

**PART 2A OF FORM ADV:  
FIRM BROCHURE**

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**March 25, 2019**

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Impactive Capital LP (“Impactive Capital”). If you have any questions about the contents of this Brochure, please contact us at 212-218-8810 or at [ops@impactivecapital.com](mailto:ops@impactivecapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Impactive Capital LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Being a "registered investment adviser" or describing the firm as being "registered" does not imply a certain level of skill or training.**

**THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.**

## **Item 2: Material Changes**

This brochure dated March 25, 2019 (this “Brochure”) updates the initial brochure filed in November 2018. This Brochure should be reviewed in its entirety as some changes to this Brochure may be considered material to some readers and immaterial to others. There were no material changes from the amended brochure filed in November 2018.

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## **Item 3: Table of Contents**

ITEM 2: MATERIAL CHANGES .....	i
ITEM 3: TABLE OF CONTENTS.....	I
ITEM 4: ADVISORY BUSINESS .....	1
ITEM 5: FEES AND COMPENSATION .....	2
ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	2
ITEM 7: TYPES OF CLIENTS .....	3
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	3
ITEM 9: DISCIPLINARY INFORMATION .....	15
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	15
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	15
ITEM 12: BROKERAGE PRACTICES.....	16
ITEM 13: REVIEW OF ACCOUNTS .....	17
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....	17
ITEM 15: CUSTODY .....	18
ITEM 16: INVESTMENT DISCRETION .....	18
ITEM 17: VOTING CLIENT SECURITIES .....	18
ITEM 18: FINANCIAL INFORMATION .....	18
ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS .....	19

#### **Item 4: Advisory Business**

Impactive Capital was founded in 2018 and is organized as a Delaware limited partnership. Lauren Taylor Wolfe and Christian Asmar (the “Principals”) are the primary owners and Managing Partners of Impactive Capital. The Principals are primarily responsible for the management of the strategies employed by Impactive Capital. Impactive Capital LLC serves as the general partner of Impactive Capital and is also principally owned by the Principals.

Impactive Capital serves as investment advisor and provides discretionary advisory services to certain private funds (each a “Fund” and collectively the “Funds”). In addition, Impactive Capital serves as investment advisor to one or more single investor funds or managed accounts (each a “Managed Account” and together with the Funds, the “Clients”).

Impactive Capital’s investment objective is to generate attractive, risk-adjusted returns by identifying high quality businesses whose shares are trading at attractive valuations, and then help those companies invest capital effectively and ethically. Impactive Capital will seek to achieve its investment objective by causing Clients to take significant ownership stakes in publicly traded companies through open-market purchases, privately negotiated transactions, direct investments, participation in underwritten offerings, or a combination thereof. Impactive Capital may seek to influence management teams and boards in order to effect systemic change with respect to capital allocation, strategic initiatives, operational improvements and Environmental Social and Governance policies.

Impactive Capital invests in long and short positions in equity or debt securities of public U.S. and non-U.S. issuers (including securities convertible into equity or debt securities); rights, options and warrants; bonds, notes and equity and debt indexes; swaps, swaptions, credit-default swaps, and other derivatives; instruments such as forward contracts on stock indices and structured equity or fixed-income products; exchange-traded funds; and any other financial instruments that Impactive Capital believes will achieve its Clients’ investment objective. Each Client’s investments may include both publicly traded and privately placed securities of public issuers, as well as securities sold pursuant to initial public offerings. In providing services to Clients, among other things, Impactive Capital: (i) manages the Clients’ assets in accordance with the terms of the applicable Client’s confidential offering memorandum (or other disclosure document), individual limited partnership agreement, investment advisory agreement, memorandum and articles of association or shareholder agreement and other governing documents applicable to each Client (collectively the “Governing Documents”); (ii) formulates investment objectives; (iii) directs and manages the investment and reinvestment of the Clients’ respective assets; and (iv) provides, or causes to be provided, periodic reports to investors and/or Clients, as applicable. Impactive Capital provides investment advice directly to the applicable Client and not individually to owners, limited partners or shareholders of a particular Client.

Fund investors are not generally permitted to impose restrictions on the types of investments in which their respective Fund may invest. Investment restrictions for a Client, if any, will generally be established in the Governing Documents of the applicable Client.

As of March 1, 2019, Impactive Capital had regulatory assets under management of approximately \$250 million. Impactive Capital has discretionary authority over its Clients’ investment activities.

## **Item 5: Fees and Compensation**

Impactive Capital generally charges Clients an asset-based management fee and performance allocation or fee.

Impactive Capital deducts its management fees (“Management Fee”) generally from each Client quarterly in advance in such amounts as are set forth in the Governing Documents of such Client. An affiliate of Impactive Capital, Impactive Capital GP LLC, (the “General Partner”), a Delaware limited liability company, serves as the general partner to one or more of the Clients and will receive performance-based allocations (“Performance Allocation”) in respect of each Client on an annual basis in arrears and upon withdrawals by investors, subject to a “high-water mark” and in some cases, subject to certain other conditions and/or restrictions. For a further discussion of the Performance Allocation, please see Item 6.

Impactive Capital may, in its discretion, waive, reduce or rebate the Management Fee and/or Performance Allocation with respect to the investment of any investor, including its employees, owners, affiliates and/or one or more investors.

In the event a Client terminates its investment management agreement with Impactive Capital appropriate treatment will be given to all Management Fees and other compensation collected in advance (e.g., the Management Fee would be pro-rated based upon the number of days elapsed in the applicable period prior to termination and the balance of the Management Fee collected would be refunded).

In addition to the Management Fee and Performance Allocation and as set forth in more detail in the applicable Governing Documents, each Client will generally pay all costs and expenses related to its investments and its operations. Expenses will generally be shared by all of the investors in the Funds, while expenses related to one or more particular series or classes of investments will be allocated accordingly. For each Fund that invests all or a substantial portion of its assets through a “master fund,” each such “feeder fund” will also be responsible for its pro rata portion of such master fund’s costs and expenses. Expenses of more than one Client will be shared on an equitable basis among such Clients in accordance with Impactive Capital’s expense allocation policy. Clients will reimburse Impactive Capital for any expenses it pays on behalf of its Clients. In addition, certain common expenses of Impactive Capital and its Clients, may initially be billed to Impactive Capital but will ultimately be allocated among Impactive Capital and its Clients in accordance with Impactive Capital’s expense allocation policy regarding common expenses.

Notwithstanding the foregoing, Impactive Capital may elect to bear some or all of the above expenses of the Clients.

Impactive Capital and its supervised persons do not accept any compensation (e.g., brokerage commissions) for the sale of securities or other investment products, including interests in the Funds.

For more information regarding Impactive Capital’s brokerage practices and brokerage expenses discussed herein, please see Item 12.

## **Item 6: Performance Based Fees and Side-by-Side Management**

Impactive Capital is entitled to receive from each Client a Performance Allocation, generally at the end of each performance period. Performance periods range from one to three years. The Performance Allocation is an amount equal to a percentage (as set forth in the applicable Governing Documents of each Client) of the increase from net realized and unrealized profits of

each investor's investment measured at the end of each year (or other performance period) and subject to a high-water mark or other restrictions and/or conditions.

In general, a "high-water mark" means that Impactive Capital will receive Performance Allocation on each investment in a Client by an investor only when the value of the investment, at the time of determination, is higher than the investment's highest value as of the date of the most immediately preceding determination of whether a Performance Allocation is payable. Should the Client's investment decrease in value from net losses, the investment must increase in value back above the previous highest value before Impactive Capital will receive a Performance Allocation again with respect to such investment.

If an investor in a Client redeems capital, the amount of such investor's high-water mark, if any, will be reduced in proportion to the amount of capital withdrawn.

The Performance Allocation creates an incentive for Impactive Capital to make more speculative investments than would otherwise be made or make decisions regarding the timing and manner of realization of investments differently than if such Performance Allocation was not received.

Impactive Capital is required to act in a manner that it considers fair and equitable, depending on the particular facts and circumstances and the needs and financial objectives of Impactive Capital's various Clients, in allocating investment opportunities to the Clients. Impactive Capital shall address the manner in which investments will be allocated among its Clients through the application of trade allocation procedures that are designed to avoid or minimize potential and actual conflicts of interest with respect to such Clients, including policies designed to ensure that investment opportunities will be allocated fairly and equitably among Clients in a manner that is consistent with the investment objectives of each Client. As a general matter, Impactive Capital shall allocate investments among the Clients that pursue the same or substantially similar investment strategy on a pro rata basis. This approach, however, may be subject to change based on a number of factors, including, capital flows, new issue eligibility, investment restrictions and other circumstances where non-pro rata treatment is deemed necessary by Impactive Capital. Impactive Capital periodically reviews allocation of investment opportunities and sequencing of transactions to determine whether Clients are treated fairly and equitably.

## **Item 7: Types of Clients**

Impactive Capital provides investment advisory services to one or more Funds and/or Managed Accounts.

Investors in the Fund and/or owners of Managed Accounts may include, but are not limited to, high net worth individuals, family offices, fund-of-hedge funds, endowments, foundations, trusts, charitable organizations, pension plans, and corporate or business entities.

Details concerning applicable investor suitability criteria are set forth in the respective Client's Governing Documents. The minimum commitment for an investor in a Client is outlined in the applicable Governing Documents, including the discretion of Impactive Capital and its affiliates to accept less than the minimum investment threshold. Each investor is required to meet certain suitability qualifications.

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

The Clients' investment strategies are described in their respective Governing Documents. Strategies applicable to a Managed Account are expected to be tailored to the objectives of each such accounts.

Impactive Capital is a fundamental, research-intensive, long-term oriented value investor in the public markets. Impactive Capital will seek to be a catalyst to realize long-term value in each Client's investments. Impactive Capital may seek to influence management teams and Boards to effect systemic change with respect to capital allocation, strategic initiatives, operational improvements and Environmental Social and Governance policies ("ESG policies"). Impactive Capital believes these techniques can make companies more competitive and profitable, and maximize the value realization from a Client's investments over the long-term.

Impactive Capital believes a significant advantage to its concentrated long-term approach is to not be captive to trading and other strategies designed around short-term change. In the context of its strategy, Impactive Capital is willing to take on short-term price risk that other funds may be unwilling to accept, in the interest of generating long-term stock price appreciation. The initiatives that Impactive Capital recommends may also at times recommend strategic and operational initiatives that require near term investments which can dampen short term profitability for the purposes of driving superior longer term returns. Impactive Capital may employ hedges in the portfolio. Impactive Capital generally views the value-creation process in its portfolio companies as a multi-year effort.

Impactive Capital has designed the investment process to be consistent and repeatable. The goal of the investment process is to select the highest risk adjusted return opportunities from a sourcing universe of small and mid-capitalization companies. Impactive Capital intends to use analytical templates, extensive market research, deep dive diligence on companies and their industry peers, scenario analyses, capital allocation and ESG considerations to identify the most attractive actionable ideas for each Client. The Investment Process consists of Idea Sourcing, Deep Diligence, Active Engagement and Post-Investment Analysis.

Finally, Impactive Capital believes a critical part of the investment process is a continuous feedback mechanism with a specific focus on: Identification of improvements in the diligence process, reassessment of indicators of management quality and board effectiveness, identification of improvements in optimizing positions and an assessment of which ESG changes were made and how they impacted returns.

**The description set forth above is general and is not intended to be exhaustive. The risks of each Client's business are substantial and each Client could realize losses rather than gains from some or all of the investments described herein. Investing in securities involves a risk of loss that clients should be prepared to bear.**

#### Material Risks

The following is an explanation of the material risks that Impactive Capital believes are associated with its investment strategy. Unless stated otherwise, each risk applies to all of the Clients. Further discussion of these and other risks associated with an investment in each Fund and Managed Account are set forth in the applicable Fund's or Managed Account's Governing Documents. The following risk factors do not purport to be a complete list or explanation of all the risks associated with an investment in one or more of the Funds and Managed Accounts.

***Investment and Trading Risks.*** An investment in a Client involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that such Client's investment program will be successful. Impactive Capital intends to invest substantially all of the Clients' assets in securities, some of which may be particularly sensitive to economic, market, industry and other variable conditions. The markets in which the Clients expect to invest have in recent years experienced significant volatility and losses. No assurance can be

given as to when or whether adverse events might occur that could cause immediate and significant losses to the Clients.

***Long-Term Investments.*** A Client is likely to pursue investment opportunities that seek to maximize asset value or create market opportunities on a long-term basis. In pursuing such long-term strategies, a Client may forego value in the short term or temporary investments in order to be able to avail a Client of additional and/or longer-term opportunities in the future. Consequently, a Client may not capture maximum available value in the short term, which may be disadvantageous, for example, for shareholders who redeem all or a portion of their Shares before such long-term value may be realized by a Client.

***Investments in Undervalued Securities.*** A Client will seek to invest in undervalued securities and other financial instruments. The identification of investment opportunities in undervalued securities and other financial instruments is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued investments offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate for the business and financial risks assumed. In addition, a Client may be required to hold such securities or other financial instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of a Client's capital would be committed to the securities purchased, thus possibly preventing a Client from investing in other opportunities. In addition, a Client may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

***Activist Role of a Client.*** A Client may pursue an activist role in effecting corporate change with respect to an investment. The costs in time, resources and capital involved in such activist investments depend on the circumstances, which are only in part within Impactive Capital's control, and may be significant, particularly if litigation against a Client and/or the Impactive Parties ensues. In addition, the expenses associated with an activist investment strategy, including potential litigation or other transactional costs, will be borne by a Client. Such expenses may reduce returns or result in losses. The success of a Client's activist investment strategy may require, among other things: (i) that Impactive Capital properly identify portfolio companies whose equity prices can be improved through corporate and/or strategic action; (ii) that a Client acquire sufficient shares of the securities of such portfolio companies at a sufficiently attractive price; (iii) a positive response by the management of portfolio companies to shareholder engagement; (iv) a positive response by other shareholders to shareholder activism and Impactive Capital's proposals; and (v) a positive response by the markets to any actions taken by portfolio companies in response to shareholder activism. None of the foregoing can be assured to succeed.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or shareholders of the subject company, which may result in litigation and may erode, rather than increase, shareholder value; (ii) intervention of one or more governmental agencies; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or a Client and such regulatory agencies may independently investigate the participants in a transaction, including a Client, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of shareholders and others with an interest in the subject company. Some shareholders may have interests which diverge significantly from those of a Client and some of those parties may be indifferent to the proposed changes. Moreover, securities that Impactive

Capital believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame Impactive Capital anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow a Client to dispose of all or any of its securities therein or to realize any increase in the price of such securities.

***Regulatory Restrictions.*** The investment strategies pursued by a Client may be affected by U.S. state and federal laws governing the beneficial ownership of securities in public companies, which may inhibit a Client's ability to freely acquire and dispose of certain securities. Should a Client be affected by such rules and regulations, it may not be able to transact in ways that would realize value. In addition, any changes to government regulations could make some or all forms of corporate governance strategies unlawful or impractical. Accordingly, such changes, if any, could have an adverse effect on the ability of a Client to achieve its investment objective.

***Litigation and Regulatory Investigations.*** Some of the tactics that Impactive Capital may use involve litigation. A Client could be a party to lawsuits either initiated by it, or by a company in which a Client invests, other shareholders, or state and federal governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of a Client, and there is a risk of monetary damages and equitable relief against a Client. In addition, as an activist investor, Impactive Capital may subject from time to time (and especially in the context of a proxy contest), to formal or informal investigations or inquiries by the SEC and other governmental and self-regulatory organizations in connection with its activities. Litigation and regulatory investigations may involve distraction of Impactive Capital's time and significant expenses to a Client.

***Control Issues.*** Although Impactive Capital may seek protective provisions, including, possibly, Board representation, in connection with certain of its public and private investments, to the extent a Client takes minority positions in companies in which it invests, Impactive Capital may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

***Reduced Liquidity due to Inside Information.*** From time to time Impactive Capital or its affiliates, or members of a group of investors or managers with which Impactive Capital is acting, may work with the management team of a company in which a Client has invested or proposes to invest in order to design an alternate strategic plan and assist them in its execution, and may secure the appointment of persons selected by Impactive Capital or other members of the group to the company's management team or board of directors. In the course of such activities, Impactive Capital may come into possession of material, non-public information concerning such company, and the possession of such information may limit the ability of Impactive Capital to cause a Client to buy or sell the securities issued by such company. Therefore, a Client may be required to refrain from buying or selling such securities at times when Impactive Capital might otherwise wish to cause a Client to buy or sell such securities.

***Equity Securities Generally.*** A Client's investment portfolios will include long and short positions in equity securities. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may affect investments made by a Client. As a result, a Client may suffer losses from investments in equity instruments of issuers whose performance diverges from Impactive Capital's expectations or if equity markets generally move in a single direction and a Client has not hedged against such a general move.



***Convertible Securities and Investments in Equity-Related Convertible Securities.*** A Client may invest a portion of its capital in convertible securities and equity-related convertible securities. Convertible securities are equities, bonds, debentures, preferred stocks or other securities that may be converted into or exchanged for a specified fixed or variable amount of common stock of the same or different issuer 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. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is influenced principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a Client is called for redemption, a Client will be required, depending on the terms of the security, to permit the issuer 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 a Client’s ability to meet its investment objective.

***Investments in Corporate Debt and other Fixed Income Securities.*** A Client may invest in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, limited partnerships and other similar entities. A Client may also invest in debt securities issued or guaranteed by the U.S. or foreign government or one of its agencies or instrumentalities, commercial paper, and “higher yielding” (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

***Investments in Preferred Stock.*** A Client may trade the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject

to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

**Short Sales.** Impactive Capital is expected to engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities a Client borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and a Client will be able to make a profit by purchasing the securities at a later date at the lower prices. A Client will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. A Client's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of a Client. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect a Client's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, a Client may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. A Client may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and a Client is subject to strict delivery requirements. The inability of a Client to deliver securities within the required time frame may subject a Client to mandatory close out by the executing broker-dealer. A mandatory close out may subject a Client to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact a Client's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to a Client.

**Concentration of Investments.** Subject to Impactive Capital's risk framework, in the normal course of making investments on behalf of a Client, Impactive Capital will select investments for a Client that potentially could be concentrated, for example, in a limited number or type of securities or in any one issuer, industry, sector, strategy or geographic region. Market conditions may create opportunities within certain investment strategies, which cause Impactive Capital to increase the concentration of certain investment strategies. Such concentration of risk may expose a Client to losses disproportionate to those incurred by the market in general if the areas in which a Client's investments are concentrated are disproportionately adversely affected by price movements.

***Small-Cap and Mid-Cap Risks.*** A Client may trade equities of small- and mid-capitalization companies. While, in Impactive Capital’s opinion, the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small- and mid-capitalization issuers may also present greater risks. For example, some small- and mid-cap issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, due to thin trading in many smaller capitalization stocks, an investment in such stocks may be characterized by reduced liquidity. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is potentially higher than for larger, “blue-chip” companies. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of larger-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers. There may be less information about small and mid-cap companies than larger cap companies.

***Use of Leverage.*** Impactive Capital may use leverage in connection with a Client’s portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to the Partners if a Client earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Partners if a Client fails to earn as much on such incremental investments as it pays for such funds. In the event that a Client leverages its portfolio, fluctuations in the market value of a Client’s portfolio will have a significant effect in relation to a Client’s capital and the risk of loss and the possibility of gain will each be increased. In addition, when a Client utilizes leverage, the level of interest rates generally, and the rates at which a Client can borrow in particular, will be an expense of a Client and therefore affect the operating results of a Client. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of a Client’s portfolio.

A Client may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to a Client. For example, should the securities pledged to brokers to secure a Client’s margin accounts decline in value, a Client could be subject to a “margin call” pursuant to which a Client would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of a Client’s assets, a Client might not be able to liquidate assets quickly enough to pay off its margin debt.

***American Depositary Receipts and Global Depositary Receipts.*** It is expected that a portion of a Client’s assets will be invested in ADRs and GDRs (as each term is defined below). American Depositary Receipts (“ADRs”) are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts (“GDRs”) are receipts issued by either a U.S. or non U.S. banking institution representing ownership in a foreign company’s publicly traded securities that are traded on foreign stock exchanges or foreign over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation,

confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

***Exchange Traded Funds.*** A Client may buy and sell short shares of exchange traded funds (“ETFs”) and other similar instruments. These transactions may be used to adjust a Client’s exposure to the general market or industry sectors and to manage a Client’s risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broad based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

***Warrants.*** Warrants will enable a Client to purchase a specified number of shares of an issuing corporation at a specified price during a specified period of time. Warrants involve the risk of a loss of the purchase value of the warrant if the right to subscribe to additional shares is not executed prior to the warrants’ expiration. The effective price paid for the warrant, when added to the subscription price of the offered security, may in fact be in excess of the value of the offered security if there is no appreciation in such security. Furthermore, a Client may be adversely affected in the event that the securities underlying such warrants decline in value.

***Hedging.*** A Client may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, Impactive Capital’s ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Client’s hedging strategies may also be subject to Impactive Capital’s ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. A Client’s portfolio is not expected to be completely hedged at all times and at various times Impactive Capital may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, a Client’s assets may not be adequately protected from market volatility and other conditions.

***Purchasing Securities of Initial Public Offering.*** From time to time a Client may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for a Client to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. A Client may trade securities that are “new issues,” as defined by Rule 5130. Rule 5130 and Rule 5131 restrict certain persons from participating in “new issues.”

***Swap Transactions.*** A Client may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard “swap” transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments,

instruments, or indices. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount.” Whether a Client’s use of swap agreements will be successful will depend on Impactive Capital’s ability to select appropriate transactions for a Client. Swap transactions may be highly illiquid. Moreover, a Client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect a Client’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty. A Client also expects to use swaps and swaptions for hedging purposes.

Total return swaps are another form of swap transaction that a Client may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, interest rate, form of debt, currency or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to a Client’s portfolio because, in addition, to its total net assets, a Client would be subject to investment exposure on the notional amount of the swap agreement.

In addition, a Client may enter into credit default swap transactions. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables, including, for example, the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Yield curve, among other factors. As such, there are many factors upon which market participants may have divergent views. A Client may also enter into credit default swap transactions, even if the credit outlook is positive, if Impactive Capital believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

**Forward Trading.** Forward trading involves contracting for the purchase or sale of a specific quantity of, among other things, a financial instrument at the current price thereof, with delivery and settlement at a specified future date. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading is mostly unregulated and therefore there are no requirements with respect to record-keeping, segregation of funds or financial responsibility. The principal risks relating to the use of forwards are: (a) when used for hedging purposes, the possible imperfect correlation between the prices of the forwards and the market value of the securities or currencies in a Client’s portfolio intended to be hedged by the forwards; (b) possible lack of a liquid secondary market for closing out a forwards position; (c) losses on forwards resulting from interest rate or currency movements not anticipated by Impactive Capital; and (d) the risk of counterparty defaults.

**Foreign Securities.** A Client may trade securities of non-U.S. issuers. A Client’s investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the U.S. and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of a Client’s assets denominated in that currency and thereby impact a Client’s total return on such assets. A Client may utilize options and forward contracts to hedge against

currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Partnership assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for a Client to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of a Client's trades affected in such markets.

In addition, changes or modifications in existing judicial decisions or in the current positions of the IRS, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain non-U.S. investments which could adversely impact a Client's portfolio.

***Derivative Investments.*** Derivative instruments or "derivatives" include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose a Client to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Impactive Capital from promptly liquidating unfavorable positions and subject a Client to substantial losses.

***Stock Index Options.*** A Client may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in a Client's portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a Client realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by a Client of options on stock indices will be subject to Impactive Capital's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

***Illiquid Securities; Designated Investments.*** A Client may invest all or a portion of its assets in investments that Impactive Capital determines are private securities. Market prices for such Designated Investments are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges.

***Money Market Instruments.*** Impactive Capital may invest, for defensive purposes or otherwise, all or a portion of a Client's assets in high quality fixed-income securities, money-market instruments, and money-market mutual funds, or hold cash or cash equivalents in such amounts as Impactive Capital deems appropriate under the circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

***Cash Holdings.*** A Client may hold substantial cash balances which will vary depending on Impactive Capital's view of available investment opportunities. During times in which substantial capital is held in cash or cash equivalents, such capital may not be subject to the same returns as the rest of a Client's portfolio.

***Currencies.*** A Client may invest portions of its assets in instruments denominated in non-U.S. currencies or instruments, the prices of which are determined with reference to currencies other than the U.S. dollar, including, without limitation, options on non-U.S. currencies. A Client, however, values its securities and other assets in U.S. dollars. Impactive Capital may or may not seek to hedge all or any portion of the foreign currency exposure of a Client. To the extent unhedged, the value of the assets of a Client will fluctuate with U.S. dollar exchange rates as well as the price changes of the positions of a Client in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which a Client makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the securities and other financial instruments owned by a Client in the local markets of such other currencies. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the non-U.S. dollar securities and other financial instruments owned by a Client.

***Loans of Portfolio Securities.*** A Client may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of a Client's assets. By doing so, a Client attempts to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, a Client could experience delays in recovering the securities it lent. To the extent

that the value of the securities a Client lent has increased, a Client could experience a loss if such securities are not recovered.

**General Economic and Market Conditions.** The success of a Client's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of a Client's investments and the availability of certain securities and investments. Volatility or illiquidity could impair a Client's profitability or result in losses. A Client may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

A Client may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a Client from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to a Client. Market disruptions may from time to time cause dramatic losses for a Client, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

**Counterparty Risk.** Some of the markets in which a Client may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. This exposes a Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing a Client to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. A Client is not restricted from concentrating any or all of its transactions with one counterparty. The ability of a Client to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearinghouse. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

**Broker Risk.** A Client's assets may be held in one or more accounts maintained for a Client by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to a Client's assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to a Client's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved



and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on a Client and its assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of a Client's assets or in a significant delay in a Client having access to those assets.

#### **Item 9: Disciplinary Information**

Impactive Capital is not aware of any legal or disciplinary events that are material to an investor's or prospective investor's evaluation of Impactive Capital's advisory business or the integrity of Impactive Capital's management.

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

Impactive Capital has claimed an exemption from registration as a commodity pool operator, pursuant to Rule 4.13(a)(3) under the Commodity Exchange Act of 1936, as amended (the "CEA"), and Impactive Capital has also claimed an exemption from registration as a commodity trading advisor, pursuant to Rule 4.14(a)(8), each under the CEA.

Impactive Capital and its principals, supervised persons (i.e., directors, officers, partners and other persons occupying a similar status or performing similar functions) and employees and other persons providing advice on behalf of Impactive Capital and that are subject to Impactive Capital's supervision and control (the "Staff Members") are not registered, and do not have any application pending to register, with the SEC as a broker-dealer or a registered representative of a broker-dealer.

Impactive Capital does not currently expect to engage third party investment advisers to manage any portion of the Clients' assets. In addition, Impactive Capital does not currently expect to invest any portion of the Clients' assets in partnerships or joint ventures with other investment advisers. In the event that any such activities were to occur, neither such engagements or investments would result in the payment on a net basis of additional management fees, carried interests or performance allocations by the Clients.

Impactive Capital will evaluate any material conflicts of interest presented by any proposed relationship or arrangement it may contemplate with a service provider, broker or similar party that has a material business relationship with the Clients to ensure that the transaction or arrangement is fair and equitable to the investors in the Clients, and on terms that are consistent with arm's length dealings, and Impactive Capital reviews any such arrangement on an ongoing basis thereafter to ensure continued benefit to the Clients and their investors. Currently, Impactive Capital does not have, and is not aware of any Staff Member that has, any relationships or arrangements that pose material conflicts of interest.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), Impactive Capital has adopted a written code of ethics ("Code of Ethics"), which is designed to address and avoid potential conflicts of interest and is applicable to all Staff Members. The Code of Ethics may also be applied to any other person designated by the Chief Compliance Officer of Impactive Capital ("CCO").

A summary of the Code of Ethics is provided below. A full copy of the Code of Ethics will be made available to investors in each Fund upon written request.

The Code of Ethics addresses personal trading of “reportable securities” (as such term is defined in Rule 204A-1 of the Advisers Act), receiving and giving gifts and entertainment, engaging in outside activities, making political contributions and payments, making other donations, and the administration and enforcement of the Code of Ethics.

The personal trading policy and procedures place restrictions on personal trading of reportable securities by all Staff Members, including that they disclose to Impactive Capital on a periodic basis all security accounts and reportable security holdings and transactions, in which a Staff Member has a direct or indirect beneficial ownership. Impactive Capital requires prior approval from the CCO and one of the Principals before any transactions in “covered securities” (as defined in the Code of Ethics) in any personal account of a Staff Member; except for certain exempt transactions, such as non-volitional transactions and purchases of shares in mutual funds or money market funds or ETFs.

The Code of Ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit a Staff Member from directing Client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with Clients or investors without the prior approval of the CCO.

All violations of the Code of Ethics must be promptly reported to the CCO (or in his absence to one of the Principals), who is primarily responsible for administering and enforcing Impactive Capital’s Code of Ethics. A violation of the Code of Ethics may result in the imposition of disciplinary and remedial measures, including, without limitation, letter of reprimand, disgorgement, suspension, demotion or termination.

## **Item 12: Brokerage Practices**

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

Impactive Capital has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the broker-dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting broker-dealers to effect portfolio transactions for its Clients, Impactive Capital shall use its best judgment to choose broker-dealers most capable of providing best execution on an overall basis. In connection therewith, Impactive Capital will consider a number of factors to assess the overall value and quality of services provided by broker-dealers, including execution capability, diversity, commission rates, financial responsibility, the value of research provided and responsiveness to Impactive Capital. In addition, Impactive Capital has established an Operating Committee that meets quarterly and is responsible for developing, evaluating and changing, when necessary, Impactive Capital’s order execution practices. Accordingly, if Impactive Capital determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the research and brokerage products or services provided by such broker, the Funds and/or applicable Managed Account may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge for effecting the same transaction.

### Soft Dollar Arrangements

Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a safe harbor that allows an investment adviser to pay more than the lowest available commission in order to obtain research and brokerage products and services (commonly referred to as a “soft dollar” arrangement). That practice involves a conflict of interest, but Section 28(e) of the Exchange Act provides that it does not breach Impactive Capital’s fiduciary duty to the Client if the products and services consist of “research” or “brokerage” and certain other conditions and requirements are met.

Impactive Capital does not currently anticipate using soft dollar arrangements.

### Investor Introductions

Impactive Capital may receive introductions to investors through broker-dealers that execute trades on behalf of Impactive Capital. Impactive Capital does not believe that it pays any additional fees or higher commissions as a result of these introductions. Impactive Capital seeks best execution on all transactions. However, Impactive Capital may have an incentive to select or use a broker-dealer based on receiving investor referrals from that counterparty.

### Trade Errors

Impactive Capital will seek to detect trade errors and to correct and mitigate them in an expeditious manner. Except as may otherwise be set forth in the applicable Governing Documents, any gains from trade errors will be kept by the affected Clients while any losses from trade errors (other than those due to gross negligence or willful misconduct regardless of the materiality of the loss in circumstances of gross negligence or willful misconduct) will be absorbed by the applicable Clients; provided, however, that such losses may (but are not required to be) reversed with Impactive Capital taking responsibility to make the affected Clients whole.

## **Item 13: Review of Accounts**

Clients’ portfolios are reviewed on a regular basis. Impactive Capital’s investment personnel hold investment meetings to discuss investment ideas, investment strategies, economic developments, current events, and other issues related to current portfolio holdings and potential investment strategies.

Impactive Capital will provide each investor in a Fund with the following reports in accordance with the terms of the applicable Fund’s Governing Documents: (i) monthly unaudited NAV, investor capital statements and aggregate portfolio information; (ii) annual audited financial reports; and (iii) annual tax information necessary to complete any applicable tax returns.

Managed Account Clients will receive from Impactive Capital, upon request, any information, documentation or other materials reasonably requested in order to enable the Managed Account client to ensure that Impactive Capital is managing the assets of the Managing Account in an equitable manner relative to Impactive Capital’s management of the accounts of other Clients.

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

Impactive Capital does not directly or indirectly compensate any third party for client referrals. However, Impactive Capital may receive introductions to investors through broker-dealers that execute trades on behalf of Impactive Capital. Impactive Capital does not believe that it pays any additional fees or higher commissions as a result of these introductions. Impactive Capital seeks

best execution on all transactions. However, Impactive Capital may have an incentive to select or use a broker-dealer based on receiving investor referrals from that counterparty.

Other than the circumstances described above, Impactive Capital does not receive any economic benefits from non-clients in connection with the provision of investment advice to the Clients.

#### **Item 15: Custody**

Impactive Capital is deemed to have custody of the Clients' assets because of the authority that Impactive Capital and/or its affiliated entities have over those assets. The Clients' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor in each Client generally within 120 days following the end of each fiscal year of the applicable Client. The audited financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Impactive Capital urges investors to carefully review the audited financial statements of the Clients in which they are invested.

#### **Item 16: Investment Discretion**

In accordance with the terms and conditions of the Clients' Governing Documents and subject to the direction and control of the Clients' general partner and directors, as applicable, Impactive Capital will generally have discretionary authority to determine, without obtaining specific consent from the Clients or their respective investors, the securities and the amounts to be bought or sold on behalf of the Clients and to perform the day-to-day investment operations of the Clients.

#### **Item 17: Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Impactive Capital has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the Clients' best interest and is in line with the Clients' investment objectives. In certain cases, Impactive Capital may determine that not voting is in the best interest of the Clients or otherwise appropriate. Investors may not direct Impactive Capital's vote on behalf of the Clients.

Conflicts of interest may arise between the interests of the Clients on the one hand and Impactive Capital and Staff Members on the other hand. At a minimum, the Staff Member responsible for instructing the vote by Impactive Capital on behalf of the Funds will be required to disclose any personal interest or other conflict of interest it has with respect to such proxy. Any conflict of interest will be reviewed and resolved by the Chief Compliance Officer.

A copy of Impactive Capital's proxy voting policies and procedures will be made available to investors upon written request.

#### **Item 18: Financial Information**

A balance sheet has been prepared for our most recent fiscal year in accordance with GAAP. The balance sheet has been audited by an independent public accountant. To the extent that a Client of Impactive Capital prepaid more than \$1,200 in fees for the 2019 fiscal year, such balance sheet has been provided to such Client. Impactive Capital has not been subject to any bankruptcy proceeding during the past 10 years.

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

Item 19 is not applicable.