

## **Item 1. Cover Page**

**This brochure provides information about the qualifications and business practices of Crosspoint Capital Partners, LP. If you have any questions about the contents of this brochure, please contact us at [matt@crosspointcapital.com](mailto:matt@crosspointcapital.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 Crosspoint Capital Partners, LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### **Crosspoint Capital Partners, LP**

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Part 2A of Form ADV: Firm Brochure

December 23, 2019

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**Item 2. Material Changes**

Item 2 is not applicable to Crosspoint Capital Partners, LP.

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

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

For purposes of this brochure, the “Adviser” means Crosspoint Capital Partners, LP, a Delaware Limited Partnership, 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 Crosspoint Capital Partners, LP, but possess a substantial identity of personnel and/or equity owners with Crosspoint Capital Partners, LP. 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, including funds that are formed 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 Funds make primarily long-term equity and equity-related investments in private companies. 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 owner of Crosspoint Capital Partners, LP is Greg Clark. The Adviser has been in business since December 2019. Since the Adviser is newly formed, as of December 23, 2019, the Adviser manages no client assets.

#### **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. A Fund, and/or its portfolio companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies, which, in certain circumstances, may reduce the Advisory Fees payable to the Adviser. 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 Fund and/or the portfolio companies. 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 from each such Fund an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital or remaining invested capital, with respect to such Fund. 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 excess 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 billed to and received from the Funds are payable semi-annually in advance on the 5th business day of March and September of each year.

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 Organizational Documents. 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. In addition, the Adviser may enter into economic and/or other fee sharing arrangements with respect to one or more Funds and/or certain limited partners thereof, the rights of which will not generally be made available to other limited partners.

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.

The Advisory Fees paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) the fees incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund’s Organizational Documents and/or (3) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Organizational Documents of the applicable Fund. To the extent an Other Fee 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.

In addition, the Adviser may waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser to invest in and alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees may not be subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when the Adviser no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, the Adviser, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned to the Funds and distributed according to the distribution regime of each Fund.

### **Other Fees**

#### *Fees Payable by the Portfolio Companies*

In addition to the Advisory Fees and Carried Interest, the Adviser and its affiliates may receive a variety of other fees relating to the investment activities of a Fund and its portfolio companies including transaction fees, director fees, financial advisory fees, organization and financing fees, operational fees, commitment, transaction, break-up and topping fees, divestment fees, termination fees, project fees, fees relating to the arrangement of acquisitions or other financial restructuring, or divestments, investment banking fees, fees relating to credit origination, loan syndication, loan servicing and/or other types of management consulting and other similar operational and financial matters and/or other fees and annual retainers from, or with respect to, the portfolio companies (collectively with the other fees described in this section, “Other Fees”).

As noted above, the Adviser and its affiliates may also receive “monitoring fees” pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals, the payment of monitoring fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric), and the acceleration of payment of the monitoring fees upon certain termination events, including the occurrence of an initial public offering or strategic exit. The accelerated monitoring fee may be calculated as the present value of hypothetical future payments, which may be based on an assumed growth in performance, based on an assumed growth of EBITDA or similar metric, and may be calculated using a discount rate as low as the risk free rate, as determined by the Adviser. Since the monitoring agreements may have prolonged terms (often exceeding ten (10) years and/or subject to automatic extensions and renewal), the financial effect of such acceleration may be substantial, particularly in the event such circumstances occur early in the life of the Fund’s investment in such portfolio company. Notwithstanding the foregoing, in the event of an initial public offering or other disposition, monitoring fees will continue to be paid so long as the applicable Fund continues to hold an

other than de minimus position in such portfolio company and the Adviser or its affiliates continue to provide the monitoring services.

The amount and timing of Other Fees received by the Adviser or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction. Generally, under the terms of the applicable Organizational Documents, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other 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 Other Fees in accordance with the Advisory Agreement and/or Organizational Documents of the applicable Fund.

The Adviser will determine the amount of these fees in its own discretion, subject to agreements with sellers, buyers and management teams, the boards of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions, and the Adviser is not required by the Organizational Documents of the Funds to provide the Funds and the limited partners thereof with information regarding the amounts of these fees and reimbursements, although sometimes portfolio companies disclose these fees in materials. Although the Adviser or certain of its affiliates receive these fees and reimbursements from actual or prospective portfolio companies or other investment vehicles of the Funds, the opportunity to earn these fees and receive these reimbursements creates a conflict of interest between the Adviser and such affiliates, on the one hand, and the Funds and the limited partners thereof, on the other hand, because the amounts of such fees and reimbursements are often substantial, the Funds and their investors do not have an interest in the Adviser or such affiliates and the rights of the Funds and their investors to these fees and reimbursements is limited to the offset described above. 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.

From time to time, the Adviser will, in its discretion, disclose to an investor the amount of Other Fees allocated to the Fund in which such investor has invested in account statements or other similar periodic reports delivered to investors.

From time to time, the Adviser may (in its sole discretion), agree to pay a portion of an Other Fee received from an actual or prospective portfolio company to a third party ("Third Party Fee"), such as a consultant, advisor, finder, broker, co-investor and/or investment bank. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the applicable Organizational Documents to share such Third Party Fee with the Funds (and their investors) and such Third Party Fee will not reduce the Advisory Fee.

In addition, the Adviser or its personnel, on behalf of Adviser, may receive stock of a portfolio company as an Other Fee due to the service of such personnel 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 Other 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 an Other 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 Funds and its personnel, on the one hand, and the Funds, on the other hand.

To the extent an Other Fee 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.

#### *Payments Made to Third Parties*

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons are generally retained by such persons and will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “Providers of Operations Support” in Item 11 below.

#### *Expense Reimbursement*

Additionally, a portfolio company will typically reimburse the Adviser for expenses, including without limitation, travel and travel-related expenses, meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses, incurred by the Adviser in connection with its performance of services for such portfolio company. Such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Organizational Documents, and such reimbursements do not reduce the Advisory Fee. As used throughout this brochure, “travel and “travel-related” expenses shall be deemed to include, without limitation, lodging and accommodation, meals and dining and social and entertainment fees and expenses, as well as commercial and non-commercial transportation costs, including chartered, private aircraft or car, first class and business class travel (including the use of a private aircraft owned or partially owned by the Adviser, any of its affiliates or any of their respective owners for air travel), so long as the applicable Fund only pays the equivalent of a first-class commercial ticket with respect to each employee, director and partner of the general partner of such Fund and the Adviser using such private aircraft.



Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

## **Expenses**

### *Adviser Expenses*

To the extent provided in the Organizational Documents of the Funds, the Adviser will bear certain expenses and costs associated with the performance of its services, including expenses rent, utilities, office supplies, office equipment, travel, entertainment and compensation and expenses of the Adviser's officers, directors and employees and other normal operating expenses that relate to the services provided to the Funds (other than Carried Interest described in Item 6 below).

### *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, all printing, legal, accounting, travel, marketing, advertising, wholesaling, information technology, virtual data room and other fees and expenses (including reimbursements of fees and expenses of third parties, including legal and accounting advisers and any placement agents) incurred by the Fund, its general partner, the Adviser or their affiliates in connection with the start-up and organization of the Fund, any feeder funds, any parallel funds and the general partner, and fundraising for and the offering and sale of limited partnership interests in the Fund, any feeder funds and any parallel funds; the Advisory Fee; the fees and expenses of any placement agent utilized in connection with the offering and sale of limited partnership interests in the Funds, any feeder funds and any parallel funds; all fees and expenses of professional and similar services to, or in connection with the operation of, the Fund or any feeder funds (including legal, accounting, consulting, marketing, audit, actuarial, investment banking, reporting, valuation, appraisal, pricing, tax preparation, research and other information gathering, risk management, due diligence, administrator services and expert networks), all fees and expenses associated with information technology (including the costs of acquiring, licensing, developing, implementing or maintaining any virtual data room, software, hardware, or other technological system or database) and news quotation or other research, data or information database subscriptions, data management software and diligence software, all fees and expenses of maintaining a Fund's books and records, and all filing and similar fees, in each case including reimbursements of any fees and expenses to advisers, service providers, agents, industry-matter experts and other third parties, but also in each case only to the extent not reimbursed by entities in which a Fund invests or proposed to invest; all fees and expenses (including travel fees and expenses of the general partner, Adviser and their affiliates) related to research, discovery, sourcing, investigating, evaluating, diligencing, negotiating, structuring (including the fees and expenses associated with any alternative investment vehicles and fees and expenses associated with organizing, establishing, maintaining and administering intermediate or special purpose entities used to acquire, hold, or dispose of an investment or to otherwise facilitate a Fund's investment

activities), hedging, making, holding (including other expenses of a portfolio company of the types described herein), developing, operating, managing, monitoring, servicing (including loan servicing), restructuring, refinancing or disposing of investments, including with respect to transactions that are not consummated including legal expenses incurred in connection with claims or disputes related to making investments or unconsummated investments), in each case only to the extent that such fees and expenses are not reimbursed by entities in which a Fund has invested or proposed to invest; fees and expenses in connection with attending conferences, trade association meetings and similar events in connection with researching, sourcing and evaluating investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated); all fees, costs and expenses relating to compliance with tax, securities law or other legal or regulatory requirements applicable to a Fund or any feeder fund (including preparation and filing of Form PF and registration or other compliance obligations related to, or arising as a result of, the offering and sale of interests in a Fund or any feeder fund in any jurisdiction, including any such obligations arising under the Alternative Investment Fund Managers Directive or the securities laws of any jurisdiction, or from managing compliance with AEOI or similar regimes); fees and expenses of third-party examinations or audits of a Fund, the general partner or the Adviser that are attributable to the operation of a Fund or requested by one or more limited partners; insurance costs and expenses, including premiums of any director and officer liability, general partner liability, cybersecurity or other insurance for the Funds and for which the Adviser and its affiliates are the beneficiaries; all custody, depositary, transfer, registration and similar fees and expenses incurred by a Fund; all brokerage, and finders' fees and commissions and discounts incurred in connection with the purchase or sale of securities; all fees and expenses in connection with any borrowing or guarantees by a Fund or any feeder fund, including interest, financing fees and other fees and expenses in connection with establishing a credit facility or arising from any letter of credit; all expenses of the advisory committee, including setup costs, speaker fees, honorarium, travel and the reasonable fees and expenses of counsel to the advisory committee appointed in accordance with each Fund's Organizational Documents; all extraordinary expenses, including litigation and indemnification costs, expenses, judgments and settlements; all taxes and other governmental charges, fees and duties and any related interest and penalties other than amounts that are reimbursed or paid by, or that offset and reduce distributions to, any limited partner, pursuant to each Fund's Organizational Documents); all fees expenses incurred by a Fund, any feeder fund and the general partner or its affiliates in connection with meetings of one or more investors and related activities, including setup costs, speaker fees, honorarium and travel fees and expenses incurred by the Adviser or its affiliates in connection with such meetings and activities (including on behalf of limited partners), all fees and expenses incurred in providing reports and notices to investors and all fees and expenses associated with making capital calls from and distributions to investors, including costs of software used to facilitate all such activities; fees and expenses of bridge financing (which may be payable to co-investors or vehicles participating in the relevant investment, the general partner, the Adviser or their affiliates, in each case, to the extent such entity provides such bridge financing), financing, commitment and origination; fees and expenses incurred in connection with complying with provisions in side letters, including "most favored nation" provisions; fees and expenses associated with any amendments, modifications, revisions or restatements to the Organizational Documents of a Fund and, to the extent related thereto or otherwise related to the operation of the Fund, the general partner; fees and expenses in connection with the winding up, liquidation

and termination of a Fund; all other fees, costs, expenses and liabilities incurred in connection with the administration of a Fund or any otherwise that may be authorized by the Organizational Documents of a Fund or that may be approved by the requisite percentage of limited partners in each Fund, or by each Fund's advisory committee. The fees and expenses payable by the Funds also include all such fees and expenses incurred or charged by Operating Partners.

Certain employees of the Adviser or one of its affiliates may provide legal, regulatory, tax, accounting, administration and similar services to the Funds. In such instances, the Funds will, in certain circumstances, pay, or, if paid by the Adviser or any of its affiliates (other than the Funds), reimburse the Adviser or such affiliate, for fees and expenses (including an allocable portion of personnel and related overhead expenses) related to such services (other than services provided by Operating Partners); provided that (i) such services would, in the ordinary course, otherwise be provided by third-party service providers and such fees and expenses would be expenses of a Fund if such services were provided by third-party service providers, (ii) the Adviser reasonably believes that it is in the interests of a Fund to have in-house personnel perform such services rather than third-party service providers, and (iii) the costs of providing such services are no greater than the amount that would be charged by third-party service providers providing such services in an arm's-length transaction. Such allocations require judgments as to methodology that the Adviser makes in good faith but in its sole discretion.

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 the Funds, 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 with which 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 also 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. 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(s) to which the co-investment opportunity was offered. Similarly, co-investment vehicles (and co-investors) are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction. Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to Operations Support Partners (as defined in Item 11 below) and other third parties), any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investments, any break-up fees, reverse termination fees,, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not 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 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 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 Dead Deal Costs 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. Such expenses typically are not allocated to co-investment vehicles. There may be occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

With respect to allocating other expenses among Fund(s), Adviser Investors and/or co-investors (including Third Parties), as appropriate, the Adviser will make any such allocation determination on 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.

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation or other fees. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

### **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 each Fund a portion of the profits of each such Fund is distributed to 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 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 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. See also 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, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. 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 Funds will primarily pursue private investments headquartered in North America (and selectively in other geographic regions) in well-positioned businesses in the cybersecurity, data privacy and infrastructure software industries (the “Targeted Sectors”).

### **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:

### ***Competitive Marketplace***

The Funds will be competing for investment opportunities with a significant number of other private equity investment funds that invest in the Targeted Sectors. Over the past several years,

an increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, or more personnel than the Funds, the Adviser or its respective affiliates. Also, the availability of investment opportunities generally will be subject to market conditions. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with respect to an investment, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Funds. There can be no assurance that the Adviser will be able to identify and consummate suitable investment opportunities for the Funds and to the extent that the Funds encounter competition for investment opportunities, returns to investors may decrease, including as a result of higher pricing, foregoing opportunities, or negotiating fewer transactional protections in order to remain competitive. Additionally, the Funds may incur bid, due diligence, negotiating, consulting or other costs on investments that may not be successful. As a result, the Funds may not recover all of their costs, which would adversely affect returns.

#### ***Risks Relating to Due Diligence of and Conduct at Portfolio Companies***

Before making investments in any particular company, the Funds will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisors or consultants may present a number of risks primarily relating to the Funds' reduced control of the functions that are outsourced. In addition, if the Funds are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding a potential investment, the Funds will rely on the resources available to them, including information provided by the target of the investment and, in some circumstances, third-party investigations and/or consumer surveys. The due diligence investigation that the Funds carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk. There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by the Adviser will be adequate. In the event of fraud by any portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the

portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of a Fund's investment in such portfolio company. A Fund will rely upon the accuracy and completeness of representations made by portfolio companies and in certain instances their former owners in the due diligence process when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. In addition, conduct occurring at portfolio companies, even activities that occurred prior to a Fund's investment therein, could have an adverse impact on such Fund.

### ***Long-Term Investment***

The Funds are intended for long-term investment and for investors who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. The investments of the Funds are unlikely to provide current income, which is not an objective of the Funds. It is anticipated there will be a significant period of time (up to five (5) years or more from the date of each Fund's final closing date) before each Fund has completed its investment program. Investments may typically take from three to seven (3 to 7) years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures may not provide liquidity for a Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of a Fund's investments will occur for a significant period of time after the first closing of such Fund. Certain of the Fund's investments may not be disposed of in an advantageous manner prior to the date that such Fund will be dissolved, either by expiration of the Fund's term or otherwise. No assurance can be given in any such circumstances that a Fund will have received a return of its invested capital or that a Fund will otherwise be able to exit its investments by sale or other disposition (at attractive prices or at all). In addition, losses on unsuccessful investments may be realized before realization of gains on successful investments. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment.

### ***Concentration of Investments; Lack of Diversity***

The Funds' portfolios are intended to be concentrated in a limited number of companies, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified. The performance of a few key holdings may substantially affect the Funds' aggregate returns. Concentration within a limited geographic focus will typically involve risks greater than those of investment funds that invest across or source investments from a broader geographic area. In addition, the Funds intend to make most of their investments in a limited number of related sectors. If certain unexpected events occur or trends develop in respect of one or more of the sectors in which a Fund will invest, such Fund's performance may be adversely affected.

### ***Risks Associated with the Fund's Portfolio Companies***

Typically, although members of the Adviser will often serve on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Funds or the Adviser). The Funds may hold minority positions in portfolio companies and may acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. In such cases, the Funds will rely significantly on the existing management and boards of directors of such portfolio companies, which may include



representatives of other investors with whom the Funds are not affiliated and whose interests or review may conflict with the interests of the Funds. Additionally, portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage.

Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. A Fund's capital is limited and may not be adequate to protect such Fund from dilution in multiple rounds of portfolio company financings.

The public market for portfolio companies in which the Funds will invest is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Funds. In particular, the receptiveness of the public market to initial public offerings by the Funds' portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. The receptiveness of potential acquirers to the Funds' portfolio companies will vary over time and, even if a portfolio company is disposed of via a merger, consolidation or similar transaction, the Funds' stock, security or other interests in the surviving entity may not be marketable. There can be no guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition or otherwise, and there is a significant risk that the Fund's investments will yield little or no return. Generally, the investments made by the Funds will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of the Funds' investment, a portfolio company may lack one or more key attributes (e.g., proven technology, appropriate patent protection, marketable product, complete management team, or strategic alliances) necessary for success. Many or most of the Funds' portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. It is likely that a Fund will still hold some illiquid securities at the time of such Fund's dissolution, with the result that such securities may be distributed in-kind or sold for a price that reflects their illiquid nature.

In some cases the Funds may be prohibited by contract or legal or regulatory reasons from selling certain securities or other instruments for a period of time (e.g., due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell portfolio companies at a time it might otherwise desire to do so. To the extent that there is no trading market for such portfolio companies, the Funds may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of the Funds' portfolio companies will be found. In addition, practical limitations may inhibit the Fund's ability to liquidate certain of its investments in portfolio companies since the issuer will be privately held and the Funds will in certain cases own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers. The above limitations on liquidity of the Funds' investments

could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

### ***Adverse Consequences of Ownership of Controlling Interests in Portfolio Companies***

It is expected that a Fund will own a controlling percentage of the common equity of companies which, depending upon the amount of equity owned by such Fund, contractual arrangements between the company and such Fund, and other relevant factual circumstances could result in an extension to one (1) year of the ninety (90) day bankruptcy preference period with respect to payments made to such Fund. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be thought to control, participate in the management of or influence the conduct of its companies. This could expose the assets of a Fund to claims by a company, its other security holders, its creditors or governmental agencies.

### ***Illiquidity of Portfolio Investments***

The Funds' investments may consist of securities that are subject to restrictions on sale under U.S. securities laws. Generally, the Funds will not be able to sell these securities publicly in the U.S. without the expense, time and other burdens required to register the securities under the Securities Act, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. When restricted securities are sold to the public, the Funds may be deemed a controlling person, or possibly an "underwriter," with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act.

Sales may in the future be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

### ***Dependence on Patents and Other Intellectual Property***

Certain of the Funds' portfolio companies may rely on proprietary technology, as well as the technical expertise, creativity, and knowledge of portfolio company personnel. Software piracy and reverse engineering may result in counterfeit products. Although a portfolio company may use a variety of methods to protect its intellectual property, a portfolio company will likely depend heavily on patent, trademark, copyright, and trade secret protection, as well as non-disclosure agreements with customers, suppliers, employees, and consultants. These measures, however, may not be adequate to protect a portfolio company's proprietary technology, protect a portfolio company's patents from challenge, invalidation or circumvention, or ensure that a portfolio company's intellectual property will provide it with a competitive advantage.

A portfolio company's pending and future patent applications may not issue as patents or, if issued, may not issue in a form that will provide such portfolio company with any meaningful protection or any competitive advantage. In addition, patents may be challenged, narrowed, invalidated, or circumvented, which could limit a portfolio company's ability to stop competitors from developing and marketing similar products or limit the length of terms of patent protection it may have for its products. Additionally, changes in patent laws or their interpretation in the United States and other countries could also diminish the value of a portfolio company's

intellectual property or narrow the scope of a portfolio company's patent protection. In addition, the laws of non-U.S. jurisdictions may not protect a portfolio company's rights to the same extent as the laws of the United States. As a result, a portfolio company's patent portfolio may not provide it with sufficient rights to exclude others from commercializing products similar to its own.

### ***Bridge Financings***

From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Funds' control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds. In addition, in the event a proposed refinancing or syndication of a portfolio company does not proceed as planned, such bridge loans may cause the Funds to be more concentrated in a single portfolio company than originally intended.

### ***Leverage***

The Funds do not intend to use leverage at the Fund level for investment purposes. However, the Funds may borrow money to finance a portfolio investment or a Fund expense until the date that capital contributions with respect to that investment or Fund expense is received from investors. The Funds may secure such borrowings by mortgaging, pledging, charging, assigning or otherwise collateralizing any part of the assets of the Fund, including the right to receive capital contributions from limited partners.

Portfolio companies may incur leverage. Leverage may have important adverse consequences to these companies and the Funds as a direct or indirect investor in these companies. The amount 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 due to restrictive financial and operating covenants. Leverage may also impair such companies' ability to finance their future operations and capital needs. Although portfolio companies may incur leverage, proceeds of this debt may be paid as a dividend to stockholders and not invested in operating or financial assets, or otherwise retained by the company. A leveraged company's income and net assets will tend to fluctuate at a greater rate than if borrowed money were not used. Moreover, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates or deterioration in the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the Funds in such portfolio company could be significantly reduced or even eliminated.

### ***Foreign Currency Tax Effects and Hedging Transactions***

The Funds may invest in debt obligations denominated in currencies other than the U.S. dollar and in partnerships or other pass-through entities whose functional currency is not the U.S. dollar, and the Funds may, but are not required to, utilize currency hedging transactions to manage the risks associated with fluctuations in currency exchange rates; these investments and

transactions may generate gains or losses attributable to changes in foreign currency exchange rates. Gains and losses attributable to changes in currency rates generally are treated as ordinary for U.S. federal income tax purposes unless the applicable Fund qualifies for and makes certain elections to change the character of such gains and losses. In the absence of such elections, a Fund could be required to treat as, and allocate to the investors as, ordinary income the net amount of its gains on certain transactions to the extent attributable to changes in currency exchange rates.

#### ***Assumption of Contingent Liabilities***

In connection with an investment, the Funds may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if the Funds have assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Funds, including the remaining commitments of limited partners.

#### ***Contingent Liabilities on Disposition of Portfolio Companies***

In connection with the disposition of an investment, the Funds and the Adviser may be required to make (and/or be responsible for another person's or entity's breach of) representations about the business and financial affairs of the company typical of those made in connection with the sale of a business, the conditions of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded out of proceeds subsequently received by the Funds or out of capital not yet drawn down. In addition, limited partners may be required to pay to the Funds amounts which are required to be withheld by the Funds for tax purposes. In addition, limited partners may be required to indemnify the Funds with respect to any withholding tax liabilities of the Funds relating to such limited partner.

#### ***Improvements in Portfolio Company Operations Critical to Investment Success***

The success of the Funds' investment strategies depends on the effectiveness of efforts to improve the operating performance of portfolio companies following investment. Initiatives that may need to be taken in an effort to achieve improvements in operating performance include, among others, introductions of new products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to the achievement of improved operating performance is difficult and often requires substantial resources. The capabilities and resources of a portfolio company, even with the assistance of the Adviser, may be insufficient to affect such proper identification and implementation, and there can be no assurance that portfolio companies will be successful in achieving improvements in operating performance. The failure to achieve improved operating results following investment is likely to lead to losses or poor returns on investment.

### ***Valuation of Investments***

There is expected to be no actively traded market for most of the Funds' portfolio companies. When estimating the fair value of portfolio companies for which no public market valuations exist, the Adviser will apply a methodology that, based on its judgment, is appropriate in light of the nature, facts and circumstances of the investments. Ensuring that portfolio investments are fairly valued is an important focus of the Adviser; however, the valuation of such investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed in such investments by other investors and from prices at which such investments may ultimately be sold. In addition, third-party pricing information may at times not be available regarding certain of the Funds' assets or, if available, may not be considered reliable. Valuations of the Funds' investments will nevertheless impact the Adviser's track record, the timing of distribution of Carried Interest, and the calculation of Advisory Fees and therefore, the Adviser has incentives that may not align with the Funds or the Funds' investors.

### ***Investment in Restructurings***

The Funds may, particularly in the context of a follow-on investment, invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing or expected to experience significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the Adviser will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Funds may lose some or all of their investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Funds invested. Further, such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to the limited partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

### ***Multi-Step Transaction***

In the event that the Funds determine to effect an investment in a portfolio company by means of a multi-step transaction (e.g., a first-step cash tender offer, a stock purchase followed by a

merger, or a simultaneous acquisition and concurrent merger of two separate companies), there can be no assurance that the remainder of such portfolio company can be successfully acquired. As a result, the Funds may acquire only partial control over such a portfolio company or partial access to its cash flows to service any debt incurred in connection with its acquisition.

### ***Investment in Junior Securities***

The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Funds' investments once made.

### ***Investments in Less Established Companies***

The Funds may invest in the securities of less established companies or early stage companies. Investments in such early stage companies may involve greater risks than are generally associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment.

### ***Debt Securities***

While the Funds will invest primarily in equity securities, they may invest in debt securities of existing or new portfolio companies or other issuers in instances where the Adviser believes it would be beneficial for the Fund to do so. Debt securities are subject to creditor risks, including the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws and so-called lender liability claims by the issuer of the obligations. Further, the laws with respect to creditors and other investors in non-U.S. jurisdictions may not be as comprehensive or as well developed as in the United States, and the procedures for the judicial or other enforcement of such rights may not be as effective as in the United States, and conflicts of interest could arise in the event that the Funds and/or their affiliates own both debt and equity securities of the portfolio company. Additionally, adverse credit events with respect to any portfolio company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of the Funds' investments in any such company. The Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Funds earlier than expected. In addition, depending on fluctuations of the equity markets, warrants and other equity securities may become worthless. Accordingly, there can be no assurance that the Funds' rate of return objectives will be realized. Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured.

### ***Investments in Pass-Through Entities***

A Fund's investment portfolio may include interests in one or more "pass-through entities" for U.S. federal income tax purposes. A Fund's investment in an entity which is treated as a pass-through entity could result in: (i) the generation of taxable income for the Fund and its investors, even though they will not necessarily receive the cash flow related to such taxable income, (ii)

the generation of “unrelated business taxable income” for tax-exempt investors and income that is effectively connected with a U.S. trade or business (including, without limitation, as a result of the Fund’s direct or indirect investments in pass-through entities or in “United States real property interests”) for non-U.S. investors, and (iii) the treatment of the Fund (and therefore its Partners, including non-U.S. investors) as being engaged in the conduct of a United States trade or business. The Adviser may establish one or more parallel funds that would generally make investments into operating businesses that are treated as pass-through entities through one or more “blocker” entities that are treated as corporations for U.S. federal income tax purposes. Prospective investors should consult their tax advisors in this regard.

### ***Investment in New Technologies***

The Funds may invest in new technologies. While investments in newly developing technologies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk than more developed technologies. Certain new technologies are more costly and time-consuming to reach viability and such companies may have difficulty establishing a market presence. Developing technologies are also more likely to have undeveloped regulatory frameworks and therefore there is a greater risk that regulatory developments may adversely affect the industry.

### ***Service on Boards of Directors, Material Non-Public Information, Etc.***

Individual members of the Adviser are expected to serve as officers or directors of portfolio companies and public and other companies that are not portfolio companies. In their capacity as officers or directors of such companies (or even simply by virtue of the Funds’ status as a significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties which adversely affect the Funds. For example, a Fund may be unable to sell or otherwise dispose of an investment if a member of such Fund’s General Partner is in possession of material, non-public information (“material non-public information”) relating to the issuer thereof. Nevertheless, the Funds’ Organizational Documents will not preclude members of the General Partner or the Adviser from serving as officers or directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies. Conversely, the Funds’ Organizational Documents will not require that members of the General Partner or the Adviser serve as officers or directors of portfolio companies, and there can be no assurance that the General Partner or the Adviser will have a legal right to influence the management of any portfolio company.

### ***Availability of Insurance against Certain Catastrophic Losses***

The Adviser may seek to require portfolio companies to obtain liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that they believe are customary for similar investments. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks, or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a portfolio company. As a result, not all portfolio companies may be insured against terrorism. If a

major uninsured loss occurs, the Funds could lose both invested capital in and anticipated profits from the affected portfolio company.

### ***Financial Market Fluctuations***

The Funds' investment programs are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Funds operate may undergo substantial changes. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of the Funds. General fluctuations in the market prices of securities and economic conditions generally 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 (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies, investors' risk-free rate of return and the ability of portfolio companies to refinance debt securities (including their ability to sell new securities in the public high-yield debt market or otherwise). To the extent that such marketplace events occur, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Funds have invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such default, the Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn have an adverse effect on the Funds' returns. 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. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable the Funds to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. The Funds may be adversely affected to the extent that it seeks to dispose of any of their portfolio companies into an illiquid or volatile market, and the Funds may find themselves 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. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

### ***Force Majeure Risk***

Portfolio companies may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to the Funds or a portfolio company) to perform its obligations until it is able to remedy the force majeure event.



In addition, the cost to a portfolio company or the Funds of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to the Funds, including if their investment in such portfolio company is canceled, unwound or acquired (which could be without what the Fund considers to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Funds and their portfolio investments.

### ***Cyber Security Risk***

With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Funds and their service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Funds, the Adviser and/or other third-party service providers may adversely impact the Funds or the Fund's investors. For instance, cyber-attacks may interfere with the processing of investor transactions, impact the Funds' ability to value its assets, cause the release of private investor information or confidential information of the Funds, impede trading, cause reputational damage, and subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Funds may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future. The Funds and their investors could be negatively impacted as a result. While the Funds or the Funds' service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities or other instruments despite (or in some cases because of) the industry sectors in which the Funds invest, which could result in material adverse consequences for such issuers, and may cause the Funds' investments therein to lose value. In the event that the Funds incur any liabilities as a result of a cybersecurity breach, including due to wire fraud, the Adviser and its respective affiliates will not be liable to the Funds for such liabilities unless such cyber security breach, including due to wire fraud, is directly attributable to the gross negligence or willful misconduct of the Adviser or its respective affiliate, as the case may be.

### ***Regulatory Risks***

Legal, tax and regulatory changes could occur during the term of the Funds that may have an adverse impact on the Funds. In addition to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), new laws or revised regulations may be imposed by the Securities and Exchange Commission (the "SEC"), the U.S. Federal Reserve or other banking regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect the Funds. The

Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations.

The Funds may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation, failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects. Additionally, foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Funds, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Funds invest or in other jurisdictions.

The regulatory environment for private investment funds is evolving, and potential changes in the regulation of private investment funds may adversely affect the value of the investments held by the Funds and the ability of the Funds to execute its investment strategy.

#### ***Absence of Regulatory Oversight***

The Funds have not registered and do not intend to register with the SEC as investment companies pursuant to the Investment Company Act in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of the Investment Company Act are not applicable to the Funds.

If the SEC or a court of competent jurisdiction were to find that the Funds are required to have, but in violation of the Investment Company Act had failed to, register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Funds could sue the Funds and recover any damages caused by the violation; and (iii) any contract to which the Funds are a party that is made in, or whose performance involves, a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Funds be subjected to any or all of the foregoing, the Funds would be materially and adversely affected.

In addition, neither the Adviser is registered as a broker-dealer under the U.S. Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the

“Exchange Act”) or with the Financial Industry Regulatory Authority (“FINRA”) and, consequently, the Adviser is not subject to the record-keeping and specific business practice provisions of the Exchange Act and the rules of the FINRA.

***Enhanced Scrutiny and Regulation of the Private Equity and Financial Services Industries***

The Funds’ ability to achieve their investment objectives, as well as the ability of the Adviser to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action and could be adversely affected by future legislative, judicial or administrative action.

There has been significant discussion recently regarding enhanced governmental scrutiny and increased regulation of the private investment fund and financial services industries. In the aftermath of the global financial crisis in 2008, there have been unprecedented legislative and regulatory actions taken by numerous governments and their agencies. This enhanced oversight and regulation, and the need for significant additional rule-making by various governmental bodies, has created uncertainty in the financial markets, including the private fund industry. Many of the regulators to which the Funds, the Adviser or its respective affiliates are expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against the Funds, the Adviser or its respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the Funds, the Adviser or its respective affiliates’ reputations, which may adversely affect the Funds’ investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment.

In the United States, the Dodd-Frank Act, which was enacted in 2010, significantly revises and expands the rulemaking, supervisory and enforcement authority of U.S. federal bank, securities and commodities regulators. It is unclear how these regulators will exercise these revised and expanded powers and the extent to which their rulemaking, supervisory or enforcement actions will adversely affect the Funds. A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) to financial institutions that are not currently subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity and hedge funds and other provisions that will affect the alternative asset management industry, either directly or indirectly. Provisions of the Dodd-Frank Act may be the subject of significant modification or repeal under the Trump administration. While it may be some time until the Dodd-Frank Act reforms are broadly implemented and the direct and indirect impact of this legislation is fully understood, it is clear that most advisors to private equity funds, as well as most hedge funds and other private pools of capital, are affected. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the alternative asset management industry generally and on the Adviser or the Funds, specifically.

The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Funds and the ability of the Funds to effectively employ their investment strategy. Increased scrutiny and potential legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Adviser and may divert time and attention from portfolio management activities. In addition to, and in particular in light of, the changing global regulatory climate, the Adviser and/or the Funds may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market interests to potential investors. The effect of any future regulatory change(s) on the Funds could be substantial and adverse.

### ***HSR Act Regulation and Enforcement***

The growth of the private equity industry and the increasing size and reach of private equity transactions has prompted additional governmental attention to the industry and its practices. Acquisition by the Funds of equity securities may result in reporting and compliance obligations under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”). Compliance with the HSR Act could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating the Funds, and/or infringe upon the ability of the Funds to engage in certain transactions.

### ***Risk Arising from Potential Control Group Liability***

Under ERISA, upon the termination of a tax-qualified single-employer defined benefit pension plan, the sponsoring employer and all members of its “controlled group” will be jointly and severally liable for 100% of the plan’s unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In addition, the Pension Benefit Guaranty Corporation (the “PBGC”) may assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group.

A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidiary groups” and “brother-sister groups”, applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that the Funds hold in one or more of their portfolio companies, the Funds themselves cannot be considered part of an ERISA controlled group unless the Funds are considered to be a “trade or business”.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, the PBGC Appeals Board ruled in 2007 that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors, including a Fund’s level of involvement in the management of its portfolio companies and the nature of any Advisory Fee arrangements.

If the Funds were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by the Funds and/or their affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single-employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by the Funds, with a resulting need for additional capital contributions, the appropriation of Fund assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Fund assets. Moreover, regardless of whether or not the Funds were determined to be a trade or business for purposes of ERISA, a court might hold that one of a Fund's portfolio companies could become jointly and severally liable for another portfolio company's unfunded pension liabilities pursuant to the ERISA "controlled group" rules, depending upon the relevant investment structures and ownership interests (as noted above).

### ***Tax Legislation Adversely Affecting Employees and Other Service Providers***

Tax legislation enacted in December 2017 (the "Tax Act") has made substantial changes to U.S. federal income tax laws, including providing that if certain holding period requirements are not met, carried interest distributions (and related allocations) and gain on the sale of investment services partnership interests will be subject to higher rates of U.S. federal income tax than was the case under prior law. These new holding period requirements could affect investment decisions, including 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, and could adversely affect returns for investors. For example, the Tax Act may be seen as providing the Adviser an incentive to cause the Funds to (i) hold an investment for longer than three (3) years in order for the General Partner to obtain a preferential tax rate on gain allocated with respect to Carried Interest, even if there are attractive realization opportunities prior to that time and (ii) seek to realize certain types of "dividend" income from corporate issuers (which dividend income is not subject to such holding period rules) in lieu of other types of income or gain (e.g., gain from the sale of a security held for fewer than three (3) years). In addition, these new holding period requirements could subject employees or other individuals performing services for the Funds who hold direct or indirect interests in the General Partner and benefit from Carried Interest to higher rates of U.S. federal income tax on such carried interest than was the case under prior law. As a result, the changed treatment of Carried Interest under the Tax Act could adversely affect such employees or other individuals who benefit from Carried Interest, which could make it more difficult for the Adviser to incentivize, attract and retain individuals to perform services for the Funds.

### ***Tax Matters***

On December 22, 2017, President Trump signed into law the Tax Act, a broad-based reform of the Code. There are significant uncertainties regarding the application of the Tax Act. Additional guidance on the Tax Act is expected; however, the timing, form, scope and content of such guidance are not known.

An investment in the Funds may involve complex tax considerations that will differ for each investor. In particular, it is possible that an investment in the Funds may result in "unrelated business taxable income" for tax-exempt investors or income effectively connected with a U.S. trade or business (including, without limitation, as a result of the Fund's direct or indirect investments in pass-through entities or in "United States real property interests") for non-U.S.

investors. Prospective investors are urged to consult their own tax advisors regarding the U.S. federal, state, local, and non-U.S. tax considerations relating to an investment in the Funds. In particular, tax-exempt and non-U.S. investors may wish to consider whether an investment in a parallel fund, if offered, is more appropriate for them.

### ***Taxation in Non-U.S. Jurisdictions***

The Funds or their investors may be subject to income or other taxes (and tax return filing obligations) in jurisdictions in which the Funds invest. Additionally, withholding taxes or branch taxes may be imposed on income and gains of the Funds from investments in such jurisdictions. In addition, local tax incurred in a jurisdiction by the Funds or vehicles through which the Funds invest may not entitle investors to either (i) a credit against tax that may be owed in their respective home tax jurisdictions or (ii) a deduction against income taxable in such home jurisdictions by the investors. Investors may be required to pay to the Funds amounts which are required to be withheld or otherwise borne by the Funds for tax purposes and indemnify the Funds, the Adviser and other investors for any taxes or other amounts owed by or otherwise allocable to such investor.

### ***United Kingdom Exit from the European Union***

On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the European Union and as a party to the Treaty on the Functioning of the European Union and its related treaties (commonly known as “Brexit”). Brexit has already caused significant volatility in global financial markets and uncertainty about the integrity and functioning of the European Union, both of which may persist for an extended period of time. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Funds.

Political parties in several other member states of the European Union have proposed that a similar referendum be held on their country’s membership in the European Union. It is unclear whether any other member states of the European Union will hold such referendums, but if they do, further disruption can be expected.

Areas where the uncertainty created by the United Kingdom’s vote to withdraw from the European Union is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the referendum may adversely affect the value of the Funds’ investments and the ability to achieve the investment objective of the Funds.

### ***General Data Protection Regulation***

Beginning on May 25, 2018, the General Data Protection Regulation (“GDPR”) became effective across the European Union. The GDPR applies to both “controllers” and “processors” of personal data. Under the GDPR, a “controller” determines the purposes and means related to the processing personal data, and a “processor” is responsible for processing personal data on behalf of a controller. The GDPR applies to processing activities carried out by organizations operating within the European Union, as well as to organizations that are operated outside the European Union that either (i) offer goods or services to individuals within the European Union or (ii) monitor the activities or behaviors of individuals located within the European Union. The GDPR also contains enhanced protections and accountability requirements with respect to the personal data and privacy of European Union citizens. Solely to the extent any personal data that relates to an individual located within the European Union is processed by the Fund, the Adviser or its respective affiliates, such individuals’ personal data will be processed in accordance with the privacy notices maintained by each Fund the Adviser and its respective affiliates, which is available, to the extent applicable, upon request.

### ***Anti-Corruption Law Considerations***

The Adviser and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Funds may be adversely affected because of their unwillingness to participate in transactions that potentially violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Funds to act successfully on investment opportunities and its portfolio companies to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In particular, U.S. regulators recently have been focused on private equity firms and their compliance with the FCPA.

While the Adviser has developed and implemented policies and procedures designed to ensure strict compliance by the Adviser and its personnel with applicable anti-corruption and anti-bribery laws and regulations, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of the Adviser’s procedures, affiliates of a portfolio company, particularly in cases where the Funds or another Adviser sponsored fund or vehicle does not control such portfolio company, may engage in activities that could result in FCPA and/or UKBA violations. Any determination that the Adviser has violated the FCPA, the UKBA or other applicable anti-corruption laws or anti-bribery laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Adviser’s business prospects and/or financial position, as well as the Funds’ ability to achieve their investment objective and/or conduct their operations.

### ***Economic Sanctions Laws***

Economic sanction laws in the United States and other jurisdictions may prohibit the Adviser, its professionals and the Funds from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers and enforces laws, Executive Orders and

regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict the Funds' investment activities in certain emerging market countries.

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

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the Funds may request prospective and existing investors to provide additional documentation verifying, among other things, such investor's identity and the source of funds used to purchase interests in the applicable Fund. The Adviser may decline to accept a prospective investor's subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation may be made at any time during which an investor holds any interest in a Fund. The Adviser may be required to provide this information, or report the failure to comply with such requests, to governmental authorities, in certain circumstances without notifying the investor that the information has been provided. The Adviser will take such steps as it determines may be necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by government regulators. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws and at this point it is unclear what steps the Adviser may be required to take; however, these steps may include prohibiting such investor from making further capital contributions to a Fund, depositing distributions to which such investor would otherwise be entitled to an escrow account and causing the withdrawal of such investor from a Fund.

### **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 partnerships (the "General Partners") serve as general partners of the Funds, and are related persons of the Adviser. 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 partners, 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 CCO at [matt@crosspointcapital.com](mailto:matt@crosspointcapital.com).

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

The Adviser and certain employees and affiliates of the Adviser may invest in and 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. The following factors generally mitigate, but will not eliminate, conflicts of interest:

- 1) A Fund will not make any investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of the investors in 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) Generally, each Fund has an advisory committee whose members are not affiliated with the General Partner of such Fund, play an important role in resolving conflicts of interest by approving or disapproving the appropriateness of decisions that involve significant conflicts of interest referred to it by the appropriate Fund’s General Partner (however on any issue involving actual conflicts of interest, the General Partners will be guided by their good faith discretion);
- 4) The Adviser has implemented certain policies and procedures designed to reduce and mitigate certain conflicts of interest;
- 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; and
- 6) Where the Adviser or one or more of the Adviser’s affiliates deems appropriate in its sole discretion, unaffiliated third parties will 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. In addition, the willingness of a third party to make an investment on the same terms as a Fund would demonstrate the fairness of the transaction to such Fund.

In addition, certain provisions of a Fund's Organizational 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-investors or 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 co-investors or investors in such co-investment vehicles which 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 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 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. This obligation to offer investment opportunities is generally 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

Subject to the requirements of a Fund's Organizational Documents, opportunities for investments will then be allocated among the Funds in a manner that the Adviser and its affiliates, believe in their sole discretion to be appropriate given factors they believe to be relevant. Such factors include, but are not necessarily limited to, each Fund's investment objectives and investment focus; transaction sourcing; each Fund's liquidity and reserves; structural and operational differences between the Funds; each Fund's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio); 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; stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company; 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; supply or demand of an investment opportunity at a given price level; risk considerations; cash flow considerations; the centrality of an investment to a Fund's strategy; asset class restrictions; the seniority of an investment and other capital structuring criteria; industry and other allocation targets; minimum and maximum investment size requirements; tax implications; whether an investment opportunity requires additional consents or authorizations from the Fund, investors or Third Parties; whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions; legal, contractual or regulatory constraints; and any other relevant limitations imposed by or conditions set forth in the Organizational Documents of each Fund. Additionally, investments sourced by an affiliate of the Adviser that are appropriate for Funds advised by such affiliate may first be made available to such Funds. 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. While the Adviser will determine how to allocate investment opportunities using its best judgment and 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. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives.

The Adviser also reserves the right to make independent decisions regarding recommendations of when a Fund should purchase and sell investments, and the Adviser's affiliates reserve similar rights with respect to the clients that they advise. As a result, one Fund may be purchasing an investment at a time when another Fund is selling the same or a similar investment, or vice versa. A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

Conflicts 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 may be appropriate for more than one Fund at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts also arise in determining the terms of investments, especially where the Adviser and/or an affiliate control the structure of a transaction and its capitalization. For example, investments by a Fund in transactions controlled by another Fund may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable for such Fund if it were investing without another Fund. As another example, if a Fund is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than other Funds, as an equity owner, desires. In the event one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions will, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company. There can be no assurance that the return on a Fund's investments will not be less than the returns obtained by other Funds participating in the transaction.

Employees and related persons of the Adviser and its affiliates may make large capital investments in or alongside certain Funds, and therefore often have additional conflicting interests in connection with joint investments. Such interests will vary 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. Each of the Adviser and each of its affiliates responsible for making such decisions will determine all matters relating to structuring transactions and capitalizing portfolio companies,

including the amount and terms of securities and allocation of securities among the Funds, using its best judgment considering all factors it deems relevant, but in its sole discretion.

The appropriate allocation among the Funds of expenses and fees generated in the course of evaluating and making investments often may not be clear, especially where more than one Fund participates. For instance, if more than one Fund is considering making an investment that is not consummated, allocation of the expenses generated for the account of such Funds (such as expenses of common counsel and other professionals) will be made in good faith. In general, each affiliate of the Adviser responsible for making such decision will participate in the resolution of all such matters using its best judgment, considering all factors it deems relevant, but in its sole discretion.

Further conflicts arise once a Fund has made an investment in a portfolio company in which other Funds have also invested. For example, 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, will raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, a Fund may or may not provide such additional capital, and if provided, such Fund will supply such additional capital in such amounts, if any, as determined by the Adviser and its affiliates responsible for making such decisions in their sole discretion. Investments by more than one Fund in a portfolio company also raises the risk of using assets of one Fund to support positions taken by another Fund, or that a Fund may remain passive in a situation in which it is entitled to vote. In addition, the timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to a Fund. Each other affiliate of the Adviser will resolve all such conflicts using its best judgment but in its sole discretion.

The Funds may make investments to finance follow-on acquisitions. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has invested or will invest. Recapitalization transactions present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Each other affiliate of the Adviser will resolve all such conflicts using its best judgment, but in its sole discretion.

The Funds may in many cases own a significant or controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such portfolio company and the participating Funds and other relevant factual circumstances, could result in an extension of bankruptcy preference periods with respect to payments made to such Funds and/or subordination of its claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, because of their equity ownership, representation on the boards of directors, and/or contractual rights, the Funds

will often be thought to control, participate in the management of or influence the conduct of portfolio companies. These factors could expose the assets of the Funds to claims by a portfolio company, its security holders, its creditors or governmental agencies.

### ***Cross Transactions***

In certain cases, the Adviser may seek to cause a Fund to purchase investments from another Fund or it may seek to 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 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 generally receive management or other fees in connection with their management of the relevant funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements and policies and procedures of the relevant Funds.

### ***Principal Transactions***

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on 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 investment 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 will establish 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 Funds regarding any proposed principal transaction and that any required prior consent of the transaction be received. Generally, each Fund’s Organizational Documents will provide that the each Fund’s General Partner may grant any such approvals required under Section 206(3).

### ***Conflicts Relating to the Key Person’s Other Investment Activities***

Each Fund’s key person(s) will continue to pursue and oversee other investment activities during the life of such Fund. The interests of other clients and portfolio companies may conflict with the interests of the limited partners and the portfolio companies. Subject to the limitations set forth in each Fund’s Organizational Documents, key persons may buy or sell interests in, or provide financing to, portfolio companies, or advise portfolio companies or competitors of a Fund’s portfolio companies, for their own account. In addition, key persons may provide a variety of products and services to portfolio companies, including financial advisory services, and may receive various forms of compensation from its portfolio companies. Any fees or benefits received by key persons for such outside investment activities will not benefit the Funds and their limited partners.

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

The Adviser may establish certain investment vehicles through which certain personnel of the Adviser or its affiliates, or other persons may invest alongside the Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” generally are created to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the Funds. Such co-investment vehicles generally do not pay advisory fees or carried interest. The Adviser may from time to time determine that it is desirable for all or any portion of an investment opportunity to be purchased by Third Parties, including, without limitation, limited partners in the Funds, investors in any parallel funds, strategic partners, other investors or such persons acting as finders or brokers of transactions. No investor has any rights, entitlements or priority to participate in any such co-investment opportunity, subject to any side letter entered into with an investor that provides such investor with certain rights in respect of co-investments. Decisions regarding whether and to whom to offer such co-investment opportunities and the terms on which a co-investment is made, are made in the sole discretion of the Adviser. Such co-investment opportunities may, and typically will be offered to some and not other investors, and investors may be offered a smaller amount of co-investment opportunity than originally requested, in each case in the sole discretion of the Adviser. In addition, Third Parties (e.g., consultants, joint venture partners, persons associated with a portfolio company and other third parties) will from time to time be offered such co-investment opportunities, in the sole discretion of the Adviser. Non-binding acknowledgements of interest in co-investment opportunities do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

The Adviser’s exercise of its discretion in allocating co-investment opportunities among investors and Third Parties, may not, and often will not, result in proportional allocations among such persons, and such allocations may be more advantageous to some such persons than others. 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 co-investment opportunities in good faith, considering such factors as it deems relevant (including, but not limited to, whether the co-investor may invest in future Funds sponsored by the Adviser; the ability to participate (in terms of, for example, staffing, expertise and other resources) efficiently and expeditiously in such investment opportunity without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required); the Adviser’s evaluation of the size and financial resources of the potential co-investment party; 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 longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds sponsored by the Adviser and/or the Adviser and/or the applicable portfolio company and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of current or future Funds and/or the Adviser; the character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry); the Adviser’s evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such person to respond promptly and/or affirmatively to potential



investment opportunities previously offered by the Adviser; 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 level of demand for participation in such co-investment opportunity; the ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's chemistry with the potential management team of the portfolio company and whether the potential co-investment party has any existing positions in the portfolio company; any interests a potential co-investment party has in any competitor of a portfolio company; 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 the expected amount of negotiations required in connection with the potential co-investment party's commitment but in its sole discretion).

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. There can be no assurance that the actual allocation of a co-investment opportunity or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

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 the Funds' Organizational Documents and as set forth in the paragraphs above.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering 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.

The Adviser or its affiliates will under certain circumstances establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Fund. Any such vehicle will be established at the Adviser or its affiliates' sole discretion and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor.

The Adviser will determine the appropriate allocation among co-investors and the Funds of expenses and fees generated in the course of evaluating and making investments. Generally, if a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any costs related to an unconsummated transaction would therefore be borne entirely by the Fund selected by the Adviser as proposed investors for such proposed transaction. In addition, if a potential investment is not consummated and a co-investment vehicle has been formed (or co-investors have committed to invest in a proposed transaction), the full amount of any expenses relating to such potential but not consummated investment would be borne entirely by the Fund selected by the Adviser as proposed investors for such proposed investment, rather than the co-investment vehicle or co-investors. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, expenses relating to such co-investment vehicle (including, for instance, expenses related to its organization and formation solely for the benefit of such co-investment vehicle and other expenses incurred in connection with making an investment) will, in certain situations, be borne by a Fund, regardless of whether such proposed transaction is consummated.

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.

### ***Secondary Transfers***

In addition, to the extent the Adviser 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;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

### ***Fee Structure***

Because there is a fixed commitment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, 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 it would otherwise make in the absence of performance-based compensation. In addition, pursuant to recently enacted provisions of the Code, if certain holding period requirements are not met, Carried Interest and gain on the sale of investment services partnership interests (such as the General Partners' interests in the Funds or the managing members' interests in the General Partners) may be subject to higher rates of U.S. federal income tax than was the case under prior law. The tax treatment of carried interest, including the new holding period limitation, could thus affect investment decisions of the General Partners, including the timing of dispositions, and such decisions could adversely impact returns for investors. However, the investment made by the Adviser or its affiliates in or alongside the Funds, the clawback obligation of the General Partner (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Adviser personnel.

Pursuant to the Organizational Documents, the General Partner is required to return excess amounts of carried interest as a "clawback." This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

Pursuant to the Organizational Documents, the General Partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen by such personnel), while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its carried interest and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition of investments).

### ***Conflicts Relating to Fund Level Borrowing***

The Funds may from time-to-time borrow funds or enter into other financing arrangements for various reasons, including making new or follow-on investments (including borrowings pending receipt of capital contributions from investors) in portfolio companies and paying Fund expenses. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be generally used for all limited partners in such Fund on a pro-rata basis, including the General Partner, and may remain outstanding for an extended period of time before the General Partner calls capital from the Partners. Although borrowings by a Fund have the potential to enhance overall returns that exceed such Fund's cost of funds (including interest rate, lender fees and transaction costs), such borrowings increase the potential exposure of the Fund to a particular investment above the level that the Fund would typically have if the investment had been limited to equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. In addition, borrowings by a Fund are secured by capital commitments made by the limited partners to such Fund and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the limited partners may be subordinated to such Fund-level borrowing.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally will later make corresponding 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 or lower than such calculations otherwise would be without fund-level borrowing. In addition, these borrowings can impact the Carried Interest the Fund's General Partner receives, as these calculations of carried interest generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed. As a result, such borrowings can also increase the Carried Interest received by the 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 Unrelated Business Taxable Income.

### ***Management of the Funds***

The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with objectives which may be either 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; Conflicts Relating to Co-Investment Opportunities*” above. The Adviser may give advice or take actions with respect to, the investments of one or more Funds 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 will not hold the same securities or achieve the same performance. In addition, a Fund is generally not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that the officers, directors and employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including funds and accounts raised in the future. Conflicts of interest arise in allocating time, services or functions of these officers, directors and employees.

The Adviser may consider and reject an investment opportunity on behalf of one Fund and 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.

In addition, the Adviser receives various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received as a result of one Fund’s investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser may, from time to time in the future, enter into information sharing and use arrangements with portfolio companies. The Adviser expects to utilize this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in Portfolio Companies based on the data and information expected to be received and/or to utilize such information in a manner that benefits the Adviser, the General Partner or the Funds.

The Funds will, 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, other Funds may 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.

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

The Adviser may, in its discretion, recommend to a Fund or to a portfolio company of a Fund that it contracts for services with a related person of the Adviser or an entity with which the Adviser, one of its affiliates or any of their respective personnel has a relationship or otherwise derives a 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 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.

In addition, the Adviser may compete against, or engage in business with (i.e., through co-investments and joint ventures) another investment adviser 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.

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 the Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by the Funds. A conflict of interest may arise because such investing 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. 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 (for example, with respect to availability and timing of liquidity).

### ***Holding Companies***

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 (a “Holding Company”) would generally 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. In certain circumstances, such platform employees may include former employees or current or former senior advisors or consultants to the Adviser and its affiliates. 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 the Holding Company and/or capital interests in such investment 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 the Advisory Fees and other compensation (e.g., carried interest) received by the Adviser or its affiliates. In addition, as the Adviser or its affiliates earns Advisory Fees and carried interest from the Fund, the Adviser or its affiliates will benefit from the assets, income and gains from the Holding Company.

### ***Service Providers***

Services required by a Fund (including some services historically provided by the Adviser or the General Partner) may be outsourced in whole or in part to third parties in the discretion of the Adviser. The Adviser has an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, information technology, license software, depository, data processing, client relations, administration, custodial, accounting, legal and tax support and other similar services. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will be borne by the Funds.

If a service provider provides services to a Fund on the property of the Adviser, such Fund may also be responsible for any overhead, rent or other fees, costs and expenses charged by the Adviser in connection with an on-site arrangement.

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies. Such service providers may, in certain circumstances, be investors in a Fund or affiliates of such investors and may include, for example, investment 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. Notwithstanding the foregoing, the Adviser generally does not negotiate for any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund or a portfolio company for comparable services.

The Adviser or its affiliates may engage certain service providers (including law firms) on behalf of the Funds and personnel of such service provider may be seconded to the Adviser or its affiliates. In such circumstances, a conflict of interest exists because the Adviser or its affiliates have an incentive to select one service provider over another on the basis that the Adviser or its affiliates may receive the benefit of seconded employees from such service provider, particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not the Adviser or its affiliates.

### ***Operating Partners***

The Adviser, the Funds and/or the portfolio companies will from time to time retain companies and individuals, which includes employees and affiliates of the Adviser, employees of such affiliates, portfolio companies of other of the Adviser's funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), "operating partners" or "senior advisors", to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies (such companies or individuals, "Operating Partners"). These services may include support to the Funds or portfolio companies regarding, among other things, the company's management (including serving in management positions or on the board



of directors of the company or participating in determining corporate strategy), the company's revenue and margin management (including determining sales/marketing strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

The nature of the relationship with each such Operating Partner and the time devotion requirements of each such Operating Partner may vary significantly. Certain Operating Partners may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated services to be provided. Such providers may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. Operating Partners may be offered the ability (or may have a preferred right) to co-invest alongside the Funds, including in investments in which such Operating Partner is involved or participates in the management thereof.

Pursuant to the Organizational Documents of the Funds, fees and expenses associated with these services may be paid and/or reimbursed by portfolio companies and/or the Funds. Such expenses may be determined at the discretion of the General Partner taking into account the particular services, may include an equity or other interest in the portfolio company or other incentive-based compensation to the Operating Partner, and may otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service falls within the category of services described herein, and whether the services will be paid by the portfolio companies, the Funds, or the Adviser, will be made by the General Partner in its sole discretion. These expenses may also be incurred in respect of portfolio companies prior to the closing of the investment. In the event one or more companies and/or Operating Partner (directly or indirectly) is providing services with respect to the Fund and one or more Funds, subject to the Organizational Documents of the applicable Fund or investment vehicle, such expenses generally will be allocated among the Funds as determined by the General Partner in a fair and equitable manner. To the extent any such expenses are payable by a Fund or a portfolio company, such expenses will not reduce any Advisory Fees or other compensation otherwise payable to the Adviser or its affiliates. The General Partner's determination as to whether a service is a service that falls within the category of services described herein, the categorization of any fees and expenses (e.g., as advisor expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition to an Operating Partner role, which may shift the burden of compensating such persons from the Adviser to the applicable fund and/or its portfolio companies.

Although the use of Operating Partners and allocation of fees and expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser believes any

such potential conflicts of interest are mitigated by the expected savings to the portfolio companies (and, in turn, the relevant Fund(s)) that will be applied if the cost of the Operating Partner is lower than market rates for the services provided, or if the services provided by the Operating Partner are consistent with the business strategy the Adviser has for the relevant portfolio company.

### ***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.

### ***Investor Due Diligence Information***

The General Partner of each Fund will make available, prior to the closing of this offering, to each prospective investor the opportunity to ask questions of, and receive responses from, a representative of the General Partner concerning the terms and conditions of this offering and to obtain any additional information, if the General Partner possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth herein. The Organizational Documents of certain Funds permit such Fund's General Partner to withhold information from certain limited partners or investors in the 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 will often elect to withhold certain information to such limited partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information. In addition, due to the fact that different potential investors may ask different questions and request different information, the General Partner may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors. None of the responses or additional information provided is or will be integrated into a Fund's Organizational Documents, and no prospective investor may rely on any such responses or information in making its decision to subscribe for interests in a Fund.

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

The application of a Fund's Organizational Documents, and the Adviser's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

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 the factors it deems relevant. 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).

The Funds may, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances, the Funds will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, such Fund will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity. While certain co-investment vehicles with investments contractually tied to the Fund (including co-investment vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee, such co-investment vehicles are generally not direct parties to the equity commitment arrangement or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Fund would be held responsible for the entire equity purchase price or reverse termination fee, as applicable.

A Fund may 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 interest costs for the time period between the closing of a Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

### ***Business with and Among Portfolio Companies and Investors***

There are often situations where the Adviser is in the position of recommending the services of a portfolio company to other portfolio companies of the Funds, 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.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. The Adviser has an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio companies, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

The Adviser and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a portfolio company of a Fund may compete with, be a customer of, or be a service provider to, another Fund's. In providing advice to a portfolio company, the Adviser is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company of one Fund may have adverse consequences to a separate portfolio company owned by another Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increasing its own prices or commencing litigation against another portfolio company.

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 Fund's 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 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.

The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

The Adviser and its affiliates may, from time to time hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, a portfolio company or a service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

#### ***Positions with a Portfolio Company***

Employees of the Adviser will often serve as directors of portfolio companies. While conflicts of interest may arise in the event that such employees' fiduciary duties as a director conflicts with those of the Funds, it is expected that the interests of the Funds and such employee will generally be aligned. In addition, to the extent an employee serves as the director on the board of more than one portfolio company, such employees' fiduciaries duties among the two portfolio companies may create a conflict of interest. Such employees are required to remit any remuneration they may receive as directors to the applicable Funds. Employees of the Adviser may in the future, on occasion leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. In addition, employees of the Adviser may become temporary or part-time employees at a portfolio company, or may dedicate a substantial portion of their time to provide services that the Adviser determines in good faith but in its sole discretion are of the type that (i) could reasonably be expected to be obtained from third-parties or by adding (or adding to the duties of existing) portfolio company personnel (for example, without limitation, providing chief financial officer or controller services to a portfolio company) and (ii) are not otherwise required to be performed by the Adviser under the Fund's documents. In such instances, the portfolio company will bear the relevant portion of compensation of such officer or employee as determined by the Adviser in good faith but it is sole discretion at a cost not to exceed that which is generally available from a comparable independent third party. Any such amounts would not result in any offset against the Advisory Fee or otherwise be shared with the Funds or the limited partners. Other than such arrangements, employees are generally prohibited from receiving 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 and/or following the termination of such employment with the Adviser. In such circumstances, any compensation or fees received by such Adviser employee is not subject to the Advisory Fee offset described above, or otherwise shared with the Funds and/or investors.

In connection with co-investment opportunities, some co-investors (which may include one or more investors in the Funds) are often provided with the opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in the Funds. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of the Adviser to take actions with respect to the portfolio company that the Adviser considers to be in the best interests of the Funds.

Additionally, certain Adviser personnel may be seconded to one or more portfolio companies and provide finance and other services to such portfolio companies and the compensation and expenses for such personnel during the secondment may be borne by the portfolio companies. To the extent the Adviser receives any fees or expense reimbursement from a portfolio company with respect to such personnel, in the event that employee is not an managing member of the Adviser and is spending a material portion of his or her business time in a non-director management role at the portfolio company, it is expected that they will not result in any offset against the Advisory Fees payable by a Fund.

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

The Adviser will under circumstances 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, veto rights and liquidity or 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.

Generally, each Fund has established 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 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 may 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. In addition, airline travel incurred as a Fund expense for an Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

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 Adviser may 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.

Certain portfolio companies of the Funds may be counterparties or participants in agreements, transactions or other arrangements with the Adviser, its affiliates, other portfolio companies of the Adviser’s clients, to receive favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. The Adviser may be eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to Advisory Fee offsets or otherwise shared with the relevant Funds.



The General Partner, or its affiliates, may receive distributions in kind from an investment disposition. In the event the General Partner, or its affiliates, receive such a distribution, the General Partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the General Partner shall determine. The ability of the General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund.

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 private equity ventures, 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 by a team of investment professionals on a periodic basis. The team generally includes the founders and other investment professionals of the Adviser.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund after March 15<sup>th</sup> of each calendar year, as well as quarterly performance reports within 45 days 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.

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such Fund will bear the costs of such placement agent fees, subject to any limitations set forth in its Organizational Documents. Advisory Fees received by the Adviser are generally reduced by the amount of such fees paid by the Fund.

#### **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 any other relevant facts and circumstances the Adviser determines to be appropriate 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 (the “CCO”) 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 CCO or appropriate investment professional for a voting decision. In most cases, the Adviser’s CCO or investment professional

covering the particular investment 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 CCO of any such Voting decision, and if the CCO 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. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with a managing partner of the Adviser as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The Adviser's CCO 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 CCO 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 CCO 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 CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO 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: [matt@crosspointcapital.com](mailto:matt@crosspointcapital.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.