling interests, the Funds will have a limited ability to create additional value in the entities in which it invests by effecting changes in the strategy and operations of these entities or to protect its positions in such entities or to create or take advantage of exit opportunities. The Funds' inability to control the timing of the making, restructuring, refinancing and exiting of its investments may adversely affect performance. The timing and extent to which the Funds realizes proceeds from any disposition, listing, financing or other liquidity event with respect to any investment in participations in shares of those investment management companies equity profits and/or revenue streams (the "Economic Interests") will depend on the decisions and actions of

such investment management companies. The management of such companies may make business, financial or management decisions with which the General Partners do not agree or such management may take risks or otherwise act in a manner that does not serve the Funds' interests. There can be no assurance that all third parties will similarly conclude that such investments are non-control investments or that, due to the provisions of the governing documents of an Underlying Fund or the interpretation of applicable law or regulations, investments by the Funds will not be deemed to have control elements for certain contractual, regulatory or other purposes.

#### *Revenue Participation Rights; Equity Interests*

While investments in Economic Interests may offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risks that can result in substantial losses. These may include the risks associated with investments in businesses at an early stage of development or with little or no variations in operating results. Although it will not control or make investment decisions with respect to any Underlying Investment's operations, the Funds may own Economic Interests in investment management companies and may seek to have observer rights and other transparency rights with respect to the Fund investments in certain circumstances. It is possible that regulators or third parties will try to impose liability on the Funds in connection with the operations of such investment management company. If successful, any such liability could adversely affect the performance of the Funds. Economic Interests may be subordinated to indebtedness or other equity securities that rank senior to the Funds' investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of the Funds' investment. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, holders of securities ranking senior to the Funds' investment would typically be entitled to receive payment in full before distributions could be made to the Funds. After repaying senior security holders, the Underlying Investment may not have any remaining assets to use for making distributions to or repaying amounts owed to the Funds. To the extent that any assets remain, holders of claims that rank equally with the Funds' investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets.

Certain investment management companies in which the Funds may hold an investment may have "benchmarks" or "hurdle rates" whereby the investment management company does not earn performance-based income during the current period as a result of losses in prior periods (or where current period results did not satisfy such benchmarks or hurdles), even though the managed investment funds had positive returns in the current period. If a private equity fund or hedge fund of such investment management company experiences losses (or fails to meet performance benchmarks, including by providing its investors with a "preferred return" on their invested capital where applicable), such investment management company will not be able to earn performance-based returns from that fund until it satisfies such benchmarks.

The returns on any Economic Interests held by the Funds will depend on the profitability of such investment management companies, who will retain control over the operations, budgets, expenses, compensation and revenues of their firms. It is possible that investment management companies may make decisions in the exercise of their discretion over these items that may adversely affect the performance of such investment management companies or cash flows available for distribution by such companies to the Funds.

In addition, the Funds may make investments in Economic Interests in the context of “seeding” a relatively new investment management company or an investment management company seeking growth. Any such “seed” investment would be subject to the same risks as any other Economic Interest, as well as increased risk due to the inherent increased risk associated with supporting a relatively new investment management company or the risks associated with growth initiatives that may not succeed. Furthermore, such “seed” investments may be subject to event greater illiquidity than other Economic Interests due to the nature of the investment management company, as well as contractual illiquidity that may be imposed in connection with such investment.

### ***Certain Regulatory and Tax Risks***

#### ***Evolving Legal and Regulatory Regime***

The regulatory environment for private investment funds is evolving, and changes in regulation could occur during the term of the Funds that may adversely affect the Funds and their investment results, or some or all of the limited partners or lead to decreased investment returns, increased taxes or other costs. New laws or revised regulations imposed by the U.K. Financial Conduct Authority, the CSSF, the SEC and other governmental regulatory authorities and self-regulatory organizations or industry bodies that supervise the financial markets could adversely affect the Funds. In that regard, during and after the 2016 U.S. election cycle, then candidate and now U.S. president Donald Trump expressed a desire to repeal the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). If the restrictions under the Dodd-Frank Act are curtailed or repealed, banks may be subject to fewer restrictions on their investment activities, which may allow them to become more active in the credit markets and compete more actively with the Funds for investment opportunities and to sponsor funds that compete with the Funds for investment opportunities. As it is unclear whether and how the Trump administration and the U.S. Congress will amend or repeal the Dodd-Frank Act and what other legislative and executive actions may be taken, it is difficult to predict how the Funds will be affected by any such legislative or executive actions. Depending on the nature of any changes to the Dodd-Frank Act, such changes may prove detrimental to the Funds. The Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these regulatory authorities or self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which the Funds conduct business. In particular, changes in the regulation of private investment funds may adversely affect the ability of the Funds to obtain the leverage they might otherwise seek. New laws or regulations may also subject the Funds or some or all of the limited partners to increased taxes or other costs.

Similarly, developments in the tax laws of the United States or other jurisdictions could have a material effect on the tax consequences to the Funds and/or the limited partners. In this regard, on December 22, 2017, H.R. 1, known as the “Tax Cuts and Jobs Act” (the “TCJA”), was signed into law. The TCJA imposes a number of significant changes, and it should be noted that there are

numerous aspects of the TCJA that are subject to interpretation and that will require clarification, but only limited guidance has been issued to date. Technical corrections legislation may be needed to clarify certain of these provisions and to give proper effect to U.S. Congressional intent. It is unclear if and when such technical corrections or other legislative changes will be enacted, or in what form, and future regulatory guidance and legislation, or the absence thereof, may significantly affect the impact of the TCJA.

#### *Compliance with Anti-Money Laundering Requirements*

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the subscription agreements executed by investors will require certain representations verifying, among other things, such investors' identity and the source of funds used to purchase the limited partnership interests in the Funds and require the investors to provide additional information upon the General Partner's request. The General Partner may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been so provided. The Funds' subscription agreements will authorize the General Partner to take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures, which steps may include prohibiting an investor from making further contributions of capital to the Funds, depositing distributions to which an investor would otherwise be entitled into an escrow account or causing the withdrawal of an investor from the Funds.

#### *Climate Change*

The Funds and Underlying Funds may acquire investments that are located in areas which are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; and extreme temperatures. As a result of these physical impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Underlying Investments and Portfolio Investments; indirect financial and operational impacts from disruptions to the operations of Underlying Investments and Portfolio Investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for portfolio investments in areas subject to severe weather; decreased net migration to areas in which portfolio companies are located, resulting in lower than expected demand for the products and services of such portfolio investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or quality of water or other natural resources on which such portfolio investment's business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

### *Emerging Markets Legal Risk; Enforceability of Foreign Judgments*

Many of the laws that govern private and foreign investment, securities transactions, creditors' rights and other contractual relationships in countries other than the United States, the European Union and other countries with advanced market economies, particularly in emerging markets, are new and largely untested. As a result, the Funds and Underlying Funds may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, lack of enforcement of existing regulations, less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Underlying Funds may encounter difficulties in pursuing legal remedies or in obtaining or enforcing judgments in courts outside the United States, the European Union and other countries with advanced market economies. Further, at present, some emerging markets do not have treaties providing for the reciprocal recognition and enforcement of judgments with the United States, the European Union or other countries with advanced market economies. Therefore, it may be difficult for an Underlying Fund to enforce in such countries any judgments it may obtain in courts in the United States, the European Union and other countries with advanced market economies. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Underlying Funds, the Funds, and their operations.

### *Sanctions, FCPA and Anti-Corruption*

Economic and trade sanction laws and regulations in the United States and other jurisdictions may prohibit the Advisers and the Funds from transacting, directly or indirectly, with certain countries, territories, entities and individuals. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and the U.S. Department of State's Office of Economic Sanctions Policy and Implementation ("ESPI") administers and enforces laws, executive orders, regulations and related authorities establishing U.S. economic and trade sanctions. Such economic and trade sanctions prohibit, among other things, transactions with, and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals (each a "Sanctioned Party," and collectively, "Sanctioned Parties"). These Sanctioned Parties include certain foreign countries and individuals and entities listed on OFAC's list of Specially Designated Nationals (as such list may be amended from time to time), which includes certain designated narcotics traffickers, certain entities and persons engaged in activities related to the proliferation of weapons of mass destruction and other parties subject to OFAC economic and trade sanctions programs. In addition, certain programs administered by OFAC and ESPI prohibit dealing with certain individuals or entities, including individuals or entities in certain countries or of certain nationalities, regardless of whether such individuals or entities appear on the lists maintained by OFAC and ESPI. It is possible that these types of U.S. and other economic and trade sanctions law and regulations may significantly restrict or completely prohibit a Fund's intended investment activities.

The Adviser and the Funds are committed to complying with anti-corruption laws and regulations, as well as U.S. anti-boycott regulations, to which they are subject. As a result, a Fund may be adversely affected because of its unwillingness to participate in transactions that may violate such

laws or regulations. Such laws and regulations may make it difficult or impossible in certain circumstances for a Fund to act expeditiously or successfully on investment opportunities and for portfolio companies to obtain or retain business.

#### *Costs of Complying with Regulations*

The operations of a Fund are subject to material federal, state and local laws, rules and regulations, as well as the laws, rules and regulations of non-U.S. jurisdictions, which could materially adversely affect a Fund. Generally, portfolio companies are subject to various laws, ordinances, rules and regulations. Changes in U.S. federal, state and local laws, rules and regulations, and, to the extent applicable, non-U.S laws, rules and regulations, could negatively impact a Fund and the portfolio companies.

#### **Item 9. Disciplinary Information**

No material items exist as of this time.

#### **Item 10. Other Financial Industry Activities and Affiliations**

##### **Affiliated Advisers**

The Adviser currently has nine affiliated advisers based in the U.S., each of which focuses primarily on a different area of investment management, although such areas may overlap from time to time (such advisers, together with the Adviser, the “U.S. Affiliate Advisers”). Each U.S. Affiliate Adviser is registered as an investment adviser with the SEC. The U.S. Affiliate Advisers currently include, in addition to the Adviser:

- Bain Capital Credit, LP, which uses fundamental credit analysis to identify attractive investment opportunities and seeks superior risk adjusted returns, primarily in credit products and fixed-income investments;
- Bain Capital Credit CLO Advisors, LP, a subsidiary of Bain Capital Credit, LP, and provides investment advisory services and collateral management services to issuers of collateralized loan obligations;
- BCSF Advisors, LP, a subsidiary of Bain Capital Credit, LP, and is the investment manager to a Business Development Company;
- Bain Capital Double Impact, LP, which focuses on equity investing in impact- or mission-oriented companies and more traditional companies with positive impact products and services;
- Bain Capital Life Sciences, LP, which focuses on equity investing in biopharmaceutical, medical device, diagnostics and enabling life science technology companies;
- Bain Capital Private Equity, LP, which focuses on leveraged buyouts and growth capital in a wide variety of industries;

- Bain Capital Public Equity, LP, the public equity affiliate of Bain Capital, whose primary objective is investing in securities of publicly traded companies that offer opportunities to realize substantial long-term capital appreciation;
- Bain Capital Real Estate, LP, the real estate affiliate of Bain Capital, whose primary objective is to research and advise on real estate and real estate-related investments;
- Bain Capital Ventures, LP, the venture capital arm of Bain Capital, which focuses on seed through late-stage growth equity investing in software, hardware, information, healthcare, and technology-driven business services companies; and
- Boylston Advisors, LP, (“Boylston”) which focuses on providing alternative investment opportunities to current and former personnel of Bain Capital and invests primarily in 3rd party private fund managers via managed funds of funds and direct investments. In addition, Boylston related persons also serve as the general partners to investment vehicles whose primary purpose is to invest in, or coinvest with, funds managed by the Adviser and other Affiliate Advisers (as defined below) for the benefit of employees and former employees of Bain Capital, LP and its affiliates.

In addition, Bain Capital Distributors, LLC, is a broker-dealer registered with the SEC and is a member of FINRA. Bain Capital Distributors places securities and instruments issued by certain private investment funds that the Adviser and its affiliates manage.

In addition to the U.S. Affiliate Advisers, Bain Capital Private Equity (Europe), LLP, Bain Capital Credit, Ltd. and Bain Capital Investments (Europe) Limited, affiliates of Bain Capital, are licensed as investment advisers with the United Kingdom Financial Conduct Authority (together with the U.S. Affiliate Advisers, the “Affiliate Advisers”).

Each of the U.S. Affiliate Advisers’ investment activities are conducted independently, but the U.S. Affiliate Advisers may provide an extensive personal network and access to vertical industry expertise. On occasion, the Funds may also benefit from attractive nontraditional investment opportunities from U.S. Affiliate Advisers, subject to the Conflicts of Interest section below.

Bain Capital has established other non-investment advisory related entities that are affiliates of the U.S. Affiliate Advisers. These entities do not provide investment advisory services and have been organized primarily to provide services incidental to the services of the U.S. Affiliate Advisers, such as servicing portfolio companies of the Related Funds (as defined below).

### **Conflicts of Interest**

The discussion below reflects both current and expected practices of the Adviser and the Funds and practices vary among the Funds. Please refer to the limited partnership agreement (or analogous organizational document) of the applicable Fund for details regarding the practices of such Fund.

Bain Capital and its affiliates, including the Adviser, engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds



or accounts and provide investment banking, advisory, management and other services to funds and operating companies.

As discussed above, Bain Capital currently has a number of affiliate advisers, including the Adviser (the “Affiliate Advisers”), each of which focuses primarily on a different investment strategy, although such investment strategies overlap from time to time. The funds advised or managed, or to be advised or managed, by the Adviser are referred to as the “Funds.” The funds and accounts advised or managed, or to be advised or managed by the Affiliate Advisers (including the Funds) are referred to as the “Related Funds.” In the ordinary course of conducting its activities, the interests of a Fund or its limited partners will, on occasion, conflict with the interests of the Adviser or its affiliates, other Funds, or one or more other Related Funds or their respective affiliates. The following discussion describes certain potential conflicts of interest that exist among Bain Capital, the Funds, the Adviser, the Affiliate Advisers, and the other Related Funds. Certain conflicts of interest which may be relevant to an investment in the Funds are described generally with respect to a Fund or a Related Fund. Dealing with conflicts of interest is complex and difficult and new and different types of conflicts may subsequently arise. While Bain Capital has adopted procedures to address such conflicts, no assurance can be made that these procedures will have their desired effect. There can be no assurance that Bain Capital or the Adviser will be able to resolve all conflicts in a manner that is favorable to the Funds.

### **Resolution of Conflicts**

Each of the Adviser and the other Affiliate Advisers will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise among investment funds or accounts advised or managed by the Adviser and the other Affiliate Advisers, the participating Affiliate Advisers will represent the interests of the investment funds or accounts they advise. In resolving conflicts, the Affiliate Advisers will generally consider various factors, including the interests of funds and accounts they manage in the context of both the immediate issue at hand and the longer-term course of dealings. From time to time, the Adviser and the other Affiliate Advisers may determine to refer certain conflicts of interest to Bain Capital’s Allocation Committee (the “Allocation Committee”), comprised of senior Bain Capital personnel, for review and resolution, particularly in situations where the Adviser and the other Affiliate Advisers are unable to resolve such conflicts. Similarly, the Allocation Committee may in its sole discretion determine to review and make determinations regarding certain conflicts of interest.

When conflicts arise between a Fund and another Fund, the Adviser will resolve the conflict. In doing so, it will generally consider various factors, including the interests of such Fund and the other Fund with respect to the immediate issue and/or with respect to the longer term course of dealing among the Funds. In the case of all conflicts involving a Fund and other Funds, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made in the Adviser’s sole discretion except as required by the governing documents of a Fund. There can be no assurance that the Adviser will be able to resolve all conflicts in a manner that is favorable to a Fund.

While the Adviser has procedures in place designed to mitigate conflicts of interest among Fund and other Related Funds, there can be no guarantee that these procedures will be successful.

## **Sources of Conflicts of Interest**

There are numerous perceived and actual conflicts of interest among the Funds, the Related Funds, the Adviser and the Affiliate Advisers. The conflicts of interest that may be encountered by each Fund include those discussed below, although the discussion below does not describe all of the conflicts that may be faced by the Funds. Other conflicts are disclosed throughout this document and this document should be read in its entirety for other conflicts. Dealing with conflicts of interest is complex and difficult, and new and different types of conflicts are likely to subsequently to arise.

### ***Conflicts Relating to the Adviser, the General Partners of the Funds and Certain Affiliate Advisers***

#### *Adviser Personnel*

It is expected that personnel of the Adviser responsible for managing a Fund will have responsibilities with respect to other Funds and/or Related Funds, including funds and accounts that are raised in the future, as well as the investments of the Funds and/or other Related Funds. Substantial time may be spent by such personnel monitoring the investments of other Funds and/or other Related Funds. Conflicts of interest may arise in allocating time, services or functions of such personnel.

Certain members of the Adviser's investment committee could also serve on the investment committees of other Affiliate Advisers. Such individuals will have responsibilities to such other Affiliate Advisers and with respect to other current or future Related Funds advised or managed by such Affiliate Adviser, including funds or accounts that may be eligible to invest in assets eligible for purchase by the Funds, as well as to the portfolio investments and investment activities of such Related Funds. Such personnel may have restrictions on the time and attention they devote to the Funds as a result of the requirements contained in the limited partnership agreements (or other analogous organizational documents) of the other Related Funds or otherwise. Conflicts of interest may arise in allocating time, services or functions of such personnel. From time to time, members of a Fund's investment committee may face conflicts of interest in making investment decisions with respect to the Funds due to their membership on such investment committee, on the one hand, and their obligations to other Affiliate Advisers or other Related Funds advised or managed by other Affiliate Advisers, on the other hand. Such conflicts of interests may result in decisions that are not exclusively in the interest of a Fund. Certain decisions may be more beneficial to another Related Fund than they are to a Fund. There is no guarantee that the policies and procedures adopted by a Fund, the terms and conditions of the limited partnership agreements (or analogous organizational documents) or the policies and procedures adopted by the Affiliate Advisers' investment committee will enable a Fund to identify, adequately address or mitigate these conflicts of interest.

#### *Advisory Services*

Other Affiliate Advisers may perform investment banking, advisory and other services (the "Other Services") for, and receive compensation from (and expenses reimbursed by), a number of entities, which may include entities in which the Funds have interests. The services in respect of which such fees are paid (a) are provided to the relevant investment vehicles and (b) are separate from,

and additional to, the services which the Adviser and its affiliates provide. Such services in respect of which such fees are paid (a) are provided to the relevant investment vehicles and (b) are separate from, and additional to, the services which the Adviser and its affiliates provide. Such services may include, among other things, financial, operational (including servicing) and transactional services (such as advice and consulting in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions), as well as management, monitoring, brokerage, capital markets/credit origination, loan servicing, acting as trustee acting as paying agent and other similar operating matters and consulting services. Fees or other compensation paid to the Adviser, its affiliates or its professionals for such services may be paid in cash, in securities of investment vehicles (or rights thereto) or otherwise.

In connection with performance of the Other Services, such Affiliate Adviser may enter into a management agreement with the entity to which the Other Services are provided. The terms of these management agreements vary, but these agreements typically terminate upon a change of control of, or upon an initial public offering by, such entity. It is possible that Affiliate Advisers receive certain termination fees when a management agreement is terminated upon an entity's initial public offering. These fees are often substantial, particularly in the event such circumstances occur early in the life of a Fund's investment in such investment company.

The appropriate fees for certain advisory services is determined by such Affiliate Adviser providing such Other Services, following negotiation with management of such entity receiving such Other Services and other investors, in consultation with lenders, typically prior to when the investment in the portfolio company is closed. The starting point for such fee is typically based on the relevant operating metric for such entity (e.g., EBITDA or revenue) which the Affiliate Adviser believes is an indicative proxy for the amount of resources that it expects it will provide to the portfolio company, but other factors are considered such as additional effort that may be required in a turnaround situation. Because an independent third party is not always involved on behalf of the relevant entity receiving the Other Services, a conflict will exist in determination of any such fees and other related terms in the applicable management agreement with such entities. The Adviser does not participate in the negotiation or approval of these arrangements, and these fees will not be shared with the Adviser or the limited partners of the Funds.

The Affiliate Advisers have existing and potential advisory and other relationships with a significant number of portfolio companies and other clients, and have in the past and may in the future provide financing, services, advice or otherwise deal with third parties whose interests conflict with the interests of a company (or a company directly or indirectly held by a fund) in which a Fund has invested, such as competitors, suppliers or customers of a company in which a Fund has invested. On occasion, an Affiliate Adviser may recommend or cause such a third party to take actions that are adverse to a Fund or companies in which it has invested.

The Adviser and the other Affiliate Advisers have in the past and may in the future also engage and retain advisers, consultants and similar professionals who are not employees or affiliates of such Affiliate Adviser and who, from time to time, receive payments from such Affiliate Adviser or receive payments from or allocations of investment opportunities with respect to, entities, which may include entities in which the Funds have interests. These fees will not be shared by the Funds or the limited partners of the Funds.

### *Incentive Fee*

The Adviser may be entitled to an incentive fee under the terms of a partnership agreement. The existence of an incentive fee creates an incentive for such General Partner to cause such Fund to make more speculative investments than it would otherwise make in the absence of performance-based compensation. If the valuations are incorrect, the amount and timing of the payment of the incentive fee to the Adviser could be incorrect. Securities for which no such market prices are available will be valued at such value as such General Partner may reasonably determine (provided, that, at any time the assets of a Fund constitute “plan assets” under ERISA, such Fund’s assets will be valued by an independent third party). The exercise of such discretion in each of the above cases may give rise to conflicts of interest, because the incentive fee may, in part, be based on these values. In addition, the method of calculating the incentive fee may result in conflicts of interest between the Adviser, on the one hand, and the investors in the Funds, on the other hand, with respect to the management, disposition and valuation of investments.

Underlying Advisors are generally entitled to incentive fees, carried interest or other forms of incentive-based compensation, which would be expected to expose such Underlying Funds to similar conflicts of interest as those noted above.

### *Co-Investments Alongside Bain Capital Funds*

The Funds may, from time to time, make co-investments in transactions sourced by Bain Capital Private Equity, LP, the Affiliate Adviser which advises Related Funds that make private equity investments (the “Private Equity Adviser”), Bain Capital Public Equity, LP, the Affiliate Adviser which advises Related Funds that make public equity investments (the “Public Equity Adviser”), Bain Capital Real Estate, LP, the Affiliate Adviser which advises Related Funds that make real estate investments (the “Real Estate Adviser”), Bain Capital Ventures, LP, the Affiliate Adviser which advises Related Funds that make venture capital investments (the “Venture Adviser”), Bain Capital Credit, LP, the Affiliate Adviser which advises Related Funds that make credit investments (the “Credit Adviser”), Bain Capital Life Sciences, LP, the Affiliate Adviser which advises Related Funds that make equity investments in life sciences companies (the “Life Sciences Adviser”) and Bain Capital Double Impact, LP, the Affiliate Adviser which advises Related Funds that make impact-oriented investments (the “Impact Adviser,” and collectively with the Private Equity Adviser, the Public Equity Adviser, the Real Estate Adviser, the Venture Adviser, the Credit Adviser and the Life Sciences Adviser, the “Co-Investment Advisers”). When such a Related Fund makes an investment, the applicable Co-Investment Adviser will often perform management, advisory, investment banking, financial advisory and other services for, and will receive fees from, actual or prospective portfolio companies. Additionally, a portfolio company of a Related Fund advised by a Co-Investment Adviser will generally reimburse such Co-Investment Adviser for expenses incurred by such Co-Investment Adviser in connection with its performance of services for such portfolio company. Although a Co-Investment Adviser receives these fees and reimbursements from actual or prospective portfolio companies, the opportunity to earn these fees creates a conflict of interest between such Co-Investment Adviser, on the one hand, and, to the extent the Funds co-invest in the transaction, the Funds on the other hand, because the amounts of

such fees and reimbursements are often substantial and the Funds will not share in such fees and reimbursements.

The Adviser may, in its discretion, recommend to a Fund or to an issuer in which such Fund invests that it contract for services with a portfolio company of another Fund or a Related Fund or an entity with which the Adviser, another Affiliate Adviser, one of their affiliates or any other their personnel has a relationship or otherwise derives a financial or other benefit. While the Adviser will make decisions for the Funds in accordance with its obligations to manage the Funds appropriately, the fees, allocations, compensation and other benefits to the Adviser, another Affiliate Adviser or one of their affiliates arising from those decisions may be greater as a result of certain portfolio, investment, service provider or other decisions made by the Adviser for the Funds than they would have been had other decisions been made which also might have been appropriate for the Funds.

#### *Expense Reimbursement*

Certain expenses are paid for by the Funds or, if incurred by the Adviser, are reimbursed by the Funds. The Adviser may not necessarily seek out the lowest cost options when incurring (or causing the Funds to incur) such expenses, and instead considers a range of qualitative factors when making engagement decisions. Additionally, where the Funds own an equity stake in an issuer, the value of its equity investment will be affected by expenses incurred by such issuer. Such expenses may include costs incurred by personnel of Bain Capital in connection with board positions and other activities with respect to such issuer, including reimbursement for out-of-pocket expenses incurred in connection with such activities.

#### *Placement Agents*

Bain Capital Distributors, LLC (the “Affiliated Placement Agent”) will act as a placement agent to certain Funds. The Affiliated Placement Agent is an affiliate of Bain Capital. Representatives of the Affiliated Placement Agent may also be employees of the general partner of the Funds, the Adviser, or their affiliates. To the extent the Affiliated Placement Agent offers limited partnership interests in the Funds and receives compensation therefor, the Affiliated Placement Agent’s relations with the Funds, and its relations with the Bain Capital group generally, may conflict with the interests of investors in such Funds. Additional placement agents may also be engaged with respect to the Funds.

#### *Valuations*

The Funds’ investments are valued at estimated fair value as determined in good faith by the General Partners. The exercise of discretion in valuation by the General Partners may give rise to conflicts of interest, as the performance fee and the management fee are calculated based on the value of the Funds’ investments. Furthermore, the valuation of investments may affect the ability of the Adviser to raise other funds, creating an incentive to determine valuations that are higher than the actual fair value of the investments. In addition, the Adviser may or may not value the

investments differently than how the same or similar investments are valued by the general partners of the other Related Funds.

### ***Conflicts Relating to the Purchase and Sale of Investments***

#### ***Transactions Between the Funds and Related Funds***

The Adviser may cause the Funds to purchase investments from, or sell investments to, another Fund or a Related Fund. The Adviser will only cause the Funds to engage in such transactions if it determines that the terms and conditions of such transactions are substantially as advantageous to the Funds as the terms it would obtain in a comparable arm's length transaction with a third party, if such transactions are effected at prices determined in accordance with the Funds' valuation procedures or if the consent of the Advisory Board (to the extent established) is obtained in connection therewith.

#### ***Allocation of Investment Opportunities***

The Adviser and Bain Capital sponsor and manage various investment vehicles (including managed accounts), and each expects to form new investment vehicles in the future, some of which have and will have an investment strategy or objective that overlaps (in whole or in part) with those of the Funds. The Funds and other Related Funds are generally subject to investment allocation guidelines (collectively, "Investment Allocation Guidelines"). Investment Allocation Guidelines may be set forth in the instrument under which the Funds or other Related Funds were established (such as a Fund's or other Related Fund's limited partnership agreement (or analogous organizational document) or private placement memorandum), or in side letters. Other Funds and/or Related Funds, including, without limitation, investment vehicles formed in the future, will make certain investments that are appropriate for the Funds, and the Funds may receive a smaller allocation of any such investment or no allocation at all as a result. These relationships are likely to present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to the Funds. Subject to the Investment Allocation Guidelines, opportunities for investments will be allocated between the Funds and the other Related Funds in a manner that the Adviser, Bain Capital, and the other applicable Affiliate Advisers, as well as the applicable General Partners of the Funds and other Related Funds, believe in their sole discretion to be appropriate given factors it believes to be relevant, which may include, but are not necessarily limited to the following:

- Each Fund's and other Related Fund's investment objectives and investment focus;
- Prospective portfolio company's geography, nature of its business and scale;
- Transaction sourcing;
- Each Fund's and other Related Fund's liquidity and reserves;
- Each Fund's and other Related Fund's diversification;
- Lender covenants and other limitations;

- Amount of capital available for investment by the applicable Fund and other Related Fund, as well as each Fund's and other Related Fund's projected future capacity for investment;
- Each Fund's targeted rate of return and hold period;
- Stage of development of the prospective portfolio company or other investment and anticipated holding period of the prospective portfolio company;
- Composition of each Fund's and other Related Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering documents and limited partnership agreements (or analogous organizational documents) of each Fund and other Related Fund.

In general, investments sourced by the Adviser that are appropriate for a Fund will first be made available to such Fund. Similarly, investments sourced by another Affiliate Adviser that are appropriate for other Related Funds advised by the Affiliate Advisers will first be made available to such Related Funds and will generally not be offered to the Funds and, if offered, will only be that portion that such Related Fund determines not to take. Bain Capital, the Adviser and the other Affiliate Advisers have substantial discretion in allocating investment opportunities. The foregoing methodology for allocation of investment opportunities will likely vary over time and will be on a case-by-case basis. Investment opportunities may be offered to one or several Funds and not others based on the Investment Allocation Guidelines.

In connection with its investment activities, the Adviser and its Affiliate Advisers will encounter situations in which they must determine how to allocate investment opportunities among various clients and other persons, including the Funds and the other Related Funds.

- 1) the Fund and the other Related Funds for which this is a suitable investment;
- 2) any co-investment vehicles that have been formed to invest side-by-side with one or more Related Funds in all or particular transactions entered into by such fund(s) (the investors in such co-investment vehicles may include employees, business associates and other "friends and family" of the Affiliate Advisers or their personnel; individuals and entities

that are also investors in one or more Related Funds (“Bain Capital Investors”); and/or individuals and entities that are not investors in any Funds (“Third Parties”));

- 3) Bain Capital Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more of the Funds or Related Funds in particular transactions entered into by the Funds or Related Fund(s); and
- 4) Bain Capital Investors and/or Third Parties acting as “co-sponsors” with one or more of the Funds or Related Funds with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith to the extent such policies and procedures apply to a particular investment opportunity.

From time to time, the Adviser and the other Affiliate Advisers may determine to refer certain investment opportunities to the Allocation Committee for review and resolution, particularly in situations where the Adviser and the other Affiliate Advisers are unable to resolve conflicts in the allocation of investment opportunities among the Funds, other Related Funds and/or third parties co-investing with a Fund. Similarly, the Allocation Committee may in its sole discretion determine to review and make determinations regarding certain allocations of investment opportunities.

The other Related Funds, parallel funds, any entities or accounts organized to make co-investments with the Funds in selected transactions because of their size or nature, the General Partners of the Funds and personnel of the Adviser and its affiliates and certain related persons may invest in the securities in which the Funds invest on the basis described in the Funds’ limited partnership agreements (or analogous documents).

Related Funds, including Funds, may invest in assets eligible for purchase by a Fund. The investment policies, fee arrangements, investments owned by personnel of the Adviser or the other Affiliate Advisers and other circumstances of the Fund, may vary from those with respect to other Related Funds. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

From time to time, certain employees and related persons of the Adviser and the other Affiliate Advisers (collectively, “Bain Capital Related Persons”) may invest directly in Underlying Funds, in certain co-investment opportunities or in investments sourced by the Adviser or Affiliate Adviser alongside the Fund. Direct Investments by Bain Capital Related Persons may give rise to certain conflicts of interest.

The Adviser also reserves the right to make independent decisions regarding recommendations about when any particular Fund should purchase and sell investments, and the other Affiliate Advisers reserve similar rights with respect to the Related Funds that they advise. As a result, a Fund may be purchasing an investment at a time when another Fund is selling the same or a similar investment, or vice versa. A Fund may invest in opportunities that another Related Fund has declined, and likewise, such Fund may decline to invest in opportunities in which another Related Fund has invested. These positions and actions may adversely impact, or in some instances may benefit, certain of the Related Funds. In particular, a Related Fund that co-invests with the Funds may have different investment objectives or a different structure than the Funds, including



providing its limited partners with liquidity. Such Related Funds may need to exit their investments before the Funds in connection with limited partner withdrawals or otherwise, which may have an adverse effect on the Funds' continuing investment in such issuer in which the Funds invest by putting downward pressure on the value of the Funds' interest, which the Funds have opted to hold longer term. The Related Funds are under no obligation to act in a way that furthers or protects the interests of the Funds. A Related Fund could earn a return on its investment that exceeds the Funds' return. Furthermore, in circumstances where the Funds do not invest in an investment opportunity due to any number of factors, it is possible that such other Affiliate Advisers, including Affiliate Advisers that solely advise funds and accounts of Bain Capital Related Persons, may advise another fund or account to make an investment in such opportunity. The potential for such conflicts of interest to arise is increased in circumstances where a Bain Capital Related Person makes a Direct Investment in an Underlying Fund (see "—Direct Investment in Underlying Funds by Personnel of Affiliate Advisers" below).

While expected to be uncommon, from time to time the Adviser and the Affiliate Advisers may, in their discretion, enter into transactions with one or more Related Funds to dispose of all or a portion of certain investments held by one or more Related Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser or the Affiliate Advisers may consider some or all of the factors listed above. The sales price for such transactions will be mutually agreed to by the Adviser or the Affiliate Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser or the Affiliate Adviser. Although neither the Adviser nor the Affiliate Adviser is obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Related Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Related Fund(s). Any such transactions will comply with the limited partnership agreements (or analogous organizational documents) of the applicable Related Fund(s).

#### *Investments Alongside Other Funds or Other Related Funds*

Conflicts also arise when a Fund makes investments in conjunction with an investment being made by another Related Fund, including another Fund, or in a transaction in which another Related Fund, including another Fund, has already made an investment. Investment opportunities have in the past and may in the future be appropriate for a Fund and another Related Fund at the same, different or overlapping levels of an investment's capital structure. The Adviser does not expect, and is under no obligation, to notify limited partners or members of an Advisory Board, to the extent established, if the Funds hold an investment in an issuer in which another Fund or Related Fund holds an interest, even if the Funds hold securities of a different class, or a different part of the capital structure, than such Fund or Related Fund, or if a Fund or Related Fund takes a particular action in connection therewith that has a negative effect on the Funds. Conflicts may also arise in determining the terms of investments, especially where the Affiliate Advisers control the structure of a transaction and its capitalization. For example, investments by a Fund in transactions controlled by another Related Fund may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable for such Fund if it were investing without a Related Fund. As another example, if the Funds invest in debt

securities, they will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another Fund or a Related Fund, as an equity owner, may desire and conflicts may arise if the debt securities become distressed and vice versa. In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by another Fund or a Related Fund or a portfolio company of another Fund or a Related Fund. In some instances, when a Fund makes an investment in conjunction with an investment being made by another Related Fund, such Fund will not retain the right to make independent decisions regarding recommendations about when such Fund should dispose of such investments and instead will do so only at the same time that such other Related Fund determines to dispose of such investment or after such disposition.

Implementation of certain of the investments strategies of the Funds may be dependent, in whole or in part, on information obtained by the Adviser from other Affiliate Advisers. Such Affiliate Advisers are not obligated to provide such information to the Adviser and may decide not to provide such information to the Adviser at any time. There is no assurance that the Adviser will receive such information now or in the future.

There can be no assurance that the return on a Fund's investments will not be less than the returns obtained by other Related Funds participating in the transaction. Employees and related persons of the Adviser and the other Affiliate Advisers have made or may make large capital investments in or alongside other Related Funds, and therefore will have additional conflicting interests in connection with joint investments. Each of the Adviser and each other Affiliate Adviser will determine all matters relating to structuring transactions and capitalizing portfolio companies, including the amount and terms of securities and allocation of securities among the Funds and the involved Funds and/or Related Funds, using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of investments as among the Funds and as between the Funds and Related Funds will likely be affected by a fund's stage in its lifecycle. For example, a newly organized fund may seek to purchase a disproportionate amount of investments until it is ramped up. In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by another Fund or a Related Fund or a portfolio company of another Fund or a Related Fund.

#### *Business with Limited Partners*

An applicable General Partner may from time to time utilize the services of limited partners and their affiliates on an arm's length basis, as it deems appropriate.

#### *Investment in Other Funds*

The Funds or other Related Funds may invest in funds or structured products sponsored by the Adviser, other Affiliate Advisers and/or third parties. The Funds' interest in any such fund would be subject to the terms and conditions of such fund or product, including fees, incentive allocations and other performance-based compensation, provided that the general partner or investment advisor of such fund may in their sole discretion waive all or a portion of such fees, incentive allocations and other performance-based compensation with respect to the Funds or other Related Funds though limited partners should not expect any affiliated or third-party general partner or

investment advisor to waive such fees, incentive allocation and/or other performance-based compensation.

### *Investment in the Funds by Bain Capital Related Persons*

Certain Bain Capital Related Persons may invest in the Funds. Subject to applicable law, the terms of an investment by Bain Capital Related Persons may differ from, and be more favorable than, those of an investment by an external limited partner.

The Adviser may from time to time in its sole discretion provide such Bain Capital Related Persons or another Affiliate Adviser certain information about the Funds' investment portfolio and Underlying Funds, although it is under no obligation to do so and has the discretion to decide not to provide any such information at any time.

The General Partners may waive, in whole or in part, or calculate differently the management fee and the incentive fee with respect to certain personnel.

### *Direct Investment in Underlying Funds by Personnel of Affiliate Advisers*

In addition to participation in the Funds, certain Bain Capital Related Persons may make investments directly in Underlying Funds and in certain co-investment opportunities alongside the Funds (collectively, "Direct Investments"). Although Direct Investments may be seen as increasing alignment of interest, due to Bain Capital Related Persons having greater economic exposure to Underlying Funds, nonetheless Direct Investments also give rise to certain conflicts of interest that are not present, or present to a lesser degree, in the absence of Bain Capital Related Persons' ability to make, hold and withdraw from Direct Investments.

For example, while Direct Investment opportunities are not expected to be offered to Bain Capital Related Persons in priority to such investment opportunities being offered to the Funds, Direct Investments may nonetheless reduce opportunities for the Funds to make additional investments in the relevant Underlying Funds. Furthermore, investments in potential Underlying Funds may be directly sourced by Bain Capital Related Persons for their own accounts, and such investment opportunities may or may not be referred to the Adviser or considered for investment by the Funds. The Funds' desired allocation to a given Underlying Fund may change over time, including increase due to a growth in the size of the Funds (whether through additional subscriptions, performance, or otherwise), and it is possible that an Underlying Fund may not accept future subscriptions from the Funds or an Underlying Fund may accept a smaller subscription amount from the Funds due to, in whole or in part, Direct Investments. The General Partners might in their sole discretion, but are not required to, negotiate capacity rights for the Funds with Underlying Funds, but there can be no assurances that the General Partners will seek such capacity rights, nor can there be any assurances that, if sought, the General Partners will be successful in receiving such capacity rights, nor can there be any assurances that such capacity rights will be sufficient to satisfy the Funds' future desired allocation to the applicable Underlying Fund.

It is possible that Bain Capital Related Persons might seek withdrawals in respect of Direct Investments prior to, or at the same time as, the Funds seek to withdraw from such Underlying

Fund. Certain Underlying Funds may have liquidity constraints triggered based on outflows from such Underlying Funds. For such Underlying Funds, withdrawals by Bain Capital Related Persons of their Direct Investments could prevent the Funds from being able to make a withdrawal from such Underlying Fund, or prevent the Funds being able to withdraw as much as quickly as the Funds could have done in the absence of such Direct Investment withdrawals. Similarly, withdrawals by Bain Capital Related Persons of Direct Investments in Underlying Funds could cause such Underlying Funds to sell assets at unattractive prices (depressing the value of the Funds' investment in such Underlying Fund), or could result in such Underlying Funds having a more concentrated portfolio of assets (or a portfolio of assets that is less liquid or less attractive) as compared to what would have resulted in the absence of such withdrawal by such Bain Capital Related Persons.

A Bain Capital Related Person might make a withdrawal of a Direct Investment from an Underlying Fund, and following such withdrawal such Underlying Fund might suspend further withdrawals from such Underlying Fund. In such circumstances, the Funds would continue to be exposed to the performance of such Underlying Fund, even though such Bain Capital Related Person might no longer be exposed to the performance of such Underlying Fund. Prospective limited partners should therefore be aware that the performance achieved by a Bain Capital Related Person with a Direct Investment in an Underlying Fund may be materially better than the performance achieved by the Funds with an investment in such Underlying Fund.

It is possible that a Bain Capital Related Person might, in connection with a Direct Investment in an Underlying Fund, obtain material non-public information about such Underlying Fund or such Underlying Fund's Underlying Adviser. In such circumstances, the receipt of such information might prohibit the General Partners from being able to take certain actions on behalf of the Funds, such as withdrawal from such Underlying Fund

#### *Conflicts Relating to Third-Party Co-Investment Opportunities*

The Adviser and/or the General Partners may in the future determine that it is desirable for all or any portion of an investment opportunity to be purchased by certain participants in the applicable deal, including co-sponsors, consultants and advisors to the Adviser and/or the Funds or management teams of the applicable issuer, limited partners, strategic partners, other investors or such persons acting as finders or brokers of transactions. Third Parties may be offered such co-investment opportunities, in the sole discretion of the Adviser.

Subject to any investment allocation requirements, no limited partner has a right to participate in or to receive notice of any such co-investment opportunity. Decisions regarding whether and to whom to offer such co-investment opportunities are made in the sole discretion of the Adviser. Such co-investment opportunities are typically offered to some and not other limited partners in the sole discretion of the Adviser, and limited partners may be offered a smaller amount of co-investment opportunities than originally requested. Co-investors have in the past and may in the future purchase their interests in an issuer at the same time as the Funds, or purchase such interests from the Funds after the Funds have consummated their investment in the issuer (also known as a post-closing sell-down or transfer).

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, the Adviser considers some or all of a wide range of factors, which may include the following:

- the Adviser's evaluation of the co-investment party's level of interest in investment opportunities (including level of interest in a particular industry or type of business), and size and financial resources of the potential co-investment party;
- the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the Funds without harming or otherwise prejudicing the Funds, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- whether the Adviser determines that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide longer-term benefits to the Funds or future funds, the Adviser, the Affiliate Advisers or the applicable issuer;
- the Adviser's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such person to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;
- the Adviser's evaluation of whether the profile or characteristics of the potential co-investor may have a positive or negative impact on the viability, prospects or terms of the proposed investment opportunity and the ability of the applicable Fund to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the terms, structure, or cause other issues with respect to a Fund's participation in such investment opportunity);
- the Adviser's evaluation of whether the investment opportunity may subject the target company, the Funds or the potential co-investor to legal, tax, regulatory, contractual, reporting, public relations, media or other burdens that make it less desirable for such co-investor to participate in a potential investment opportunity; and
- any confidentiality concerns the Adviser may have that may arise in connection with providing the potential co-investor with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity.

The Adviser's exercise of its discretion in allocating investment opportunities among the persons, including the Funds, limited partners and Third Parties, may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that the Funds'

actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

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

The Funds may sell down an interest in issuers in which they invest to co-investors at fair market value. Subject to the partnership agreement or other agreements with co-investors, the Adviser may charge a co-investor (such as an investor or a Third Party) interest costs for the time period between the closing of the Funds' investment in an issuer to the date of the transfer of interests in such issuer to the applicable co-investor (see "*—Allocations of Fees and Expenses*" below for a description of how broken deal expenses will be allocated).

#### *Formation of Parallel Vehicles*

An applicable General Partner may designate in its discretion one or more investment vehicles established by the applicable General Partner, the Adviser or their respective affiliates as a parallel vehicle, including an investment vehicle formed to make certain investments or a category of investments alongside a Fund (including based on geography). To the extent parallel vehicles are formed, the Funds will have reduced exposure to investments that are allocated among such Funds and such parallel vehicles. Similarly, to the extent a parallel vehicle participates in a subset of the Funds' investments, such Funds will consequently hold a greater concentration and have exposure to the investments in which such parallel vehicle does not invest, which could make the Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

#### *Conflicts Relating to Underlying Funds*

A Fund may invest in an Underlying Fund that is advised by, or that has another business or other relationship with, the Adviser, an Affiliate Adviser, or their related persons. For instance, Bain Capital, the Adviser or an Affiliate Adviser may have an interest in an Underlying Adviser. In such a case, investors in such Fund will bear not only the direct management fees, incentive fee, and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the Underlying Fund, some of which fees and expenses may be paid to the Adviser, Affiliate Adviser, or their related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the Underlying Fund or the Adviser or its

related persons in their capacity as service providers to the Underlying Fund, which would create a conflict of interest for then Adviser. Furthermore, Direct Investments may also give rise to conflicts of interest as further described in “—Direct Investment in Underlying Funds by Personnel of Affiliate Advisers” above.

### *Conflicts Associated With Underlying Advisers*

Underlying Advisers may advise clients other than the Underlying Fund in which the Funds invest. These relationships may create a variety of conflicts for the Underlying Adviser, including, without limitation, those described below.

The Adviser, the Funds and Related Funds may be entitled to certain transparency or information rights regarding the underlying assets in an Underlying Investment, and may be entitled to liquidity depending on the nature of the underlying assets. However, under certain circumstances, allowing the Funds or Related Funds to exercise those rights in the Funds’ investments may, in the judgment of the Underlying Adviser, conflict with its fiduciary duties to other of its clients or otherwise conflict with legal or regulatory obligations applicable to it or its business. In such event, the Underlying Adviser may prevent the Funds or Related Funds from exercising their contractual rights. The Underlying Adviser may seek to purchase the same securities for its other accounts as those it seeks to purchase for the Underlying Fund. In the case of scarce investment opportunities, the Underlying Adviser may face a conflict in determining whether to allocate the opportunity to the Underlying Fund or one or more of such manager’s other accounts. There may also be conflicts in priority of order entry. This may result in the Underlying Fund being unable to get a complete fill of its order, or it may get an inferior price. In some cases, it may not be possible to split securities among client accounts and as a result, the Underlying Fund would either be foreclosed from participating in the opportunity or would do so through a participation or similar arrangement.

Even though an Underlying Fund and another client of an Underlying Adviser may have substantially the same investment strategy, there may be material differences in the performance of one compared to the other. Such differences may be caused by differences in investment guidelines and restrictions, differences in size, and differences in the timing of inflows and outflows of capital, which despite periodic rebalancing, will result in differences in the portfolio composition of Underlying Investments compared to such other client of the Underlying Adviser. Furthermore, certain of the Underlying Advisers may engage in other forms of related and unrelated activities in addition to advising an Underlying Fund. They may also make investments in securities for their own account. Activities such as these could detract from the time an Underlying Adviser devotes to the affairs of an Underlying Fund. In addition, certain of the Underlying Advisers may engage affiliated entities to furnish brokerage services to Underlying Investments and may themselves provide market making services, including acting as counterparty in stock and over-the-counter transactions. As a result, in such instances the choice of broker, market maker or counterparty and the level of commissions or other fees paid for such services (including the size of any mark-up imposed by a counterparty) may not have been made at arm’s length.

In addition to the foregoing, the potential conflicts described herein in respect of the Adviser’s management of the Funds will generally apply in respect of the Underlying Advisers’ management of the Underlying Funds.

### *Allocation of Fees and Expenses*

The appropriate allocation among Funds (including among the Funds and any parallel vehicles), other Related Funds, the Fund investors and Third Parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and the Affiliate Advisers and their respective affiliates in good faith, consistent with the limited partnership agreements (or analogous organizational documents) of the Funds and Related Funds, as applicable. It is possible that there may be no third party that has agreed to share expenses with a Fund if the co-investment is not consummated, with the result that such Fund may bear all of the expenses relating to that potential investment notwithstanding that third parties may have benefitted from the opportunity to review, investigate and otherwise assess that potential investment, or that such third parties may be entitled to receive all or a portion of any termination fees paid in respect of such unconsummated co-investment. Furthermore, where an unconsummated investment opportunity has been presented to the Funds and investment-related expenses have been incurred, prospective investors should assume that the Funds will bear all investment-related expenses associated with such unconsummated investment, even if other Related Funds, Bain Capital Related Persons or Third Parties would have participated in such investment had it been consummated.

The appropriate allocation among the Funds, any parallel vehicles, and the Related Funds of expenses incurred in the course of evaluating and making investments often will not be clear, especially where more than one Related Fund participates. For instance, if a Fund and another Related Fund are considering making an investment that is not consummated, allocation of the expenses generated for the account of such Related Funds (such as expenses of common counsel and other professionals) will be made in good faith. Generally, when the Adviser and the other Affiliate Advisers incur expenses that were related to more than one Related Fund, they will typically allocate such expenses among all Related Funds eligible to reimburse expenses of the applicable nature. In general, each relevant Affiliate Adviser will participate in the resolution of all such matters using its best judgment, considering all factors it deems relevant, but in its sole discretion. In addition, the Adviser and other Affiliate Advisers that solely advise funds and accounts of Bain Capital Related Persons have a conflict of interest in determining the appropriate allocation of expenses among the Funds and such vehicles of Bain Capital Related Persons.

Expenses related to investments are generally expected to be allocated based on factors the Adviser deems equitable and reasonable, including the timing of an investment relative to the incurrence of the expense. If other Related Funds, Bain Capital Related Persons or Third Parties participate in an investment simultaneously with the Funds, such expenses are expected to be allocated among the intended participants in such investment on a pro rata basis. Alternatively, other Related Funds, Bain Capital Related Persons, and Third Parties might not participate in an investment opportunity at the time such investment expenses are incurred. In such instances, the Funds are generally expected to bear most, if not all, of the investment-related expenses incurred with respect to an investment that is not allocated to any other Related Fund, Bain Capital Related Persons or Third Party.

Where the Funds receive an allocation of an investment opportunity prior to other Related Funds, Bain Capital Related Persons or Third Parties, the Funds might bear all investment-related



expenses associated with such investment opportunity, even if Related Funds, Bain Capital Related Persons or Third Parties participate in such investment opportunity after the Funds' initial investment therein. Because the Funds will frequently invest in an investment opportunity prior to investment in such opportunity by other Related Funds, Bain Capital Related Persons or Third Parties, such other funds or accounts are expected to bear lower investment-related expenses than the Funds with respect to such investment. For the avoidance of doubt, where an investment is first made by the Funds and then subsequently made by such other Related Funds, Bain Capital Related Persons or Third Parties, it is not expected that previously-incurred investment-related expenses will be reallocated across all participating funds and accounts. As a result of the foregoing, the Adviser and other Affiliate Advisers (including Affiliate Advisers that solely advise funds and accounts of Bain Capital Related Persons) might have an incentive to cause other Related Funds, Bain Capital Related Persons or Third Parties to invest after (as opposed to prior to or alongside) the Funds.

When the Adviser and the other Affiliate Advisers (including Affiliate Advisers that solely advise funds and accounts of Bain Capital Related Persons) incur expenses that are unrelated to a specific investment, but were related to the Funds and other funds or accounts, they will typically allocate such expenses among all funds and accounts eligible to reimburse expenses of the applicable nature, to the extent the Adviser and the other Affiliate Advisers deem such allocation reasonable. Although the Funds would bear their share of such an expense, it is possible that the Adviser, Affiliate Advisers (including Affiliate Advisers that solely advise funds and accounts of Bain Capital Related Persons) and/or other Related Funds will receive some or even all of the intended benefit (whether a good, service, research or otherwise) associated with such expense. For example, it is possible that Related Funds and/or Affiliate Advisers may benefit, to the extent permitted by applicable law, from research materials initially procured in the course of evaluating potential investments on behalf of the Funds without agreeing to share expenses with the Funds for such research materials or services.

Investments sourced and evaluated by the Adviser that are deemed inappropriate and rejected for investment by the applicable Funds have in the past and may in the future be offered to the Affiliate Advisers for investment by the other Related Funds or for Bain Capital personnel. The other Related Funds or Bain Capital personnel will, for some investments, benefit from the evaluation and due diligence undertaken by an Adviser on behalf of the applicable Funds. In such circumstances, the Related Funds and/or Bain Capital Related Persons that have invested will be allocated the expenses, as determined in good faith by the applicable general partner of a Fund, incurred by an Adviser and/or the applicable Funds as they relate to such investment.

### *Insurance Expenses*

The General Partners may cause the Funds to purchase, or share in the expenses of, insurance policies, including insurance policies covering more than one Related Fund and the activities of Bain Capital generally, that the General Partners consider necessary or appropriate for the conduct of the business of the Funds, including key personnel insurance policies naming the Funds as beneficiaries and insurance policies covering any person individually against all claims and liabilities of every nature arising by reason of being, or holding, having held, or having agreed to hold office as, a partner, officer, member of the advisory board, employee, agent, investment advisor or manager, or independent contractor of the Funds, or being, serving, having served, or having agreed to serve at the request of the Funds as a partner, director, trustee, officer, member,

employee, agent or independent contractor of another partnership, limited liability company, corporation, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted by any such person in any of the foregoing capacities, including any action taken or omitted that may be determined to constitute negligence, whether or not in the case of insurance the Funds would have the power to indemnify such person against such liability. The Funds' share (as determined by the General Partners) of fees and expenses incurred in connection with obtaining and maintaining any such insurance policy or policies, including any commissions and premiums and any expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation related to such insurance policies, will be Fund Expenses.

### *Cross Transactions*

In certain cases, the Adviser may cause a Fund to purchase investments from another Related Fund, or it may cause a Fund to sell investments to another Related Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Related Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, the Affiliate Advisers, their affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Related Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser, the Affiliate Advisers and their affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser may consult with its limited partner advisory board and will follow the Investment Allocation Requirements of the relevant Funds (e.g., the limited partnership agreements (or analogous organizational documents) of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that such Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Fund where the Adviser is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a Fund (what is commonly referred to as a "principal transaction"), the Adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the Fund's consent to the transaction. In connection with the Adviser's investment advice provided to Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act

be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

### ***Conflicts Relating to Existing Investments***

#### ***Affiliated Investments***

Further conflicts will arise once a Fund has made an investment in a company in which another Fund or a Related Fund has also invested, particularly where such Fund and such other Fund or Related Fund invest in different types of securities. For example, questions have in the past and may in the future arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, raise conflicts of interest. In connection with a restructuring of a financially distressed company, the equity interests in the company may be extinguished or substantially diluted while the creditors may receive a recovery of some or all of the amounts due to them and may receive equity in the company. In this regard, as a debt holder in a company subject to a restructuring, another Related Fund may receive a recovery of amounts owed to it as a lender while a Fund's equity interest may be extinguished or substantially diluted. Similarly, the Funds may be a debt holder in a company where a Related Fund may be an equity holder and the Funds may be conflicted in determining whether or how to enforce their rights. The involvement of Affiliate Advisers at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds or other Related Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds or other Related Funds may or may not provide such additional capital, and if provided the Funds and other Related Funds will supply such additional capital in such amounts, if any, as determined by the Advisers and the other relevant Affiliate Advisers in their sole discretion. Each Affiliate Adviser will resolve all such conflicts using its best judgment but in its sole discretion, subject in certain cases to approval by the advisory boards or similar committees of the participating investment funds.

#### ***Follow-On Investments***

Investments to finance follow-on acquisitions are a regular part of the business of the Related Funds. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing, and, if the Related Fund making the follow-on investment has not previously invested in the relevant portfolio company, raise the risk of using such Related Fund's assets to support positions taken by other Related Funds. In addition, from time to time, a Related Fund will participate in releveraging and recapitalization transactions involving portfolio companies in which other Related Funds have invested or will invest. Recapitalization transactions will present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Each

Affiliate Adviser will resolve all such conflicts using its best judgment, but in its sole discretion, subject in certain cases to approval by the respective advisory board or similar committee of the participating investment funds.

### *Equity Investments*

A Fund and/or other Related Funds in many cases will own a significant or controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such portfolio company and the participating funds and accounts and other relevant factual circumstances, could result in an extension of bankruptcy preference periods with respect to payments made to such Fund and/or subordination of its claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, because of their equity ownership, representation on the boards of directors, and/or contractual rights, a Fund and other Related Funds will be thought to control, participate in the management of or influence the conduct of portfolio companies. The effect of these relationships will vary in non-U.S. jurisdictions. These factors could expose the assets of a Fund to claims by a portfolio company, its security holders, its creditors or governmental agencies.

### *Debt Investments*

If the Funds purchase debt securities of an affiliate in the secondary market at a discount, (a) a court might require the Funds to disgorge profit they realize if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) the Funds might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

### *Private Placements*

A portion of a Related Fund's investments may consist of securities that are subject to restrictions on resale by such Related Fund because they were acquired in a "private placement" transaction or because such Related Fund is deemed to be an affiliate of the issuer of such securities. Generally, a Related Fund will be able to sell such securities only under Rule 144 under the Securities Act of 1933 (the "Securities Act"), which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, the Related Fund may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Securities Act.

### *Indentures*

A Fund may directly or indirectly control or be under common control with issuers of securities held by such Fund, which were issued under an indenture qualified under the Trust Indenture Act of 1939 (the "Trust Indenture Act"), especially where a Related Fund is deemed to control the issuer of the securities. In such cases, the securities held by the Funds would be required by the Trust Indenture Act to be disregarded for the purposes of determining whether the holders of the required principal amount of such issuer's securities have concurred in certain directions or consents.

### *Business with Portfolio Companies and Investors*

The other Affiliate Advisers may, and typically do, recommend to the Related Funds and to portfolio companies of such Related Funds that they contract for management services and other services with such other Affiliate Adviser, providing such other Affiliate Adviser and its affiliates with a financial or other benefit. When making such a recommendation, the Affiliate Adviser, because of a financial or other business interest, has an incentive to recommend its own services and those of its affiliates even if another person is more qualified to provide the applicable services or can provide such services at a lesser cost.

When contracting to provide such services to portfolio companies of a Related Fund, the other Affiliate Advisers may, and regularly do, receive periodic fees or other compensation for such services as well as fees or other compensation in connection with subsequent transactions. The other Affiliate Advisers may also, and regularly do, receive expense reimbursements and certain indemnification rights from the portfolio companies of the Related Funds in connection with such agreements. A Fund may, from time to time, make co-investments in transactions sourced by other Affiliate Advisers, including potentially in a portfolio company in respect of which an Affiliate Adviser receives such fees and reimbursements. Although an Affiliate Adviser receives these fees and reimbursements from actual or prospective portfolio companies, the opportunity to earn these fees may create a conflict of interest between such Affiliate Adviser, on the one hand, and, to the extent a Fund co-invests in the transaction, a Fund on the other hand, because the amounts of such fees and reimbursements are often substantial and Funds will not share in such fees and reimbursements.

Certain members of the advisory board are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Related Fund.

### ***Other Potential Conflicts of Interest***

#### *Legal Counsel*

The Funds and the other Related Funds will generally engage common legal counsel and other advisors to represent all of the Related Funds in a particular transaction, including a transaction in which the Related Funds have conflicting interests because they are investing in different securities of a single portfolio company. In the event of a significant dispute or divergence of interest between one or more Related Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case the Adviser and the other Affiliate Advisers may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. The law firms engaged to represent the Related Funds are investors in certain Related Funds, and could also represent one or more portfolio companies or limited partners of the Related Funds. Additionally, the Adviser and the other Related Funds and the portfolio companies of the Related Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser, on the one hand, and the Related Funds, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Related Funds and/or the portfolio companies.

## *Procurement*

There may be situations in which the Advisers are in a position of facilitating or otherwise making available portfolio company services or other third party group purchase arrangements (each such service or arrangement, a “Transaction Opportunity”) and, as a result, certain portfolio companies of a Fund may be counterparties or participants in agreements, transactions or other arrangements with third parties or the portfolio companies of the other Related Funds. Such arrangements may involve favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. An Adviser could be eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies or such third parties in such Transaction Opportunities, and any discounted amounts will not be subject to offsets against the management fee or otherwise shared with the relevant Fund. In recommending a Transaction Opportunity, an Adviser has a conflict of interest in maintaining the goodwill between it and the relevant portfolio company or third party and facilitating or otherwise making Transaction Opportunities of one portfolio company or third party, even though the Transaction Opportunity may not necessarily be the best available for other portfolio companies or third parties. The benefits received by a portfolio company or third party providing a Transaction Opportunity may be greater than those received by another portfolio company receiving such Transaction Opportunity.

## *Diverse Investor Base of the Funds, the Underlying Funds and the other Related Funds*

A Fund, the Underlying Funds and the other Related Funds have tax-exempt, taxable, non-U.S. and other investors, whereas most members of the general partners and other Related Funds are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, including, in each case, investors in the Funds or who are investing alongside the Funds (including through other Related Funds), or investors in the Underlying Funds. For these reasons, among others, decisions have in the past and may in the future be more beneficial for one investor than for another investor, particularly with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for the Funds and Related Funds and dispositions thereof, the Adviser and the Affiliate Advisers will consider the investment and tax objectives of the applicable Fund or Related Fund, not the investment, tax and other objectives of any investor individually. Similar conflicts of interest may arise as between the Funds and the Underlying Advisers. Conflicts of interest between the investors, the Adviser, and/or the Underlying Advisers may also arise in connection with decisions made by the Adviser and/or an Underlying Adviser, including with respect to the structuring of investments and the making of purchase and sale decisions and the reporting thereof or withholding with respect thereto.

## *Access to Information*

The Adviser and/or the applicable General Partner may enter into certain side letter arrangements with certain investors providing such investors with different or preferential rights or terms, including side letter rights. Except as otherwise agreed with an investor, none of the Adviser, the Funds or the General Partners are required to disclose the terms of side letter arrangements with other Fund investors.

The limited partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund's General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, certain information may be withheld from limited partners that are subject to FOIA or similar requirements. The General Partners will at times elect to withhold certain information from such limited partners for reasons relating to a General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity may ask different questions and request different information, the Adviser will provide certain information upon request to one or more prospective investors that it does not provide to all of the prospective investors or limited partners. Additionally, the Adviser may establish separate accounts with portfolios significantly similar to those of the Funds. Consequently, the relevant separate account client will have access to information about such portfolio holdings before limited partners.

#### *Conflicts Related to Plan Assets*

One or more of the Funds and one or more other Related Funds may hold "plan assets" subject to ERISA. With respect to those plan assets, if any, the Adviser and certain affiliates may be classified as "fiduciaries" under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a Fund will be restricted from entering into certain transactions if the investment would violate ERISA with respect to a Fund or any other Related Fund, or will be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Fund or other Related Fund.

#### *Advisory Board*

The Funds may establish advisory boards consisting of representatives of investors, which may have certain consultation and/or approval rights with respect to certain matters, including conflicts of interest. Members of the Funds' advisory board will generally act in their own interest, and will not necessarily act consistently in the best interest of the investors as a whole. In addition, members of the advisory boards of the Funds are likely to receive information regarding the proposed investment activities of the Funds that would not generally be available to the public or other investors of the Funds. Certain members of a Fund's advisory boards may be officers or directors of, or otherwise affiliated with, investors in another Related Fund. Advisory board members will not owe any fiduciary or other duties to the Funds or the investors, and will be entitled to indemnification and exculpation to the fullest extent permitted by applicable law. Consent by the advisory boards to any matter determined by the Adviser to require the consent of a Fund under the Advisers Act, or to any other matter presented to an advisory board by the Adviser for consent, shall be deemed to constitute the consent of the Funds. Each investor is deemed to have consented to the delegation to the advisory boards of any such consent otherwise required of the Funds. Consent of members of the advisory boards may be deemed to be given in a particular case if the members do not expressly object to or disapprove a transaction for which advisory board consent is being sought.

#### *Material, Non-Public Information: Trading Restrictions*

From time to time, the Adviser or another Affiliate Adviser will come into possession of material, non-public information, and such information may limit the ability of the Funds to buy and sell investments. Although the Adviser and the Affiliate Advisers currently maintain “ethical walls” which reduce the likelihood that the Adviser will be deemed to possess material, non-public information possessed by other Affiliate Advisers, there is no guarantee that the Adviser and the Affiliate Advisers will maintain “ethical walls” for the life of a Fund, such as circumstances where the members of the Adviser’s advisory boards or similar committees are also personnel of other Affiliate Advisers. Furthermore, the Adviser and the other Affiliate Advisers will agree from time to time to “cross” ethical walls, and Bain Capital will from time to time impose restrictions on transactions involving particular issuers in its discretion taking into account all factors it deems relevant in the collective interest of the Adviser and the other Affiliate Advisers. In such cases, a Fund and the other Related Funds could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by other Affiliate Advisers will at times limit the ability of a Fund to buy and sell investments. In addition, the Adviser will from time to time be restricted by contract from using confidential information that it, or another Affiliate Adviser, has for the benefit of a Fund.

#### *Interpretation of the Limited Partnership Agreement*

The limited partnership agreement and related documents are detailed agreements that establish complex arrangements among the limited partners, the Funds, the General Partners, the Adviser and other entities and individuals. Questions will arise from time to time under these agreements regarding the parties’ rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements’ drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While the relevant agreements will be construed in good faith and in a manner consistent with applicable legal obligations, the interpretations adopted will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or the limited partners.

Different conflicts may exist with respect to investments in different Funds.

Please contact the Bain Capital compliance department with any additional questions or concerns.

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

##### **Code of Ethics**

The Adviser has adopted a Code of Ethics Policy for its personnel. The policy describes personnel standard of conduct and fiduciary duties and limits personal trading by its personnel and their immediate family/household members in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, and derivative instruments. Personnel must report every account that they or their immediate family member use for trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions and have copies of trade confirmations and periodic account statements sent



by their broker to the compliance department. Controlled trading by personnel and their immediate family/household members is prohibited in a wide range of securities that appear on restricted lists and confidential watch list and additional steps are taken to ensure that personnel and their immediate family/household members are not permitted to trade for their personal account in securities selected for the Related Funds and to ensure personnel do not engage in “front-running” of the Related Funds’ investment opportunities.

Personnel are required to promptly report any violation of the Code of Ethics policy of which they become aware. Personnel are required to annually certify compliance with the Code of Ethics policy.

A detailed summary of the Code of Ethics is available to limited partners and prospective limited partners during the investment due diligence process. A copy may be obtained by contacting the Adviser’s compliance department.

### **Related Person Investment**

For further detail regarding circumstances in which the Adviser or a related person (a) recommends to clients, or buys or sells for client accounts, securities in which the Adviser or a related person has a material financial interest, (b) invests in the same securities that the Adviser or a related person recommends to clients, or (c) recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that the Adviser or a related person buys or sells the same securities for the Adviser’s own (or the related person’s own) account, as well as related conflicts of interest, please see Code of Ethics above.

In addition, the Adviser’s personnel may buy securities in transactions offered to but rejected by the Related Funds. Such transactions are subject to the policies and procedures set forth in the Adviser’s Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Related Funds. If the Adviser’s personnel have made large capital investments in or alongside the Related Funds they may have conflicting interests with respect to these investments. For further details regarding these arrangements, as well as related conflicts of interest, please see Item 10 above.

### **Item 12. Brokerage Practices**

As the Funds’ investments are primarily in Underlying Funds, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., distributions of public securities from an Underlying Fund). To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

For each of the Funds, the Adviser may have, subject to the direction of such Fund’s General Partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek “best execution” of the transaction. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the

circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

To the extent they aggregate orders for purchase and sale, the Adviser will aggregate such orders as it deems appropriate and in accordance with each Fund's documents and in the best interest of each Fund.

### **Item 13. Review of Accounts**

#### **Oversight and Monitoring**

The portfolio investments of the Funds are continuously reviewed by a team of investment professionals. The team includes a Managing Director and other investment professionals of the Adviser. The Adviser closely monitors the portfolio investments of the Funds and generally maintains an ongoing oversight position in such portfolio investments.

#### **Reporting**

Investors in the Funds will typically receive, among other things, a copy of financial statements of the relevant Fund. In addition, investors in each Fund will typically receive quarterly summary financial information regarding such Fund following the end of each financial quarter.

Investors in the funds also receive regular reporting updates through quarterly letters, investor one-on-one meetings and other materials. The Adviser and the applicable General Partner, if any, may from time to time, in their sole discretion, provide additional information upon request relating to such Fund to one or more investors in such Fund as they deem appropriate.

### **Item 14. Client Referrals and Other Compensation**

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related conflicts of interest, please see Item 10 above. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by the Affiliate Advisers' portfolio companies.

### **Item 15. Custody**

The Adviser has determined that it has custody of Fund assets for purposes of the Advisers Act as the Adviser is a related person of the General Partner of each such Fund. It is the policy of the Adviser to comply with the Advisers Act requirements in respect of the assets of any such client. The Adviser will conduct all business operations in such a way that it will not physically hold

client securities or funds; instead, assets of such Fund will be preserved in the safekeeping of qualified custodians.

In accordance with SEC guidance, with respect to certain investments in privately offered securities, a specified custodian may hold only documentation relating to or referencing such investments but not the actual investment itself, and/or investments of a Fund may not be registered in the name of the custodian. Consequently, the custodian may not have control over the disposition of such investments, or the ability to direct delivery of sale proceeds or other distributions from such investments to the custodian. Further, for such investments, the custodian may not have the ability to validate or reconcile ownership of the investment with any third party, including the issuer.

#### **Item 16. Investment Discretion**

The Adviser provides investment advisory services to each of the Funds pursuant to the Advisory Agreements. Investment advice is provided by the Adviser directly to the applicable Funds, subject to the direction and control of the General Partner of such Fund. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Fund, and are set forth in the documentation received by each limited partner prior to investment in such Fund.

#### **Item 17. Voting Client Securities**

The Funds are not able to direct the vote of their General Partner. The General Partners of the Funds intend to vote proxies or similar corporate actions either in accordance with management recommendations, or otherwise in the best interests of the Funds, taking into account such factors as they deem relevant in its sole discretion. The Adviser's proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict.

A detailed summary of the Adviser's proxy voting policies and procedures are available to limited partners and prospective limited partners in the n Funds during the investment due diligence process. A copy of the proxy voting policies and procedures may be obtained by contacting the Adviser's Compliance Department.

Existing clients may obtain copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund, and copies of proxy voting policies and procedures upon written request to: Bain Capital Partnership Strategies, LP, 200 Clarendon Street, Boston, MA 02116.

#### **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

#### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.