

**Item 1. Cover Page**

**Powerscale Capital Management, LLC**

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Part 2A of Form ADV: Firm Brochure  
September 25, 2018

**This brochure provides information about the qualifications and business practices of Powerscale Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at [johnp@powerscalecap.com](mailto:johnp@powerscalecap.com). 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 Powerscale Capital Management, LLC 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**

This brochure, dated as of September 25, 2018 is Powerscale Capital Management, LLC's first brochure. As a result, Item 2 is not applicable to Powerscale Capital Management, LLC.

### **Item 3. Table of Contents**

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

For purposes of this brochure, the “Adviser” means Powerscale Capital Management, LLC, a Delaware limited liability company, together (where the context permits) with its affiliated general partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates may or may not be under common control with Powerscale Capital Management, LLC, but possess a substantial identity of personnel and/or equity owners with Powerscale Capital Management, LLC. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds, or may serve as general partners of the Funds.

The Adviser provides investment supervisory services to investment vehicles (together with any investment vehicles raised in the future, 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”).

The Adviser seeks to achieve its investment goals by implementing an “endowment-style” investment strategy. In accordance with the Funds’ respective investment objectives, the Funds make investments in securities and portfolio companies directly (together, “Direct Investments”), and indirectly through pooled investment vehicles managed by third party managers (the “Underlying Funds”). Investments are made in a variety of asset classes, including private equity, real assets, natural resources, private credit and liquid tradeable securities. The Funds’ investments do not generally have geographic restrictions. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund, Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund (such documents collectively, a Fund’s “Organizational Documents”).

The principal owners of Powerscale Capital Management, LLC are John Powers and Juniper Venture Holdings, a family office. The Adviser has been in business since 2018.

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

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. Additionally, consistent with the Organizational Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Funds. Further details about certain common fees and expenses are set forth below.

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Funds, the Adviser receives an advisory fee (each, an “Advisory Fee”) typically calculated based on the aggregate net asset value of an investor’s capital account. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Fund are indirectly borne by investors in such Fund. Advisory Fees are payable quarterly in advance.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser and are set forth in such Fund’s Advisory Agreement and/or the Organizational Documents received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

Certain investors in the Funds that are employees, business associates and other “friends and family” of the Adviser or its personnel (“Adviser Investors”) will not typically pay Advisory Fees in connection with their investment in a Fund. Notwithstanding that Adviser Investors will generally not pay Advisory Fees, Adviser Investors will pay for their pro rata share of certain Fund expenses or the pro rata portion of such Adviser Investors’ expenses will be allocated to the Adviser or the general partner of the applicable Fund.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

### **Other Fees**

The Adviser and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company (“Director Fees”) and in connection with an unconsummated transaction (“Break-Up Fees”). The amount and timing of Break-Up Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Although Director Fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such Director Fees. The amount and manner of such reduction, if any, is set forth in the Advisory Agreement and/or Organizational Documents of the applicable Fund. To the extent a reduction relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Director Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee.

In addition, the Adviser or its managing directors or employees, on behalf of Adviser, may receive stock of a portfolio company as a Director Fee due to service of a managing director or employee of the Adviser on the board of such portfolio company. In the event of such a distribution or receipt of stock, the recipients, or Adviser, with respect to stock received as an Director Fee, may act in their own interest with respect to the share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such recipient, or the Adviser, shall determine. The ability of such recipients, or the Adviser, with respect to stock received as a Director Fee, to act in their own interest with respect to such distributed shares creates a conflict of interest between the Adviser, as an adviser to the Fund, and its Related Persons, on the one hand, and the Fund.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

## **Expenses**

### *Adviser Expenses*

To the extent provided in the Advisory Agreements and the Organizational Documents of the Funds, the Adviser will pay out of Advisory Fees certain expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, travel, entertainment, compensation and expenses of its partners, officers and employees (other than Carried Interest described in Item 6 below) and other normal and routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds.

### *Fund Expenses*

Consistent with the Organizational Documents of the Funds, each Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, audit, investment banking, consulting (including, but not limited to, consulting fees incurred by the applicable Fund for the benefit of its portfolio company), brokerage, sale,

depository (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive), fees paid to third-party valuation agents for valuations, appraisals or pricing services, administration (including maintaining the books and records of a Fund, including and related internal costs that the Adviser may incur to produce any such books and records or external costs for a third-party administrator to maintain and oversee a Fund's books and records), research and other information (including data and information service subscriptions, related systems and services from data providers and data management software), third party diligence software and service providers, subject and industry-matter experts, brokerage, finders', custody, transfer, registration, advisory board, information technology system expenses (including the costs of developing, implementing and maintaining computer software and hardware and other technological systems for the benefit of a Fund, its investors, or a portfolio investment or potential investment), bridge financing expenses (which may be payable to another Fund co-investing in the bridge transaction or to the Adviser or an affiliate, in each case being the entity providing the bridge financing to the applicable Fund, financing, commitment, origination and similar fees and expenses, insurance premiums of any general partner liability, errors and omissions, or other insurance and extraordinary administrative or operating expenses, including, without limitation, all litigation and indemnification expenses), including insurance of which the Adviser and its affiliates are beneficiaries, cyber-security insurance premiums, interest, taxes, expenses related to attending trade association meetings, conferences or similar meetings in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated), risk management assessment expenses, expenses associated with a Fund's compliance with applicable laws and regulations, expenses incurred in connection with complying with provisions in investor side letter agreements, including "most favored nation" provisions; such Fund's allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated (including expense that would have been borne by co-investment vehicles), such Fund's allocable share of expenses and fees incurred in the course of making investments, expenses associated with a Fund, and other similar fees and expenses, as well as any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser.

In addition, the Adviser, from time to time, engages one or more fund administrators or similar service providers to perform certain functions in relation to Fund, which services may include coordination of the Funds' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting which with the Funds are required to comply. In certain instances, employees of such service providers dedicate substantially all of their time to the Funds or spend all or a significant majority of their business time at the Adviser's offices. These expenses related to such service provider employees are borne by the Funds.

From time to time, the general partner of a Fund may create certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the general partner creates an SPV, consistent with the Organizational Documents of the Fund, the SPV, and indirectly, the investors thereof,

will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund.

#### *Co-Investment Vehicle Expenses*

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside the Fund may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in the making an investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses). Furthermore, if a proposed transaction is not consummated and a co-investment vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs may be borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, but not to the co-investment vehicle or other co-investor to which the co-investment opportunity was offered. Similarly, co-investment vehicles are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, expenses relating to such co-investment vehicle may, in certain situations, be borne by another Fund or Funds, regardless of whether such proposed transaction is consummated.

#### *Allocation of Expenses*

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be allocated among multiple Funds and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser has an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.



To the extent not allocated to a portfolio company, the Adviser will generally allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Organizational Documents or, to the extent not addressed in such Organizational Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Funds, Adviser 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 its affiliates in their good faith discretion, consistent with the Organizational Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund.

With respect to allocating other expenses among Fund(s), co-investment vehicles, Adviser Investors and/or Third Parties, as appropriate, to the extent not addressed in the Organizational Documents of a Fund, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

### **Carried Interest Payments**

Please see Item 6 below regarding "Carried Interest" that Funds may pay.

### **Brokerage Fees**

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to many of the Funds, a portion of the profits of each Fund is allocated to the capital account of its general partner, if any, as "carried interest" (the "Carried Interest"). Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds may incur lower or no Carried Interest.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment

opportunities to such Funds. Generally, and except as may be otherwise set forth in the Organizational Documents of the Funds, this conflict is 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 11 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 currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

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

The Funds typically have a minimum required investment. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund.

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

### **Methods of Analysis and Investment Strategies**

The Adviser’s investment strategy seeks to provide investors with long-term capital appreciation by using an endowment style approach. As a result, the Funds portfolios are highly diversified, with the Funds making investments across a variety of asset classes, investing styles and geographies. The Funds make direct investments into securities and make indirect investments via third party investment managers.

The principal elements of the Adviser’s investment strategy include:

1. Endowment style asset allocation across multiple asset classes with a long term goal of outperforming a 70/30 equity/fixed income portfolio;
2. Diversification across a range of factors with the goal of achieving equity-like returns over time with some dampening of overall equity beta;
3. Emphasis on private markets and related asset classes;
4. Sourcing investment opportunities directly and/or indirectly through 3<sup>rd</sup> party investment managers;

5. Selecting investments that are believed to offer superior relative value;
6. Seeking to manage the Funds' investment level, liquidity and risk through ongoing monitoring of the portfolio and ability to utilize hedging techniques; and (
7. Maintaining flexibility to take tactical or strategic positions that deviate from the Asset Allocation Model described below.

To ensure the Funds maintain appropriate levels of liquidity and to set the framework for portfolio construction, the Adviser has adopted an "Asset Allocation Model". This Asset Allocation Model specifies the target allocation for various asset classes, including: (i) private equity (buyouts, growth equity, venture and secondaries); (ii) real assets and natural resources (real estate, infrastructure and natural resources); (iii) private credit (senior loans, mezzanine and subordinated loans, credit opportunities, distressed investments and specialty finance); and (iv) liquid tradeable securities (U.S., global and emerging market equities, corporate and sovereign bonds, high yield, asset backed securities and cash). The targets for each category are based on the Adviser's long-term view of the markets and the global investment environment that are essential to the Adviser's investment strategy.

## **Risks**

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

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

*Partial or Total Loss of Capital.* The success of each Fund depends on the identification by, and the availability of suitable investment opportunities to, the General Partner and, as applicable, third party managers. Sourcing suitable investment opportunities will be subject to market conditions and other factors outside the Adviser. There can be no assurance that a Fund will be able to avail themselves of suitable investment opportunities and market conditions. There can be no assurance that the Funds will be able to identify sufficient attractive investment opportunities to meet their respective investment objectives, or that they will otherwise be successful in implementing their respective investment objectives or avoiding losses (which may include the loss of the entire amount invested). There is no assurance that the Funds will achieve their investment or performance objectives, including without limitation the location of suitable investment opportunities, or that the Funds will be able to fully invest their committed capital. The possibility of partial or total loss of capital in the Funds exists, and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.

*Limited Diversification of Investments.* Each Fund may make a limited number of investments, and Underlying Funds may also invest in a limited number of Direct Investments. Various

factors, including prevailing market conditions, available investment opportunities, the timing of investments and the size of the Funds may prevent the Adviser from diversifying the Funds' portfolios or may result in the Funds' portfolios being less diversified than the Adviser wishes. For these and other reasons, the Funds could be concentrated in relatively few investments, regions or industries, and thus the benefits of diversification may not be realized. Because of the length of time typically needed to construct a private equity portfolio, the Funds' portfolios initially will not be diversified.

A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by the Funds' investors may be substantially adversely affected by the unfavorable performance of a small number of these investments.

*Nature of Investment.* Investments in Direct Investments and indirect investments through Underlying Fund investments will involve a high degree of business and financial risk. Certain of the Funds' investments may be in businesses with little or no operating history. In addition, many of the Funds' investments may be in businesses with high levels of debt or may be investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. The amounts of a leveraged company's borrowings and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on a leveraged company's performance.

*Illiquidity of Investments.* While not expected to occur often in some cases, a Fund may dispose of one or more of its investments in one or more Underlying Funds or Direct Investments, as the case may be, in secondary transactions with third parties. The consent of the third-party managers of Underlying Funds and portfolio companies will generally be required to affect any such secondary sale and such consent may not be granted. Moreover, the market for secondary transactions is illiquid and there is no guarantee that a secondary sale will be completed when most beneficial for such Fund or that the price obtained in such a secondary sale will be affected at a price that reflects the valuation at which the Adviser holds such portfolio investment.

*Factors Affecting Financial Entities.* The Funds or Underlying Funds may make investments in financial entities, including bank holding companies. Financial entities generally have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities (including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act")), monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. Such factors affect customers and counterparties of banking entities and affect the value of financial instruments held by banking entities. Fluctuations in interest rates, which affect the value of assets and the cost of funding liabilities, are not predictable or controllable and affect economic activity in various regions or could have a material adverse effect on the Funds' operating results and financial condition.

*Financial Fraud.* The value of an investment made by a Fund may be affected by fraud, misrepresentation or omission on the part of a direct or indirect counterparty of such Fund or any related parties to such counterparty, or by other parties to the investment (or any related collateral and security arrangements). Such fraud, misrepresentation or omission may adversely affect the value of the investment and/or the value of the collateral underlying the investment in question and may adversely affect such Fund's ability to enforce its contractual rights relating to that investment or the relevant obligor's ability to repay the principal or interest on the investment.

*Hedging Transactions May Adversely Affect Overall Performance.* The Funds may, but are not required to, engage in hedging transactions. In particular, as many of the Funds' investments are expected to consist of securities whose price behavior is not particularly correlated to general fixed income or equity index returns, such investments are expected to be difficult or expensive to hedge, and as such the Funds may not employ any hedging strategy in respect of such investments (including with respect to their credit risk).

To the extent the Adviser employs a hedging strategy for a Fund, the success of any such hedging strategy will depend, in part, upon the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of such Fund's hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for such Fund than if it had not engaged in such hedging transactions. For a variety of reasons, the Adviser may not seek to establish a precise correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imprecise correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. Additionally, the Adviser might not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge or because it does not foresee the occurrence of the risk. Moreover, there is no guarantee that the Funds' intended hedging strategy will be successful in hedging out the subject risks.

*Co-Investment with Third-Parties.* The Funds may make direct investments in portfolio companies with third-parties through partnerships, joint ventures or other arrangements. Such investments involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-investor or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds or may be in a position to take action contrary to the Funds' investment objectives. Because the Funds will hold minority or non-controlling positions in most, if not all, circumstances, the Funds may not have the ability to influence management or decisions about disposition of underlying investments. Although the Funds may seek management rights in portfolio companies in which it invests directly, the Funds expect to make minority equity investments in portfolio companies where it may not be able to control or influence effectively the business or affairs of such entities. The entity in which a Fund's investment is made may have economic or business interests or goals which are inconsistent with those of such Funds, and such Fund may not be in a position to limit or otherwise protect the value of its investment in the portfolio company. In addition, although a

Fund may seek board representation in connection with its investments, there is no assurance that such representation, if sought, will be obtained. In addition, a Fund may under certain circumstances be liable for actions of its third-party co-investors or partners.

*Minority Investments.* The Funds will be investing in portfolio companies sponsored, controlled and managed by third parties. The Funds will not have an active role in the management of the assets of the portfolio companies, and a Fund's ability to withdraw from or transfer its interests in such portfolio companies will be limited. As a result, the performance of the Funds will depend significantly on the investment and other decisions made by third parties, which could have a material adverse effect on the returns achieved by investors in such Fund.

*Competitive Nature of the Fund's Business.* The market for investments in the Adviser's investment strategy is highly competitive, and successfully sourcing investments can be problematic given the high level of investor demand some investment opportunities receive. In addition, the current private equity environment is even more competitive as hedge funds and other institutional investors compete for investment opportunities. Similarly, identifying attractive investment opportunities is difficult and involves a high degree of uncertainty. Furthermore, the Adviser is unlikely to obtain as favorable terms as it would otherwise in a less competitive investment environment. The Funds will be competing for investments against other investors, including direct investment firms, merchant banks and industrial groups, there is no assurance that a Fund will be able to invest fully its committed capital or that the Adviser will be able to identify suitable investment opportunities. A Fund's performance may be adversely affected if such Fund is unable to invest its committed capital.

*Market Disruption, Terrorism and Geopolitical Risk.* The Funds are subject to the risk that war, terrorism and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of the investments. War, terrorism and related geopolitical events have led, and in the future, may lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events as well as other changes in world economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of the investments. At such times, a Fund's exposure to a number of other risks described herein can increase.

*Unspecified Use of Proceeds.* The Funds have not selected all the investments that they will make. Purchasers of interests will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Funds and, accordingly, will be dependent upon the judgment and ability of a Fund's general partner and the Adviser in investing and managing the capital of the Funds. No assurance can be given that the Funds will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Funds will be achieved.

*Multi-Asset Class Portfolio.* The Funds invest, directly, or indirectly through Underlying Funds, in global multi-asset class portfolios, including, but not limited to, investments in securities, private equity investments, debt instruments, derivatives, liquid and tradeable securities, real estate and infrastructure and other assets. Investment in all these assets involve the risk of capital

and no assurance can be given that the Funds' investment activities will be successful or that an investor will not suffer losses. In addition, The Adviser pursues a variety of investment strategies for its Funds, the primary goals of which are to improve returns, reduce the total portfolio risk of the Funds or both, but may instead adversely impact the Funds' returns. Further, the Adviser may implement and employ any strategies or techniques and utilize any financial instruments which it believes will assist the Funds in achieving their investment objectives. It is impossible to know with certainty what the future investment performance from these activities will be and the risks involved in pursuing these strategies may not be assessed correctly.

*Importance of Liquidity to Asset Allocations.* Liquidity is beneficial to the Funds. Each Fund can seek to modify its liquidity at any given time by selling some of its investments, or by raising additional capital from existing or new investors. The sale of existing positions would involve transaction costs and may adversely affect investment performance. The ability of any of the Funds to increase its liquidity to respond to potential circumstances encountered in the market would be adversely affected if it were unable to raise additional capital from existing or new investors. Factors that the Adviser cannot control could impair its ability to raise additional capital, including the impact of then-prevailing economic conditions on the liquidity available to its potential investors. Liquidity is also needed to satisfy the Funds' obligations to contribute capital to the Underlying Funds as capital is called. If the Funds cannot, for whatever reason, satisfy such obligations, the Funds would have to liquidate positions in certain investments that would otherwise be preferable to hold or possibly at prices below intrinsic fair values, or the Funds would be forced to default (and suffer penalties or loss of invested capital), which could adversely affect investment performance.

*Failure by Other Investors to Meet Capital Calls of Underlying Funds.* The Funds, directly or indirectly, may be one of many investors in Underlying Funds, many of which will have capital contribution obligations over an extended period of time. Failure by one or more other investors to meet a capital call of an Underlying Fund could have adverse consequences for the Funds. The Underlying Fund may be permitted to require the Funds and other investors in the Underlying Fund to contribute additional capital to satisfy such a shortfall. If the Underlying Fund is unable to raise sufficient capital to consummate the proposed investment, the portfolio manager may not be able to diversify its portfolio, which could adversely affect results of the Underlying Fund and could also result in the investments of the Underlying Fund being concentrated in relatively few industries and regions. Furthermore, the Underlying Fund may not have sufficient capital to contribute capital to existing portfolio companies necessary to ensure their ongoing financial stability. If multiple investors fail to meet capital calls from a particular Underlying Fund, the Underlying Fund could default in its obligations, which could result in the termination of such Underlying Fund, causing a lower return, or potentially a loss, on the Fund's investments.

*Underlying Fund Performance Dependent on Unrelated Managers.* Some or all of the Underlying Funds will be managed by portfolio managers unrelated to Adviser, and the Funds may make direct investments sourced by these unrelated portfolio managers. While representatives of the Adviser may serve on the advisory boards of certain Underlying Funds, the Funds generally will not have the opportunity to evaluate the specific investments made by any Underlying Fund and will not 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 portfolio managers and could be substantially adversely affected by the

unfavorable performance of these portfolio managers. The performance of an Underlying Fund may also rely on the services of a limited number of key individuals, the loss of whom could significantly adversely affect the Underlying Fund's performance.

*Multiple Levels of Fees and Expenses.* Although in most cases the Underlying Funds and other securities in which the Funds invest are difficult for investors to access directly, an investor who meets the conditions imposed by and has access to such securities may be able to invest directly in such securities. By investing in the Underlying Funds indirectly through the Funds, an investor will be charged fees by both the Underlying Funds and the Funds. In addition to bearing fees at two levels, an investor in the Funds bears its share of the transaction related expenses and other operating costs of both the Funds and the Underlying Funds.

Even if the Funds' overall performance is negative, an Underlying Fund may still have a positive performance, and thus the Fund as a whole would be charged an incentive fee. In addition, if performance of an Underlying Fund falls, its expenses may increase as a percentage of gross returns, which could result in disproportional decreases in the Funds' performance. In addition, transaction expenses will be incurred by the Underlying Funds, which would be charged, indirectly, to the Funds' investors.

*Multiple Third Party Managers.* Because the Funds invest with third party managers who make their investment decisions independently, some third party managers may take positions that are opposite positions taken by other third party managers, or third party managers may compete with each other for similar positions. Also, a particular third party manager may take positions for its other clients that are opposite to, or constructed differently than, positions taken for the Funds.

*Access to Information and Control of Third Party Managers.* The Adviser requests information from each third party manager regarding such third party manager's historical performance and investment strategy. The Adviser also requests detailed portfolio information on a continuing basis from each third party manager retained on behalf of the Funds. However, the Adviser may not always be provided with such information because certain of this information may be considered proprietary information by the particular third party manager. This lack of access to information would make it more difficult for the Adviser to select, allocate among, and evaluate third party managers.

In addition, the Funds do not control any third party managers, their choice of investments or any other investment decisions. While each third party manager undertakes to follow specified investment programs, it is possible that a third party manager could deviate from such program, and such deviation could result in a loss of all or part of the investment.

*Performance Based Compensation Arrangements with Third Party Managers.* In infrequent cases, third party managers who are compensation based on the appreciate in value of an account would be paid a fee based on such appreciation during a specified time period, without taking into account losses incurred in prior time periods. These arrangement create an incentive for such third party managers to make investments that are riskier or more speculative than would be the case in the absence of these arrangements.



*Impact of Additional Investments in Underlying Funds.* Additional subscriptions by investors will dilute the interests of existing investors in an Underlying Fund or prior to such purchases, which could have an adverse impact on the existing investors if future investments underperform the prior investments. In addition, it is expected that Underlying Funds may structure performance-based compensation so that compensation is paid only if gains exceed prior losses. Appreciation in the net assets managed by an Underlying Fund at any given time will be shared pro-rata by all of the Underlying Fund investors at such time, not just those who were investors at the time prior losses were incurred. The value attributable to the fact that no performance-based compensation will be paid to an Underlying Fund until its gains exceed its prior losses will not be taken into account in determining the net asset value of the Underlying Fund. Such value to existing investors will be diluted by new capital invested in the Underlying Fund, because the new interests will participate in any positive performance by an Underlying Fund until its gains exceed its prior losses without the third party manager of such Underlying Fund being paid any performance-based compensation.

*Risks upon Disposition of Investments.* In connection with the disposition of an investment in a portfolio company, an Underlying Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, and will likely be responsible for the contents of disclosure documents under applicable securities laws. The Underlying Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities for the Underlying Funds and for the Funds, depending upon recontribution obligations owed to the Underlying Funds. The Funds face similar risks with respect to dispositions of interests in portfolio companies in which the Funds invests directly. Similarly, the Underlying Funds may reserve the right to recall some or all of the distributions to the Funds, in order to make additional investments, pay expenses or for other purposes. The Organizational Documents contain provisions to the effect that if there is any such return obligation in respect of an Underlying Fund or claim in respect of a portfolio company, as the case may be, it will be funded by the partners to the extent that they have received distributions from the Funds, subject to certain limitations.

*Limited Due Diligence.* The Funds may acquire an interest in a prospective portfolio company without direct discussions with the management of the portfolio company. Therefore, the due diligence information on which the Funds rely may be difficult to obtain, limited in scope or inaccurate.

*Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may have the opportunity to increase its investment in such portfolio company. There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment, may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company, may result in such Fund's investment in such portfolio company becoming diluted and in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for such Fund.

*Small to mid-cap Companies.* Investments in small to mid-cap companies such as those that the Funds (directly or indirectly) target for investment, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

*Equity and Equity-Related Investments.* The Funds make Direct Investments in, and the Underlying Funds invest in equities and equity-related instruments which may be subject to various risks. Equity-related instruments can also involve significant economic leverage and involve significant risk of loss which is amplified compared to underleveraged positions. The value of stock and other securities and instruments that the Funds or an Underlying Fund holds can decline over short or extended periods due to market fluctuations.

*Growth Investing.* Growth stocks tend to be more expensive relative to the issuing company's earnings or assets compared with other types of stock. As a result, they tend to be more sensitive to changes in, or investors' expectations of, the issuing company's earnings and can be more volatile.

*Preferred Equity.* The Funds may invest in preferred equity securities. In addition to the risks generally applicable to credit investments, investment in preferred stocks, preferred trusts and other preferred securities involves certain other risks. Preferred securities often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer's call. In the event of redemption, the Funds may not be able to reinvest the proceeds at comparable rates of return. Preferred securities are subordinated to loans, bonds and other debt

securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments and, therefore, will be subject to greater credit risk than those debt securities. Accordingly, if the borrower defaults on the Funds' investment, the Funds would only be able to proceed against such borrower in accordance with the terms of the preferred security, and not against any property owned by such entity. Furthermore, in the event of bankruptcy or foreclosure, the Funds would only be able to recoup its investment after all lenders to, and other creditors of, such entity are paid in full. As a result, the Funds may lose all or a significant part of its investment, which could result in significant losses. Preferred securities trade less frequently and in a more limited volume (if at all) and may be subject to more abrupt or erratic price movements than many other securities, such as common stocks, corporate debt securities and US government securities.

*Convertible Securities.* The Funds may invest in convertible securities, which are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different entity within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. A convertible security may be subject to redemption at the option of the Funds at a price established in the convertible security's governing instrument. If a convertible security held by the Funds is called for redemption, the Funds will be required to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on an Fund's ability to achieve its investment objective.

*Restricted Securities.* Some of the Funds' investments will be securities ("restricted securities") that have not been registered for sale to the public under the US Securities Act of 1933, as amended (the "Securities Act") pursuant to an exemption from registration (including Section 4(a)(2) of, or Rule 144A under, the Securities Act). Restricted securities are generally only sold to institutional investors in private sales from the issuer or from an affiliate of the issuer. These securities may be less liquid than securities registered for sale to the general public. The liquidity of a restricted security may be affected by a number of factors, including: (i) the credit quality of the issuer; (ii) the frequency of trades and quotes for the security; (iii) the number of dealers willing to purchase or sell the security and the number of other potential purchasers; (iv) dealer undertakings to make a market in the security; and (v) the nature of the security and the nature of marketplace trades. Also, restricted securities may be difficult to value because market quotations may not be readily available.

In addition, a debtor in a reorganization case may be granted a trading restriction order by a bankruptcy court in order to protect such debtor's net operating losses (a "NOL Order"). Such an order may prohibit or severely restrict the ability of some creditors to sell their claims and interests in the debtor. The Funds' ability to transfer its interests in such a debtor may be impaired, delayed or prohibited as a consequence of a NOL Order. The Funds may also incur

added expenses if it attempts to challenge or limit the scope of a NOL Order, and such an attempt may not be successful. Similarly, issuers with net operating losses sometimes adopt shareholder rights plans or similar arrangements in order to preserve the ability to utilize such net operating losses in the future; any such actions could also limit or otherwise adversely impact the Funds' ability to transfer or dispose of its interests in any such issuer.

*Non-U.S. Securities.* The Funds make Direct Investments in, and Underlying Funds may invest in non-U.S. securities. Investing in securities of issuers located in non-U.S. countries, including investments in emerging markets, involves considerations and possible risks not typically involved in investing in securities in U.S. Companies. The application of non-U.S. tax laws or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may also result from investment in non-U.S. securities and non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the U.S. Moreover, because internationally there may be less government supervision and regulation of worldwide stock exchanges and clearinghouses than in the U.S., the investments made by the Funds and the Underlying Funds outside of the U.S. may also be subject to the risk of the failure of the exchanges on which the positions trade or their clearinghouses, and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

*Investments in Emerging Markets.* The Funds make Direct Investments in, and Underlying Funds may invest in emerging markets. Securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries, the lack of modern technology, lack of information and reporting, the lack of a sufficient capital base to expand business operations, illiquidity, high levels of volatility, temporary or permanent termination of trading, and political and economic instability.

*Special Situations.* The Funds make Direct Investments in, and Underlying Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. Because there is substantial uncertainty concerning the outcome of these transactions involving financially troubled companies, there is a potential risk that the Funds or Underlying Fund may lose some or all of its investment.

*Distressed Investments.* Some of the Funds' direct or indirect investments may be in distressed companies. Investments in distressed companies, by their nature, are issued or relate to companies in unstable financial condition and entail substantial inherent risks. These risks include uncertainty about the performance of the companies in which the Funds or Underlying Funds will invest, the potential volatility of distressed securities markets (market risk), and uncertainties regarding the outcome and timing of the bankruptcy process. Market risk is affected both by changes in prevailing levels of interest rates, and by changes in the returns investors demand from distressed securities relative to other investment opportunities.

*Real Estate Investments.* Some of the Fund's direct or indirect investments may have exposure to real estate (for example, as a landowner or a lender). Investments in real estate related securities are subject to the risks incident to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate are declines in the value of real

estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates.

Investments in real estate investment trusts (“REITs”) and other real estate related securities are subject to the general risks incident to the ownership and operation of real estate. Some REITs may invest in a limited number of properties, in a narrow geographic area or in a single property type, which increases the risk that an Underlying Fund could be hurt by the poor performance of a single investment, investment type or geographic region. REITs may also be affected by tax and regulatory requirements in that a REIT may not qualify for preferential tax treatments or exemptions. Securities issued by private partnerships investing in real estate investments may be more illiquid than securities issued by other Underlying Funds generally because these investments may be less liquid than other types of investments.

*Mezzanine and Subordinated Debt Securities.* The Funds may invest in the debt securities of highly leveraged companies and debt securities that may be unsecured and/or subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. The ability of the holder of the subordinated debt securities to influence a portfolio company’s affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of typical subordination agreements, senior creditors are able to block the acceleration of the mezzanine debt or the exercise by mezzanine debt holders of other rights they may have as creditors. Accordingly, the Funds may not be able to take the steps necessary to protect its mezzanine investments in a timely manner or at all. Although the Funds may, where possible, work with sponsors to attempt to structure mezzanine investments to include protective terms and conditions, the Funds’ investments may not always be protected by financial or other covenants or limitations upon additional indebtedness, may have limited liquidity and may not be rated by a credit rating agency. Subordinated notes and other securities in which the Funds may invest have speculative characteristics and involve substantial financial risk. The prices of these lower credit quality securities have been found to be less sensitive to interest rate changes than more highly rated investments but more sensitive to adverse economic conditions or individual issuer developments.

*High Yield Debt and Unrated Securities.* The Funds intend to invest in high yield securities, which are typically junior to the obligations of companies to senior creditors, trade creditors and employees. High yield securities and unrated securities (which are not rated by a rating agency) may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment-grade securities. A projection of an economic downturn or of a period of rising interest rates, for example, could cause a decline in the prices of high yield securities and unrated securities, because the advent of a recession could lessen the ability of an issuer to make principal and interest payments on its debt obligations. In addition, such securities have historically experienced greater default rates than investment grade securities. The ability of holders of high yield debt to influence a company’s affairs will be substantially

less than that of senior creditors, especially during periods of financial distress or following insolvency.

As with other investments, there may not be a liquid market for certain high yield debt which is held by the Funds, which could result in the Funds being unable to sell such securities for an extended period of time, if at all. In addition, as with other types of Investments, the market for high yield debt has historically been subject to disruptions that have caused substantial volatility in the prices of such securities. Consolidation in the financial services industry has resulted in there being fewer market makers for high yield debt, which may result in further risk of illiquidity and volatility with respect to high yield debt held by the Funds, and this trend may continue in the future. Furthermore, high yield debt which is held by the Funds may not be registered under the Securities Act, and, unless so registered, the Funds will not be able to sell such high yield debt except pursuant to an exemption from registration under the Securities Act. Unrated securities may be less liquid than comparable rated securities and may also involve the risk that the Adviser may not accurately evaluate the security's comparative credit rating.

Analysis of creditworthiness of issuers of high yield and unrated securities may be more complex than for issuers of higher-quality fixed income securities. Since it is currently anticipated that most of the Funds' assets will not be rated by any rating agency or will be rated below investment grade, the Funds will be more dependent on the Adviser's creditworthiness analysis than if the Funds invested exclusively in higher-quality and rated securities.

*Senior Secured Loans.* When an Fund acquires a senior secured loan made to a company, it generally shall take a security interest in the available assets of such company, which should mitigate the risk that such Fund will not be repaid. However, there is a risk that the collateral securing a Fund's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the company to raise additional capital. In some circumstances, a Fund's lien could be subordinated to claims of other creditors. In addition, deterioration in a company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that a Funds will receive principal and interest payments according to the loan's terms, or at all, or that such Fund will be able to collect on the loan should it be forced to enforce its remedies.

*Bank Loans and Participations.* The Fund may have exposure to bank loans and participations. These obligations are subject to unique risks, including, without limitation: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; and (v) limitations on the ability of the Fund to directly enforce its rights with respect to participations. The bank loans invested in by the Fund may include term loans and revolving loans and may pay interest at a fixed or floating rate and may be senior or subordinated to other first-lien and/or second-lien senior bank debt, super-senior facilities and hedging liabilities, and may also include investments in unitranche loans and "first-out/last-out" structures.

Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Fund. Bank loans are frequently traded on the basis of standardized documentation which is used in order to facilitate trading and market liquidity. There can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue or that the same documentation will be used in the future. The settlement of trading in bank loans often requires the involvement of third parties, such as administrative or syndication agents, and there presently is no central clearinghouse or authority which monitors or facilitates the trading or settlement of all bank loan trades. Often, settlement may be delayed based on the actions of any third party or counterparty, and adverse price movements may occur in the time between trade and settlement, which could result in adverse consequences for the Fund.

The Fund may have exposure to bank loans either directly (by way of transfer or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement or agreement among lenders with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Funds acquire bank loans pursuant to an assignment it is possible that the Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, the Funds may have no right to enforce compliance by the borrower with the terms of the loan agreement, may have limited or no voting rights on the basis that the Funds in such circumstances will not be the lender of record in respect of the relevant loan and certain loan agreements may restrict participation voting rights, or any rights of set-off against the borrower, and the Funds may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Funds may assume the credit risk of both the borrower and the institution selling the participation to the Funds. In certain circumstances, investing in the form of a participation may be the most advantageous or only opportunity for the Funds to make or hold any such investment, including in light of limitations relating to local laws or the willingness of administrative agents or borrowers to allow the Funds to become a direct lender. Even in circumstances where a Fund is a lender of record, it may have limited influence on voting and decision making under the relevant loan agreement, and the degree of control that a Fund has will depend on debt holdings in the particular investment and the commitment thresholds required to effect amendments and waivers under the relevant loan documentation. Some of the bank loans acquired by the Fund may be below investment grade. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in bank loan trading will provide an adequate degree of liquidity for the Funds' investments therein. In addition, the Funds may make investments in stressed or distressed bank loans which are often less liquid than performing bank loans.

*Loan Origination.* The Funds expect to originate loans, which could subject the Funds, the applicable fund's general partner or the Adviser to various regulatory regimes. As a result of complying with such regulatory regimes, restrictions may be placed on the Funds', the applicable fund's general partner's or the Adviser's ability to take certain actions to protect the value of its investments in such assets and impose compliance costs. To the extent a Fund engages in loan

origination, the Funds will also be subject to enhanced risks of litigation, regulatory actions and other proceedings. As a result, the Funds may be required to pay legal fees, settlement costs, damages, penalties or other charges, any or all of which could materially adversely affect the Funds and its investments.

*Credit Risk.* Performance and investor yield on the Interests may be affected by the default or perceived credit impairment of investments made by a Fund and by general or sector specific credit spread widening. Credit risks associated with the investments include (among others): (i) the possibility that earnings of the obligor may be insufficient to meet its debt service obligations; (ii) the obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of the obligor during periods of rising interest rates and economic downturn. An economic downturn and/or rising interest rates could severely disrupt the market for the investments and adversely affect the value of the Investments and the ability of the obligors thereof to repay principal and interest. In turn, this could have a material adverse effect on the performance of the Funds, and, by extension, the Funds' business, financial condition, results of operations and the value of the Interests. In the event of a default by a borrower, the Funds will bear a risk of loss of principal and accrued interest on that investment. Any such investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted investment. In addition, significant costs might be imposed on the lender, further affecting the value of the investment. The liquidity in such defaulted investments may also be limited and, where a defaulted Investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that investment. This would have a material adverse effect on the value of the Funds' portfolio, and, by extension, the Funds' business, financial condition, results of operations and the value of the interests. In the case of secured loans, restructuring can be an expensive and lengthy process which could have a material negative effect on the Funds' anticipated return on the restructured loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This would substantially reduce the Funds' anticipated return on the restructured loan.

*Spread-Widening Risk.* For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the debt instruments and other securities in which the Funds invest may decline substantially. In particular, purchasing debt instruments or other assets at what may appear to be "undervalued" or "discounted" 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 may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instruments in which the Funds invest.

*Prepayment Risk.* The terms of loans in which the Funds invest may permit the borrowers to voluntarily prepay loans at any time, either with no or a nominal prepayment premium. This prepayment right could result in the borrower repaying the principal on an obligation held by the



Funds earlier than expected. This may happen when there is a decline in interest rates, when the borrower's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. The yield of the Funds' investment assets may be affected by the rate of prepayments differing from the Adviser's expectations. Assuming an improvement in the credit market conditions, early repayments of the debt held by the Funds could increase. To the extent early prepayments increase, they may have a material adverse effect on a Fund's investment objectives and profits. In addition, if the Funds are unable to reinvest the proceeds of such prepayments received in investments expected to be as profitable, the proceeds generated by the Funds will decline as compared to the Adviser's expectations.

*Unsecured Loans or Debt.* The Funds may invest in unsecured loans which are not secured by collateral. In the event of default on an unsecured loan, the first priority lien holder has first claim to the underlying collateral of the loan. It is possible that no collateral value would remain for an unsecured holder and therefore result in a loss of investment to the Funds. Because unsecured loans are lower in priority of payment to secured loans, they are subject to the additional risk that the cash flow of the borrower may be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower. Unsecured loans generally have greater price volatility than secured loans and may be less liquid.

*Collateral Risk.* The collateral and security arrangements in relation to such secured obligations as the Funds may invest in will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by an obligor, such as, for example, thin capitalisation, over-indebtedness, financial assistance and corporate benefit requirements. If the investments do not benefit from the expected collateral or security arrangements, this may adversely affect the value of or, in the event of default, the recovery of principal or interest from such Investments made by the Funds. Accordingly, any such a failure to properly create or perfect collateral and security interests attaching to the investments could have a material adverse effect on the performance of the Funds, and, by extension, the Funds' business, financial condition, results of operations and the value of the interests.

*Volatility; Interest Rate Risk.* General fluctuations in the market prices of securities and interest rates may affect the Funds' investment opportunities and the value of the Funds' investments. Instability in the securities market may also increase the risks inherent in the Funds' debt and mezzanine investments. Generally, if interest rates rise, the value of fixed rate debt securities will decline.

*Corporate Debt Securities.* The Funds may invest a significant portion of its assets in a variety of bonds and related debt obligations of varying maturities issued by US and non-US companies, banks, savings and loan holding companies, insured depository institutions and other corporate entities. Corporate debt securities include bills, notes, debentures, money market instruments and similar instruments and securities, and are generally used by corporations and other issuers to borrow money from investors for such purposes as working capital or capital expenditures. The issuer pays the investor a variable or fixed rate of interest and normally must repay the amount borrowed on or before maturity. Certain bonds are "perpetual" in that they have no maturity date.

The investment return of corporate debt securities reflects interest earnings, changes in the market value of the security and the expected principal recovery amount. The market value of a corporate debt obligation may be expected to rise and fall inversely with interest rates generally. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. In addition to interest rate risk, corporate debt securities also involve the risk that the issuers of the securities may not be able to meet their obligations on interest or principal payments at the time called for by an instrument. The rate of return or return of principal on some debt securities may be linked or indexed to the level of exchange rates between the US dollar and a foreign currency or currencies. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

*Asset-Backed Securities.* The Fund make Direct Investments in, and Underlying Funds invest in, fixed income securities. Fixed income securities are subject to the risk of the issuer's or guarantor's inability to meet principal and interest payments on its obligations and are subject to the price volatility associated with global and regional economic conditions. In addition, asset-backed securities are also subject to certain risks, including a change in prepayment rate. A change in the prepayment rate of these asset-backed securities can result in a loss to investors.

*Foreign Government Debt.* Investments in foreign government debt securities (sometimes referred to as sovereign debt securities) involve certain risks in addition to those relating to foreign securities or debt securities generally. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due in accordance with the terms of such debt, and the strategy may have limited recourse in the event of a default against the defaulting government. Without the approval of debt holders, some governmental debtors have in the past been able to reschedule or restructure their debt payments or declare moratoria on payments.

*Foreign Securities and Credit Exposure.* U.S. dollar-denominated securities carrying foreign credit exposure may be affected by unfavorable political, economic or governmental developments that could affect payments of principal and interest. Furthermore, the strategy's foreign investments may be adversely affected by political and social instability, changes in economic or taxation policies, difficulty in enforcing obligations, decreased liquidity or increased volatility. Foreign investments also involve the risk of the possible seizure, nationalization or expropriation of the issuer or foreign deposits (in which the strategy could lose its entire investments in a certain market) and the possible adoption of foreign governmental restrictions such as exchange controls.

Unless the strategy has hedged such risk, a foreign securities risk may also involve the risk of negative foreign currency rate fluctuations, causing the value of securities denominated in such foreign currency (or other instruments through which the strategy has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Currency hedging strategies, if used, are not always successful.

*Infrastructure-Related Companies.* Infrastructure-related companies are subject to a variety of risk factors, including costs associated with environmental, governmental and other regulations, high interest costs for capital construction programs, high leverage, the effects of economic slowdowns, surplus capacity, increased competition, fluctuations of fuel prices, the effects of energy conservation policies, unfavorable tax laws or accounting policies, environmental damage, difficulty in raising capital, increased susceptibility to terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets.

*National Resources.* The production and marketing of commodities, energy and natural resources may be affected by actions and changes in governments and may be subject to broad price fluctuations. Some of these companies may also be subject to the risks of mining and oil drilling, and the risks of other hazards, such as fire and drought, as well as, construction risks, costs of pollution and waste disposal, and general project and operating risks. Furthermore, certain natural resources are geographically concentrated, and political and other events in those parts of the world may affect their values. The natural resources industries are extensively regulated, which could lead to increased costs, penalties or fines or adversely affect investments in these industries. Securities issued by private partnerships investing in natural resources investments may be more illiquid than securities issued by other Underlying Funds generally because these investments may be less liquid than other types of investments.

*Construction and Development Risk.* When an investment is made in development stage infrastructure projects, it is likely to retain some risk that the project will not be completed within budget, within the agreed time frame and to the agreed specification. During the construction or development phase, the major risks of delay include political opposition, regulatory and permitting delays, delays in procuring sites, strikes, disputes; environmental issues, force majeure, or failure by one or more of the investment participants to perform in a timely manner their contractual, financial or other commitments. These delays in the projected completion of the project could result in delays in the commencement of cash flow and an increase in the capital needed to complete construction, which may have a material adverse effect on the Funds' financial performance.

*Permitting or Approval Risk.* The Funds' investment projects may be subject to statutory and regulatory requirements, including those imposed by zoning, environmental, safety, labor and other regulatory or political authorities. Failure to obtain or a delay in obtaining relevant permits or approvals could hinder construction or operation and could result in fines or additional costs for the project entity, which could have a material adverse effect on a Fund's investment projects.

*Changes in Regulatory Schemes.* The infrastructure sector is highly regulated. The adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have a material adverse effect on portfolio companies and thus on a Fund's ability to meet its investment objectives. Such changes could necessitate the creation of new business models and the restructuring of investments in order to meet regulatory requirements, which are likely to be costly and/or time-consuming.

*Cash/Cash Equivalents Risk.* In rising markets, holding cash or cash equivalents will negatively affect the strategy's performance relative to its benchmark.

*Commodities.* Commodities are assets that have tangible properties, such as oil, natural gas, coal and their related products. The value of certain investments made by portfolio companies or by a Fund will be affected by the prices of the commodity they produce, transport, or are otherwise involved with.

The value of commodity-related companies may be affected by changes in overall market movements, volatility of the underlying commodity benchmark, changes in interest rates or factors affecting a particular industry or commodity, such as droughts, floods, weather, embargoes, tariffs and international economic, political and regulatory developments. The value of commodity-related companies will rise or fall in response to changes in the underlying commodity. Investments in commodity-related companies may be subject to greater volatility than non-commodity-based companies.

*Lender Liability Considerations and Equitable Subordination.* In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the investments, the Funds could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Because of the nature of certain of the Funds’ investments, including situations in which the Funds has both debt and equity interests in an investment, the Funds could be subject to claims from creditors of an obligor that the Funds’ investments issued by such obligor that are held by the Funds should be equitably subordinated. A significant number of the Fund’s investments will involve investments in which the Funds would not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting the Funds’ investments could arise without the direct involvement of the Funds.

*Special Situations Secondary Transactions.* The Funds will invest in private equity assets in the secondary market, often through transactions with high levels of complexity (e.g. spin-outs, acquisitions of cornerstone positions, portfolios of co-investments and direct investments, and fund restructurings). These “Special Situations Secondary Transactions” may present additional risks that are not present in primary investment transactions or more traditional secondary interest transactions, such as the difficulty in valuing a Fund’s investments, or the possibility that the interests acquired may be subject to contingent liabilities resulting from activity that transpired prior to the transaction (such as an indemnification obligation in respect of an act or omission occurring prior to the date of the acquisition). Further, such a transaction will frequently be subject to the consent of the sponsor of the relevant underlying fund and other qualification requirements that may make such purchase or a sale of an investment more difficult or, ultimately, prevent it.

A Fund may also not have the opportunity to as fully negotiate the terms of an investment as it would in a primary fund investment, including any special rights and privileges. Additionally, a Fund generally will negotiate the terms of an investment with the third party manager, but may also need to negotiate such terms with an Underlying Fund’s investors, which may include the need to seek the consent of such investors to amend the terms of the Underlying Fund’s governing documents or to otherwise approve the transaction. Moreover, the purchase price of an investment will be subject to negotiation with the sellers of the applicable interests and may, in certain cases, include a Fund’s assumption of certain contingent liabilities resulting from activity that transpired prior to the investment (such as an indemnification obligation in respect of an act or omission occurring prior to the date of the acquisition). The overall performance of a Fund may depend in part on the accuracy of the information available to the Adviser or the applicable general partner, the acquisition price paid by a Fund and the structure of such acquisitions and a Fund’s ultimate exposure to any assumed liabilities.

A Fund may have the opportunity to acquire a portfolio of investments on an “all or nothing” basis. Certain of the investments in the portfolio may be less attractive than others, and certain of the sponsors or portfolio investments involved in the transaction may be more familiar to the Adviser than others, or may be more experienced or highly regarded than others. It may not be possible for a Fund to carve out from such purchases those investments which the Adviser considers less attractive for commercial, tax, legal or other reasons.

*Fraudulent Conveyance and Legislative Risks.* Various laws enacted for the protection of creditors may apply to certain investments that are debt obligations, although the existence and applicability of such laws will vary between jurisdictions. For example, if a court were to find that an obligor did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest securing such investment, and, after giving effect to such indebtedness, the obligor: (i) was insolvent; (ii) was engaged in a business for which the assets remaining in such obligor constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court may: (a) invalidate such indebtedness and such security interest as a fraudulent conveyance; (b) subordinate such indebtedness to existing or future creditors of the obligor; or (c) recover amounts previously paid by the obligor (including to the Fund) in satisfaction of such indebtedness or proceeds of such security interest previously applied in satisfaction of such indebtedness. In addition, if an obligor in whose debt the Funds

has an investment becomes insolvent, any payment made on such investment may be subject to avoidance, cancellation and/or clawback as a “preference” if made within a certain period of time (which for example under some current laws may be as long as two years) before insolvency.

In general, if payments on an investment are voidable, whether as fraudulent conveyances, extortionate transactions or preferences, such payments may be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Funds, there may be a material adverse effect on the performance of the Funds, and, by extension, the Funds’ business, financial condition, results of operations and the value of the interests.

*Venture Capital.* While venture capital investing presents the potential for significant capital appreciation, such investments also involve a high degree of risk. It is anticipated that the venture capital portfolio companies and portfolio companies of venture capital Underlying Funds will confront a significant degree of financial, operating and competitive risk. In addition, many of these companies, due to their limited revenues and history of operating losses, may need to rely on their ability to fund continuing operations via the private and public capital markets. Such continued funding may be curtailed as a result of a variety of factors which may include, but would not be limited to, rising interest rates, downturns in the economy or deterioration in the condition of the company or its industry.

*Private Equity.* Investments in private equity involves the same types of risk associated with an investment in any operating company. In addition, securities issued by Underlying Funds investing in private equity investments may be more illiquid than securities issued by other Underlying Funds generally, because these Underlying Funds’ investments may be less liquid than other types of investments. Attractive investment opportunities in the private equity markets may occur only periodically, if at all.

*Recent Financial Market Fluctuations.* General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds’ ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds’ investments. 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 the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit

from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable to a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

*European Regulation.* The European Union Alternative Investment Fund Managers Directive (2011/61/EU) (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) such Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) such Fund, its general partner and/or the Adviser may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; and (iii) such general partner and/or the Adviser may be required to make detailed information relating to the Fund and their investments available to regulators and third parties. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of capital commitments.

*Valuation of Assets.* There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and will differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund’s assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser will give rise to conflicts of interest, valuations impact the Adviser’s track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance fees and calculation of Advisory Fees.

*Cybersecurity Risk.* The Adviser, the Funds’ service providers and other market participants increasingly depend on complex information technology and communications systems to

conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

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

*Tax Treatment.* There may be changes in tax laws or interpretation of such tax laws adverse to the Funds or their respective partners. There can be no assurance that the structure of the Funds or of any investment will be tax-efficient to any particular partner.

*Tax Reform Risks.* President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act"). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. In addition, although not free from doubt, the Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Significant uncertainties remain regarding the application of the provisions of the Tax Act that affect the taxation of carried interest. Enactment of this legislation could cause the Adviser's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser's ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds, including with respect



to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives the Adviser an incentive to cause a Fund to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

### **Related General Partners**

Various limited liabilities companies (the “General Partners”) serve as general partners of the Funds. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

### **Code of Ethics**

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

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

A copy of the Code of Ethics is available to any client or prospective client upon written request to the Adviser’s Chief Compliance Officer [crizzo@alariccompliance.com](mailto:crizzo@alariccompliance.com).

### **Participation or Interest in Client Transactions**

The Adviser and certain employees and affiliates of the Adviser may invest alongside the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

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 (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

### **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, other “friends of the firm,” or other persons may invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” may, in certain instances, be contractually required to purchase and sell certain investment opportunities at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles do not pay Advisory Fees or Carried Interest.

### ***Resolution of Conflicts***

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

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered from the viewpoint of such Fund;

- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Organizational Documents for the Funds;
- (3) Certain Funds may establish an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees would meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (5) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In addition, certain provisions of a Fund's Governing Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

### *Conflicts*

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

### *Allocation of Investment Opportunities Among Clients*

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- The Funds;
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in such co-investment vehicles may include Adviser Investors and/or individuals and entities that are not investors in any Funds ("Third Parties"));
- Adviser 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 Funds in particular transactions entered into by such Fund(s); and

- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

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

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are generally set forth in the instrument under which the Fund was established (such as a Fund’s Organizational Documents). To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds will participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund’s investment objectives, strategies and structure. A Fund’s investment objectives, strategies and structure typically are reflected in the Fund’s Organizational Documents. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Funds in the event it raises successor Funds. This obligation to offer investment opportunities will generally be set forth in a Fund’s Organizational Documents.
- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

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

- Each Fund’s investment objectives and investment focus;
- Transaction sourcing;
- Each Fund’s liquidity and reserves;
- Each Fund’s diversification;

- Lender covenants and other limitations;
- Any “ramp-up” period of a newly established Fund;
- Amount of capital available for investment by each Fund as well as each Fund’s projected future capacity for investment;
- Each Fund’s targeted rate of return;
- Composition of each 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;
- 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 Organizational Documents of each Fund.

The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. There can be no assurance that the application of the Investment Allocation Requirements and factors set forth above will result in a Fund participating in all investment opportunities that fall within its investment objectives.

In addition, principal executive officers and other personnel of the Adviser participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

#### *Allocation of Co-Investment Opportunities and Secondary Transactions*

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds’ Organizational Documents and as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested, and (iv) certain persons other than investors in the Funds (e.g., consultants, joint venture partners, persons associated with a portfolio company and other Third Parties) rather than one or more investors in a Fund, will, from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which include, but are not limited to, one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;

- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds 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-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or the Adviser.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above often will not, result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. 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 Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential

purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

A purchaser's potential investment into another Fund (including any commitment to a future fund) may be considered, but will not be the sole determining factor considered by the Adviser in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

#### *Conflicts Related to Purchases and Sales*

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities are, from time to time be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Employees and related persons of the Adviser and its affiliates have made or may make capital investments alongside certain Funds, and therefore often have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Because the Funds invest with multiple third party managers who make their trading decisions independently, some third party managers may take positions that are opposite of positions taken by other third party managers or third party managers may compete with each other for similar



positions. Also, a particular third party manager may take positions for its other clients that are opposite to, or constructed differently than, positions taken for the Funds.

From time to time the Adviser may, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will consider some or all of the factors listed above under “*Allocation of Co-Investment Opportunities and Secondary Transactions*”. The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not 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 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 Fund(s). Any such transactions will comply with the Organizational Documents of the applicable Fund(s).

A Fund may, from time to time in the future sell down an interest in its portfolio companies to co-investors. Subject to the Organizational Documents, the Adviser may charge (or may decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

The Funds, from time to time, co-invest with third-parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a third-party is not involved. Such risks include, among other things, the possibility that the third-party may have differing economic or business goals than those of the Fund, or that the third-party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

### *Cross-Transactions*

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another 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 Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may, from time to time, have significant investments, or intentions to invest, in the 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 and its affiliates receives management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be 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 will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Organizational Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those Organizational Documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the 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.

### *Management of the Funds*

The Adviser may, in the future, manage a number of Funds that may have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients*" above. The Adviser may give advice or take actions with respect to, the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies may not hold the same securities or achieve the same performance.

In addition, employees of the Adviser responsible for managing a particular Fund may have responsibilities with respect to other Funds managed by the Adviser, including funds raised in the future or to proprietary investments made by the Adviser and/or its principals of the type

made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

The Adviser may, from time to time, consider, and reject an investment opportunity on behalf of one Fund and, the Adviser or an affiliate of the Adviser may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund considering the investment. In such circumstances, the benefitting fund or funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

The Funds may, from time to time enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds will generally be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangement when the Adviser determines it is in the best interests of the Funds.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may, from time to time participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

#### *Conflicts Relating to the General Partner and the Adviser*

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

The Adviser generally may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business interest, has an incentive to recommend the

related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, the investing Adviser personnel will not share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of the Adviser generally aligns the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

#### *Fee Structure*

As discussed above in Item 6, the General Partners of the Funds are entitled to Carried Interest under the terms of the Organizational Documents of such Funds. Such general partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

#### *Fund Level Borrowing*

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the general partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure

investor cash flows) and may make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. While the Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

Borrowing by the Fund will generally be secured by capital commitments made by the Limited Partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of UBTI.

### *Diverse Membership*

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

### *Business with Portfolio Companies and Investors*

While unlikely to arise, given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there may be situations where the Adviser is in the position of recommending the services of a portfolio company to other portfolio companies of the Funds or, which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Adviser generally has an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or

services recommended may not necessarily be the best available to the Funds or the portfolio companies.

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by the Adviser that, although the Adviser determines to be consistent with the requirements of such Funds' Organizational Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that are not subject to the Advisory Fee offset provisions described herein. For example, the Adviser may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to the Adviser, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits on at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

### *Service Providers*

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio

company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While the Adviser often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which the Adviser receives more favorable service rates or arrangements than the Funds or their portfolio companies.

The Adviser or its affiliates and service providers, often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by the Funds and/or its portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

#### *Positions with Portfolio Companies*

Employees of the Adviser may serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. Additionally, such employees are required to remit any remuneration they may receive as directors to the applicable Funds. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from benefiting from consulting, management or other fees personally from portfolio companies.

Decisions made by a director may subject the Adviser, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims.

From time to time employees of the Adviser may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest. Such companies are not portfolio companies of the Fund and as a result, any compensation received by such Adviser employee is not subject to the Advisory Fee offset described above, or otherwise shared with the Funds and/or investors.

#### *Side Letter Agreements; Advisory Committee Rights*

The Adviser may enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting

rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, liquidity and transfer rights. Except as otherwise agreed with an investor, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Certain of the Funds may establish an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representative of the advisory committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

#### *Other Potential Conflicts*

The Organizational Documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

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



varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it 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 Funds and/or the portfolio companies.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit the Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

Investors may be introduced to the Adviser, or may be brought in a Fund, by a third-party consultant from which the Adviser or a Related Person purchase products and to which the Adviser or a Related Person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

The Funds may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company (“Holding Company”) would be created that would acquire and manage the companies in the platform. The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. The Holding Company’s costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by the Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest from the Fund, the Adviser will benefit from the assets, income and gains of Holding Company.

The Adviser may, from time to time in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more

“umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

A Fund may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, the Adviser or its related persons. In such a case, investors in such Fund will bear not only the direct management fees and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for then Adviser.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund 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.

The 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, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner’s public reputation or overall business strategy, ability to execute transactions expeditiously and compliant with applicable laws and contractual obligations, despite the potential benefits to such limited partners of receiving such information.

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

## **Item 12. Brokerage Practices**

As Funds invest primarily in other pooled investment vehicles, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, 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.

### **Selection of Brokers and Dealers**

For each of the Funds, the Adviser has, 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's Chief Compliance Officer takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's Chief Compliance Officer will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

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

### **Aggregation of Trades**

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

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

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

#### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed on an on-going basis.

#### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund after the fiscal year end of such Fund, as well as quarterly performance reports after each fiscal quarter end. The Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information 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 material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

### **Item 15. Custody**

Item 15 is not applicable to the Adviser.

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

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

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

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds ("Votes"). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant Fund's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and

circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

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

Funds generally cannot direct the Adviser's Vote.

All Voting decisions initially are referred to the Adviser's Chief Compliance Officer or appropriate investment professional for a voting decision. In most cases, the Adviser's Chief Compliance Officer will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the Chief Compliance Officer of any such Voting decision, and if the Chief Compliance Officer does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner.

The Adviser's Chief Compliance Officer has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser's Chief Compliance Officer in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's Chief Compliance Officer will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's Chief Compliance Officer deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's Chief Compliance Officer shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to Adviser's Chief Compliance Officer [crizzo@alariccompliance.com](mailto:crizzo@alariccompliance.com).

## **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

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

Item 19 is not applicable to the Adviser.