

**PART 2A OF FORM ADV
INVESTMENT ADVISER BROCHURE**

SUMMIT PARTNERS CREDIT ADVISORS, L.P.

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July 11, 2019

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Summit Partners Credit Advisors, L.P. (“SPCA”). If you have any questions about the contents of this Brochure, please contact us at (617) 824-1000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

SPCA is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding SPCA is also available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

SPCA filed its most recent Form ADV Part 2A on March 29, 2019. This other-than-annual amendment reflects the transition of the Chief Compliance Officer role from Robin W. Devereux to Erin H. White.

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Summit Partners Credit Advisors, L.P. Brochure

Section 1. Advisory Business

SPCA, the registered investment advisers, is a Delaware limited partnership. SPCA and its affiliated investment advisers provide “investment supervisory services” to their clients, which consist of private investment-related funds. SPCA commenced operations in 2010. SPCA is principally owned by Summit Partners, L.P. (“**Summit Partners**”) and its limited partners, with Summit Partners controlled by its manager, Summit Master Company, LLC.

The following are certain of the affiliated advisers of SPCA (collectively, the “**General Partners**” and together with SPCA, the “**Managers**”):

- Summit Partners Credit GP, L.P. (“**SPC GP**”)
- Summit Partners Credit A-1 GP, L.P. (“**SPC A-1 GP**”)
- Summit Partners Credit II, L.P. (“**SPC II GP**”)
- Summit Partners Credit A-2, L.P. (“**SPC A-2 GP**”)
- Summit Partners Credit B-2, L.P. (“**SPC B-2 GP**”)
- Summit Partners Credit III, L.P. (“**SPC III GP**”)

Each General Partner listed above is subject to the Advisers Act pursuant to SPCA’s registration in accordance with applicable SEC guidance. This Brochure also describes the business practices of each General Partner, which operate as a single advisory business together with SPCA.

The Managers’ clients include the following (each, a “**Fund**” and together with any future private investment fund to which SPCA provides investment advisory services, the “**Funds**”):

- Summit Partners Credit Fund, L.P. (the “**Onshore Fund**”)
- Summit Partners Credit Offshore Intermediate Fund, L.P. (the “**Offshore Intermediate Fund**”)
- Summit Partners Credit Offshore Fund, L.P. (the “**Offshore Fund**”)
- Summit Partners Credit Fund A-1, L.P. (the “**SPC A-1 Fund**”)
- Summit Partners Credit Fund II, L.P. (the “**Onshore Fund II**”)
- Summit Partners Credit Offshore Fund II, L.P. (the “**Offshore Fund II**”)
- Summit Partners Credit Offshore Intermediate Fund II, L.P. (the “**Offshore Intermediate Fund II**”)
- Summit Partners Credit Fund A-2, L.P. (the “**SPC A-2 Fund**”)
- Summit Partners Credit Fund B-2, L.P. (the “**SPC B-2 Fund**”)

- Summit Partners Credit Fund III, L.P. (the “**Onshore Fund III**”)
- Summit Partners Credit Offshore Fund III, L.P. (the “**Offshore Fund III**”)
- Summit Partners Credit Offshore Intermediate Fund III, L.P. (the “**Offshore Intermediate Fund III**”)

The General Partners each serve as general partner to one or more Fund and have the authority to make the investment decisions for the Funds to which they provide advisory services. The General Partners have delegated the day-to-day investment advisory services for the Funds to SPCA. References contained in this Brochure to the strategy and operations of a General Partner should be read to include the activities of SPCA and other SPCA affiliates that collectively engage in the investment process and ongoing management of the Funds’ portfolio companies and other investments.

An affiliate of SPCA advises certain private investment vehicles formed to allow current and former employees of SPCA and its affiliates, as well as certain other persons, to invest in certain investments made by the Funds (the “**Summit Employee Funds**”).

The Funds primarily employ a leveraged credit strategy and invest primarily in fixed-income instruments, while retaining flexibility to invest across a wide variety of industries and investment types. In addition, the Onshore Funds may originate or purchase loans and sell them to the Offshore Intermediate Funds or other third parties. The Managers’ investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. From time to time, the senior principals or other personnel of SPCA or its affiliates will serve on such portfolio companies’ respective boards of directors or otherwise act to influence the management or control of a portfolio company in which a Fund has invested.

SPCA also may provide investment supervisory services to separately managed account clients (“**SMA Clients**”). The Funds and any other private investment funds or SMA Clients (collectively, “**SPCA Clients**”) that may be advised by SPCA (or its affiliates) at a later date or that may otherwise become clients of SPCA are expected to focus on debt investments in companies characterized by stable and predictable cash generation, while retaining flexibility to invest across a wide variety of industries and investment types, though some SPCA Clients investments may be specialized or focused on particular industries.

The Managers’ advisory services for the Funds are further described in the Funds’ respective private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements and limited partnership or other operating agreements (each, a “**Partnership Agreement**” and, as applicable, together with any relevant Memorandum, the “**Governing Documents**”), as well as below under “Methods of Analysis, Investment Strategies and Risk of Loss” and “Investment Discretion.” Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints or for other agreed upon reasons. The Funds or the Managers have entered into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Governing Documents with respect to such investors.

SPCA’s advisory services for SMA Clients will be set forth in the investment advisory agreement or other agreement (each, an “**SMA**”) with respect to each SMA Client.

Pursuant to an investment management agreement, Bank of America Merrill Lynch provides discretionary investment advisory services with respect to the short-term investment of the Funds' cash balances under the general oversight of the Managers.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, the Managers and/or their affiliates expect to provide (or agree to provide) loan syndication and/or co-investment opportunities (including the opportunity to participate side-by-side with the Funds) to certain investors or other persons, including lenders, other sponsors, market participants, finders, consultants and other service providers, the Managers' current and former principals, personnel and/or certain other persons associated with the Managers or their affiliates (e.g., a vehicle formed on behalf of SPCA's employees, such as the Summit Employee Funds). Such syndicate participants and co-investments typically involve investment and disposal of interests in the applicable investment at the same time and on the same terms as the Fund making the same investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Managers' sole discretion, the Manager is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any holding expenses or other related costs are not charged to the co-investor, they generally will be borne by the relevant Fund. Generally, the Funds bear investment-related costs regarding research, diligence, and all other deal related costs for investments that are expected to be syndicated or offered to co-investors, but that are not consummated except for costs and expenses related to committed co-investment vehicles.

As of December 31, 2018, SPCA managed approximately \$1,608,601,352 in client assets on a discretionary basis.

Section 2. Fees and Compensation

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge the same fees, compensation or expenses that other Funds charge. The Governing Documents of the Funds describe fees, compensation and expenses in greater detail.

With respect to the Onshore Fund, Offshore Intermediate Fund, SPC A-1 Fund, SPC A-2 Fund, SPC-B-2 Fund, Onshore Fund II, Offshore Intermediate Fund II, Onshore Fund III and Offshore Intermediate Fund III, the applicable General Partner will receive a carried interest from investors in such Funds equal to a specified percentage of all realized profits (as more fully described in the applicable Governing Documents). A General Partner typically is subject to a potential giveback obligation at the end of one or more periods during the life of a Fund in the event such General Partner has received excess cumulative carried interest distributions with respect to such period, as further specified in each Fund's relevant Governing Documents.

Each of SPC A-2 Fund, SPC B-2 Fund, Onshore Fund II and Offshore Intermediate Fund II, either directly or indirectly, generally will pay SPCA an annual management fee (the "**Management Fee**") in respect of each partner, payable quarterly in advance, equal to a specified percentage of the aggregate committed capital or capital contributions (including amounts deemed contributed), as applicable, to the applicable Fund by such partner in years 1 through 4. Following year 4, the Management Fee with respect to a limited partner for each of the Funds will equal a specified percentage of the lesser of (i) the aggregate amount of investment contributions with respect to investments (or portions thereof) that have not been disposed of or

the aggregate amount of capital contributions, as applicable, to such Fund by such partner (including, in each case, amounts deemed contributed) and (ii) such Fund's net asset value attributable to such partner. With respect to Onshore Fund III and Offshore Intermediate Fund III, each of such Funds, either directly or indirectly, generally will pay SPCA a Management Fee equal to the sum of a specified percentage of the aggregated committed capital and a specified percentage of the aggregate amount of investment contributions, to such Fund by such partner, payable in arrears (including, in each case, amounts deemed contributed and a specified percentage of amounts funded pursuant to a leverage facility) in years 1 through 4. Following year 4, the Management Fee with respect to a limited partner for each of Onshore Fund III and Offshore Fund III will equal a specified percentage of the lesser of (i) the aggregate amount of investment contributions with respect to investments (or portions thereof) that have not been disposed of or the aggregate amount of capital contributions, as applicable, to such Fund by such partner (including, in each case, amounts deemed contributed and a specified percentage of amounts funded pursuant to a leverage facility) and (ii) such Fund's net asset value attributable to such partner.

In accordance with the terms of the applicable Governing Documents, each of the Onshore Fund, Offshore Intermediate Fund and SPC A-1 Fund no longer pay any Management Fees.

The terms of the Management Fee offsets differ among the Funds, as specified in each Fund's Governing Documents. Typically, a Fund's Management Fee with respect to a limited partner will be reduced or offset by an amount equal to such partner's pro rata share (based upon the partner's respective commitments) of a specified percentage of any directors' fees, consulting fees, investment banking fees, certain closing and origination fees, advisory fees, monitoring fees, commitment fees, break-up fees and similar fees (such fees, "**Supplemental Fees**") paid to the applicable General Partner, its affiliates or personnel with respect to the applicable Fund's portion of a respective investment. To the extent the applicable General Partner, its affiliates or personnel receive any amendment fees with respect to any Fund investment, the Management Fee will be reduced by an amount equal to such partner's pro rata share (based upon the partner's respective commitments) of such amendment fees with respect to the Fund's portion of respective investments. To the extent that such a reduction would reduce the applicable Fund's Management Fee for a given period below zero, a credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution, a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (e.g., where an adverse tax consequence may result). Supplemental Fees with respect to an investment or potential investment (including a transaction not consummated) are allocated to a Fund only to the extent of such Fund's relative ownership (or anticipated ownership) of such investment or potential investment (for these purposes, such relative ownership includes any Summit Employee Fund's interest or anticipated interest in the underlying investment, as further described in a Fund's Governing Documents). Accordingly, a Fund only will benefit from the Management Fee reduction described above with respect to its allocable portion of any such Supplemental Fee and not the portion allocable to any other person that holds such ownership interest in (or, in the case of a transaction not consummated, would have held such ownership interest in) the applicable investment. Any structuring, arrangement, agent, servicing or administrative fees received by the applicable General Partner, its affiliates or personnel, with respect to any portfolio investment made by a Fund, and/or third parties investing with the Fund, will not offset the Management Fee.

Certain Governing Documents permit the General Partner to waive or agree to reduce the Management Fee. Any such waived or reduced portion of the Management Fee reduces the amount of capital such General Partner would otherwise be required to contribute to the applicable Fund. The limited partners of such Funds may be required to make a pro rata contribution according to their respective commitments to fund any contribution that would otherwise be required of the applicable General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees

has the potential to be significant. Due to waived or reduced Management Fees by a General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in a Fund until any unapplied portion of such Management Fee offsets is allocated to limited partners. The General Partners and/or their affiliates may also exempt certain persons from payment of all or a portion of Management Fees and/or carried interest, including personnel or owners of the General Partners or their affiliates, persons with family or other relationships with the General Partners or their affiliates, and service providers for the General Partners or their affiliates. Any such exemption from Management Fees and/or carried interest may be made by a direct exemption, a rebate by the General Partners and/or their affiliates, or through private investment vehicles which co-invest with the Funds.

Investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Governing Documents, over the term of the applicable Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Managing Directors and certain other personnel of SPCA or its affiliates may receive a portion of the Management Fees or carried interest received by the General Partners or their affiliates.

Certain of the Funds will pay all organizational and start-up expenses of the Funds and the Managers from the proceeds of the offering, including legal, travel (which may include expenses for first class travel), accounting, filing, capital raising, regulatory compliance (including initial filings, compliance and other requirements contemplated by AIFMD), administrative or other filings and other organizational expenses. The Managers will bear the cost (through an offset against the Management Fee or otherwise) of all organizational expenses in excess of a specified cap, if any, and of any placement fees payable to any placement agent in connection with the formation of the applicable Fund. The Funds will not ultimately bear any investment banking or private placement fee incurred in connection with the organization of the Funds.

In addition to the organizational and start-up expenses and the Management Fee and carried interest payable to the General Partners, the Funds will bear all other fees, costs, expenses, liabilities and obligations related to each Fund's that are not reimbursed by portfolio company (which reimbursements may be for out-of-pocket expenses incurred in connection with the evaluation, execution, monitoring and disposing of potential and consummated investments) or applied to reduce any transaction fees, including: (i) fees, costs, expenses, liabilities and obligations relating or attributable to investigating, structuring, organizing, acquiring, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals or databases), bidding on, owning, managing, operating, holding, hedging, trading, selling, valuing, restructuring, managing, monitoring, taking public or private, winding up, liquidating, dissolving and disposing of a Fund's actual and potential investments (including travel (not to exceed an amount specified in a Fund's Governing Documents in any given year, which amount may be used for first class travel or the equivalent thereof) and follow-on investments and refinancings) or seeking to do any of the foregoing (including the prepayment of principal, interest and fees on money borrowed by or on behalf of such Fund and any expenses incurred in connection with a revolving credit facility or any other debt or leverage facility or other borrowings); (ii) legal, filing, accounting, asset and financial administration, auditing, advisory consulting (including consulting and retainer fees paid to consultants performing investment initiatives and other similar consultants, fees and expenses of an administrator, a Fund's portion of a loan administrator, portfolio tracking system and/or expert network services), financing, refinancing, insurance (including directors and officers, errors and omissions, and representation and warranty liability and other insurance, and all premiums and charges in connection with the maintenance thereof), broker, finder's, financing commitment, real estate title, appraisal, brokerage, printing, custodian, depository (including a depository appointed pursuant to the AIFMD or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction), Swiss representative and paying agent (pursuant to the

Swiss Collective Investment Schemes Act (as amended) including any law, rule, or regulation related to the implementation thereof), trustee, record keeping, safekeeping, transfer, registration and other similar fees and expenses (including fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals); (iii) expenses incurred in connection with third-party valuations (including costs of third-party valuation agents and pricing services); (iv) fees, costs and expenses associated with the preparation or distribution of a Fund's financial statements, tax returns, tax estimates, Schedule K-1s (or their equivalents) or any other Fund-related or investment related registration, filing, regulatory, compliance, reporting, depositary, legal, accounting or administrative filing and fees and expenses related to the foregoing incurred to allow such Fund, the applicable General Partner or their affiliates to comply with non-U.S. and U.S. federal, local and state laws and regulations during the term of such Fund, excluding, for clarity, registration and filing obligations not related to such Fund; (v) expenses associated with SPCA's and a Fund's compliance with the requirements of the AIFMD, as implemented in any relevant jurisdiction and including any secondary legislation, regulations, rules and/or associated guidance, and any related requirements (excluding, for clarity, initial and/or preliminary registrations, filings and compliance); (vi) fees, costs and expenses of the advisory board (including travel and any other reasonable out-of-pocket costs and expenses incurred by representatives of the applicable General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board) and annual and other periodic meetings of the limited partners and any other meeting with any limited partner(s) (other than meetings solely with one limited partner or one or more affiliated limited partners); (vii) fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicle; (viii) indemnification fees, costs and expenses (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Partnership Agreement or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement); (ix) extraordinary expenses (including fees, costs and expenses of any actual, threatened or otherwise anticipated, governmental inquiry, investigation or proceeding, litigation, mediation, arbitration or other dispute resolution process), including the costs and expenses of any discovery related thereto and judgments, other awards and settlements, if any); (x) all out-of-pocket fees, costs, expenses, liabilities and obligations relating to investment and disposition opportunities for a Fund not consummated (including, without limitation, legal, accounting, auditing, insurance, travel (subject to certain limitations described in clause (i), above), consulting (including consulting and retainer fees paid to any consultants performing investment initiatives and other similar consultants), brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination and other fees and expenses (collectively, **"Broken Deal Expenses"** (including Broken Deal Expenses relating to transactions that have been syndicated or offered to but not taken by co-investors, or for which a syndication or co-investment was believed necessary in order to consummate such transaction)), (xi) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or the limited partners; (xii) any activities with respect to protecting the confidential or non-public nature of any information or data; (xiii) except as otherwise determined by the applicable General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities; (xiv) any taxes, fees or other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund; (xv) fees, costs and expenses incurred in connection with the dissolution, liquidation and final winding up of a Fund; (xvi) all costs relating to amendments to, and waivers, consents or approvals

pursuant to, the constituent documents of a Fund, the applicable General Partner, SPCA and any alternative investment vehicle of such Fund, including the preparation, distribution and implementation thereof; (xvii) costs associated with the enforcement of defaults by partners in the payment of any capital contributions; (xviii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Governing Documents to the extent not borne or reimbursed by a transferring party; and (xix) any other fees, costs, expenses, liabilities or obligations approved by the advisory board.

Subject to the Partnership Agreement, the Managers generally will bear normal and recurring operating and administrative expenses of managing the Funds, including, but not limited to, compensation of all of the Managers' professional personnel and fees and expenses for administrative services, office space and facilities. In addition, the Managers generally will bear all non-recurring expenses related to meetings with individual limited partners, which are not considered organizational expenses under the applicable Governing Documents, including travel expenses. The Managers generally also will bear all fees and expenses related to SPCA and the General Partners registering, or maintaining their registration, as investment advisers under the Advisers Act.

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. In certain circumstances, the Manager or an affiliate of the Manager is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest alongside one or more Funds, subject to SPCA's related policies and the relevant Governing Documents and/or Side Letter(s). To the extent a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such third party co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken-Deal Expenses, subject to negotiations with such co-investors regarding expenses.

Bank of America Merrill Lynch advises the Funds with respect to the short-term investment of the Funds' cash balances. To the extent that Bank of America Merrill Lynch invests any portion of the cash balances in mutual funds, the Funds will bear the fees and expenses of the mutual funds as described in the applicable mutual fund prospectus. Such fees are in addition to the fees and carried interest received by the General Partner, and except insofar as Bank of America Merrill Lynch may be compensated by the Funds indirectly via any fees and expenses paid with respect to Bank of America Merrill Lynch-sponsored mutual funds, Bank of America Merrill Lynch is not otherwise compensated by the Funds.

It is expected that any similar future private investment funds will have a similar fee structure. The fees, compensation and expenses relating to any SMA Client will be described in the relevant SMA, which generally will be negotiated between such SMA Client and SPCA.

Brokerage fees may be incurred by the applicable SPCA Client in accordance with the practices set forth in Section 9, "Brokerage Practices," below.

Section 3. Performance-Based Fees and Side-By-Side Management

As discussed under Section 2, “Fees and Compensation,” above, the relevant General Partners receive a carried interest allocation on certain realized profits in certain of the Funds. An affiliate of SPCA advises the Summit Employee Funds, which do not charge management fees and are not subject to carried interest. This practice could present a conflict of interest because SPCA’s affiliate has an incentive to favor accounts for which it receives a performance-based fee. This potential conflict of interest is generally addressed by investing the Summit Employee Funds in each investment that the applicable Funds that do charge performance-based fees invest in. Such investments are made at substantially the same time and on substantially the same terms as the investments of the applicable Funds and are disposed of in a similar manner. See Section 5, “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

Additionally, to the extent that SPCA personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

SPCA seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by SPCA or any personnel.

As noted above, the compensation relating to any SMA Client, including a carried interest allocation on certain realized profits in the relevant SMA, will generally be negotiated between such SMA Client and SPCA.

Section 4. Types of Clients

SPCA provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of SPCA and its affiliates and members of their families or other service providers retained by SPCA.

The Funds generally have a minimum investment of \$5 million for third-party investors, which may be waived by the applicable General Partner. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as each term is defined under the Investment Company Act.

SPCA also may provide investment supervisory services to SMA Clients. While SPCA does not currently impose a minimum investment amount for establishing a separately managed account, it generally will seek to establish separately managed accounts with a minimum balance of \$200 million, although SPCA, in its sole discretion, may waive any initial minimum investment amount.

Section 5. Methods of Analysis, Investment Strategies and Risk of Loss

General

Subject to the specific investment guidelines and restrictions set forth in each Fund's Governing Documents or each other client's SMA, the principal investment strategy of the Managers is to seek attractive risk-adjusted returns through opportunistic credit investments in middle market companies. There can be no assurance that the Managers will achieve the investment objectives of each SPCA Client, and a loss of investment may be possible.

The following is a summary of the investment strategies and methods of analysis generally employed by the Managers on behalf of SPCA Clients and a summary of certain risks involved with the Managers' investment strategy and an investment in the Funds. More detailed descriptions of the investment strategies and methods of analysis and risks applicable to each SPCA Client are included in the applicable Governing Documents for each Fund or the SMA for each SMA Client, as applicable.

Investment and Operating Strategy

The Managers seek to provide returns to investors by (i) conducting extensive due diligence on investment opportunities, (ii) applying their industry experience, (iii) monitoring portfolio positions and (iv) exiting investments in a disciplined manner.

Conduct Extensive Due Diligence. The credit analysis applied to investment opportunities follows a long and detailed proprietary evaluation process that begins with developing a view of a company's fundamental characteristics and then supplementing this view by engaging in additional diligence based on internal industry expertise, external resources and other publicly-available information sources that can provide further insight into a particular portfolio company's market position. In addition, the Managers believe an important determinant of a company's success and its enterprise value is its management team. As a result, the Manager places a strong emphasis on the identification of successful management teams in determining potential investment opportunities.

The Managers have a hands-on approach to evaluating a company, with a goal of confirming their investment thesis through independent analysis, ultimately creating base case and stress case scenarios in projecting the performance of the business. This approach may include, but is not limited to, evaluation of the management team, customer diligence, supplier diligence, contract reviews, property, plant and equipment or real estate appraisals, accounting reviews, and third-party industry reviews. Decisions to make investments are approved by an investment committee (the "**Investment Committee**").

Application of Industry Expertise. Potential investments are identified by reviewing sector fundamentals and comparing those metrics across and within industry sectors. The Managers make a determination as to which investments they believe are represent good relative value across the marketplace or within a particular capital structure.

The Managers generally consider an issuer's entire capital structure and in analyzing an issuer's securities or debt obligations, the Managers generally review the terms of each instrument. The Managers typically compare their views of the instrument's value relative to the value of the other instruments in the issuer's capital structure, and relative to the value of instruments of other comparable issuers within the industry and across distinct industry groups, before making any investment decision.

Deal Structuring. The Managers negotiate the documentation governing each investment, aiming to understand the key operational and financial risks applicable to a borrower along with the economic

incentives of the managers and owners, including certain covenant and borrower controls as risk mitigating factors and developing a thorough understanding of the scope and substance of the inter-creditor arrangements.

Monitoring Portfolio Positions. The Investment Committee regularly reviews and discusses the Funds' investment strategy and considers investment recommendations as they relate to individual positions. The investment professionals monitor any news or updates pertaining to a portfolio company and communicate with the Investment Committee so that they may evaluate the position, including any potential actions to be taken.

Exiting Investments in a Disciplined Manner. Prior to making an exit decision, the Investment Committee reviews the team's expectation of the investment's incremental return potential relative to alternative investment opportunities. The team intends to maintain sell discipline once target returns are met or investment theses play out, and to exercise prudence in managing the risk/reward of each position; provided, however, original investment theses and target returns are subject to change based on new facts and circumstances that may arise during the course of an investment.

The development of an investment strategy is an ongoing process and the investment strategy and methods applicable to the Funds or an SMA Client, as applicable, may therefore be modified from time to time, including the analytical models used by the Managers. The Managers are not restricted to implementing any specific investment process on behalf of SPCA Clients, either in allocating to a particular investment or market or any combination of investments or markets or in the Managers' ongoing management of SPCA Clients. Depending on conditions and trends in securities markets and the economy generally, the Managers may pursue other objectives or employ other strategies or techniques that it considers appropriate and in the best interest of SPCA Clients.

Types of Investments

The Offshore Fund, Offshore Fund II and Offshore Fund III, (collectively, the "Onshore Funds") intend to invest substantially all of their assets in the Offshore Intermediate Fund, Offshore Intermediate Fund II, and Offshore Intermediate Fund III (collectively, the "Offshore Funds"), respectively. The Offshore Funds intend to invest indirectly, and each of the Onshore Fund, SPC A-1 Fund, Onshore Fund II, Offshore Intermediate Fund II, SPC A-2 Fund and SPC B-2 Fund intends to invest directly, primarily in privately originated loans and mezzanine debt sourced through the Summit Partners proprietary deal sourcing platform. Onshore Fund and Offshore Intermediate Fund, SPC A-1 Fund, Onshore Fund II, Offshore Intermediate Fund II, SPC A-2 Fund, SPC B-2 Fund, Onshore Fund III and Offshore Fund III may additionally make opportunistic investments in syndicated bank loan, high yield bond and other corporate credit markets.

While the Managers intend that SPCA Clients will invest primarily in fixed-income instruments, the Managers have broad and flexible authority to make investments in a wide variety of securities and financial instruments, domestic and foreign, whether publicly traded or privately placed, including, without limitation, convertible securities, limited partnership interests, interests in other investment vehicles, options (purchased or written), warrants, common and preferred stocks, futures, derivatives (including swaps, forward contracts and structured instruments), currencies, monetary instruments, collateralized debt obligations, commercial mortgage-backed securities, other asset-backed securities and cash and cash equivalents. From time to time, the Managers may use derivative instruments or securities for hedging or investment purposes for the SPCA Clients. The Managers are also permitted to make investments in commodity futures contracts.

From time to time, the Offshore Funds may purchase participations in and/or assignments of loans (or interests therein) originated or purchased by the Onshore Funds. The decision to purchase a participation or assignment of loans for the Offshore Funds is subject to a number of guidelines, including (i) that the participation or assignment not be sold until the expiration of a predetermined waiting period from the time of origination, (ii) that the sale of such participation or assignment be made at a price determined at the end of such waiting period, and (iii) that the price be supported by a third-party appraisal or opinion of valuation.

Risks of Investment

A Fund and its investors, and investors in separately managed accounts, bear the risk of loss that a General Partner's or Manager's investment strategy entails. The risks involved with a General Partner's investment strategy and an investment in a Fund are detailed in each Fund's private placement memorandum. The risks involved with the Manager's investment strategy and an investment in separately managed account are described in each SMA. In general, these risks with respect to each SPCA Client and its General Partner and the Manager include, but are not limited to:

1. General Investment Risks. All investments risk the loss of capital. The Managers believe that investment program and research techniques of a Fund moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that the Fund or SMA Client's investment program will be successful. There can be no assurance that a Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions the such Fund invests in, including investments in equity, equity-related debt or debt-related securities of such companies. There can be no assurance that any limited partner will receive any distribution from any Fund. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. Past activities of other Funds and other investment entities associated with a Manager provide no assurance of future success.
2. Effect of General Economic and Market Conditions on the Fund's Activities; Uncertain Environment. The success of a Fund's activities will be affected by general economic and market conditions such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in law (including laws relating to taxation of such Fund's investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instruments' prices and the liquidity of such Fund's investments. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of such Fund to sell and/or partially dispose of its investments. Such adverse effects may include the requirement of such Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction and/or the inability of such Fund to dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect such Fund's ability to raise funding to support its investment objective. The applicable Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition,

limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund to execute its investment strategy. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the companies in which such Fund makes investments. Unpredictable or unstable market conditions may also make it more difficult for the Fund to exit and realize value from its investments. The current political environment could also create additional regulatory burdens applicable to the General Partner and/or Fund, which could have an adverse effect on the Fund.

It is important to understand that in light of the nature of certain investments a Fund may not be able to react quickly to changes in market conditions and such Fund could incur material losses even if it reacts quickly to difficult market conditions. There can be no assurance that such Fund will not suffer material adverse effects from broad and rapid changes in market conditions.

3. Public Company Holdings. A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject such Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, and increased costs associated with each of the aforementioned risks.
4. Fund Leverage. A Fund may make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The use of leverage will also result in interest expense and other costs to a Fund that may not be covered by distributions made to such Fund or appreciation of its investments. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on a Fund's investments when due. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

The amount of such borrowings or other leverage will be in the relevant General Partner's discretion (up to a limit specified in the applicable Fund's Partnership Agreement). The relevant General Partner may in its sole discretion at any time throughout the life of the applicable Fund, in light of then-prevailing business and markets conditions and portfolio considerations, amend, modify, restructure or refinance any revolving credit facility or any other debt or leverage facility or other investment leverage with the lender parties and on such terms as the relevant General Partner determines appropriate for the applicable Fund. In such circumstances, certain terms of any new or amended revolving credit facility or any other debt or leverage facility may be less favorable than its predecessor facility.

The use of leverage involves a high degree of financial risk. The extent to which a Fund uses leverage may have important consequences to investors, including, but not limited to, the following: (i) greater fluctuations in the net assets of the Fund, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions, or other purposes, (iii) to the extent that Fund revenues are required to meet principal payments, investors may be allocated income (and therefore incur tax liability) in excess of cash available for distribution, (iv) in certain circumstances the Fund may be required to prematurely harvest investments to service its debt obligations, (v) limitations on the flexibility of the Fund to make distributions to investors or sell assets that are pledged to secure the indebtedness, and (vi) increased interest expense if interest rate levels were to increase significantly. There can also be no assurance that a Fund will have sufficient cash flow to meet its debt service obligations. As a result, such Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

There can be no assurance that a Fund will be able to obtain indebtedness on terms available to any predecessor or affiliated fund or to competitors, including terms that may be currently available in the market, or that indebtedness will be accessible by such Fund at any time, and to the extent that it is available there can be no assurance that such indebtedness will be on terms favorable to such Fund, including with respect to interest rates, or that such indebtedness will remain available throughout the term of such Fund. The failure by such Fund to obtain indebtedness on favorable terms (or at all) could adversely affect the returns of such Fund.

Furthermore, a Fund may use credit facilities for the purchase or implementation of certain investments or for other portfolio management purposes. Should such credit facilities be utilized, such Fund would incur additional interest and other expenses with respect to such facilities. Any such credit facility provider that permits the Fund to borrow may accept Fund assets as collateral for such credit facility and may be permitted to require the sale or liquidation of Fund assets held by it as collateral, after default by such Fund pursuant to the agreement with such credit facility provider. Events of default under any such credit facility may include, among other things, failure to pay amounts due under such credit facility, failure to inform the credit facility provider of certain events with respect to such Fund, failure to provide the credit facility provider with certain periodic reports and financial statements, breach by the Fund of other representations and covenants contained in credit facility documentation and other similar terms. In such instances, the credit facility provider may take any such action without notice to such Fund or the applicable General Partner. If any such credit facility provider were to require the Fund to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of such Fund and have adverse tax and economic effects on such Fund.

In connection with any financing or other borrowing transaction, the relevant General Partner shall have the right, at its option, to pledge any or all of the assets of a Fund including the partners' unfunded commitments as security for any financing incurred directly or indirectly by the Fund. Each partner shall, upon written request from the relevant General Partner, for the benefit of any lender, acknowledge its obligations to make capital contributions pursuant to the applicable Partnership Agreement and execute and deliver such documents as required to acknowledge and perfect the security interest in its unfunded commitment as provided in the Partnership Agreement. In addition, limited partners may be required to honor capital calls made by the lender.

5. Non-controlling Investments. The relevant General Partner anticipates that certain Funds will principally hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect the applicable Fund's position in such portfolio companies. However, the relevant General Partner will seek appropriate creditor and shareholder

rights to help protect such Fund's interest. The applicable Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, such Fund at times may hold minority equity stakes of any size (e.g., where portfolio holdings are taken public). As is the case with minority holdings in general, such minority stakes that such Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums afforded majority or controlling stakes. Where the applicable Fund holds a minority stake, it may be more difficult for such Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if the applicable Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

6. Fixed-Income Securities and Loans. The Funds may invest in bonds or other fixed-income securities of U.S. and non-U.S. issuers, including, without limitation, bank debt, bonds, notes, debentures, and commercial paper, as well as derivatives thereon. Fixed-income securities pay fixed, variable, or floating rates of interest. The value of fixed-income securities in which a Fund invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed-income securities and bank loans are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

To the extent that one or more borrowers default on a secured obligation held by a Fund, such Fund may receive equity issued by an entity reorganized through a bankruptcy or insolvency proceeding, or assets that such borrowers had pledged to secure such loans or obligations. Such assets may include real estate or other real assets, intellectual property rights, receivables, securities, other assets or direct or indirect interests therein. There is no guarantee that such assets will be liquid or of a value equivalent to the amount due and owing from the issuer or obligor of such defaulted obligation.

7. Bank Loans. A Fund's investment program may include investments in significant amounts of bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the applicable Fund to directly enforce its rights with respect to participations. In analyzing each bank loan, the relevant General Partner compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks may be borne by a Fund.

Certain newer loans use standardized documentation in an attempt to facilitate loan trading. Although this may improve market liquidity, there can be no assurance that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that any level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

8. Loan Origination. If a Fund desires to sell or assign a loan that it originates, but is unable to sell, assign or successfully close transactions for assignments or participations in such loans, such Fund will be forced to hold such a loan until such time as it can be disposed, during which time such Fund may be “overweighted” with respect to a particular borrower.
9. Future Funding Obligations. A Fund may from time to time incur funding obligations that may arise in the future in connection with an investment. For example, a Fund may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the applicable Fund would be obligated to fund the amounts due.
10. Timing Risk. Many agency, corporate, and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to “call” all or part of the issue before the bond’s maturity date. The issuer usually retains the right to refinance the bond in the future if market interest rates decline below the coupon rate. There are certain disadvantages to the call provision, including, without limitation: (i) the cash flow pattern of a callable bond is not known with certainty; (ii) because the issuer will call the bonds when interest rates have dropped, the applicable Fund is exposed to reinvestment rate risk — such Fund will have to reinvest the proceeds received when the bond is called at lower interest rates or may be unable to reinvest such proceeds under the Partnership Agreement; and (iii) the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.
11. Zero-Coupon and Deferred Interest Bonds. A Fund may invest in zero-coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original issue discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.
12. Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). Due to the nature of the debt obligations, a Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by such Fund should be equitably subordinated.
13. Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased by a General Partner for a Fund will be non-performing and possibly in default at the time of such purchase. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.
14. Low Credit Quality Securities. A Fund may be permitted to invest in securities that may make particularly risky investments that also may offer the potential for correspondingly high returns. As

a result, such Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard that is a prerequisite to such Fund's investment in any security. Certain debt securities in which such Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

15. Distressed Credit. A Fund may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the U.S. Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (e.g., due to failure to obtain requisite approvals), will be delayed (e.g., until various liabilities, actual or contingent, have been satisfied), or will result in a distribution of cash or a new security the value of which is less than the purchase price to such Partnership of the security in respect to which such distribution was made.
16. Risks Associated with Bankruptcy Cases. A Fund may invest in financially troubled companies and companies either currently in, or that may enter into, Chapter 11 bankruptcy or insolvency proceedings. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of, such Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor.

As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to a company and/or a Fund, and is subject to unpredictable and lengthy delays. In addition, during the process a company's competitive position may erode, key management may depart, and the company may not be able to invest adequately. In some cases, a company may not be able to reorganize and may be required to liquidate assets. Decisions by a Fund to invest primarily in the debt of such companies may not be protective of such Fund's economic interests, as the debt of companies in the process of financial reorganization generally will not pay current interest, may not accrue interest during reorganization, and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

There exists a significant risk that a Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, a class. In addition, certain administrative costs and claims (for example, claims for taxes) that have priority by law over the claims of certain creditors may be quite high.

A Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction or forfeiture by such Fund.

17. Default Rates of Loans and High-Yield Securities. A Fund may make investments that may be classified as “higher-yielding” (and, therefore, higher-risk). In most cases, such investments will be rated below “investment grade” or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer’s failure to make timely interest and principal payments. The market for high-yield instruments has experienced periods of volatility and reduced liquidity. The market values of certain of these debt instruments may reflect individual corporate developments. General economic recessions or a major decline in the demand for products and services in which the company provides would likely have a materially adverse impact on the value of such instruments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high-yield debt instruments. In addition, the historical performance of the high-yield market is not necessarily indicative of its future performance, and the numerous methods for calculating default rates leave a significant amount of uncertainty in the potential profitability of a Fund’s investment in such instruments. Should increases in default rates occur with respect to the instruments acquired by a Fund, the actual default rates of the instruments held by such Fund may exceed those of the calculation methodology used by the relevant General Partner in determining to purchase such instruments, resulting in substantial losses to such Fund.
18. Participation on Creditors’ Committees. Certain of the Funds may serve on committees formed by creditors (“**Creditors’ Committees**”) to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. Such Fund may also seek to negotiate directly with debtors with respect to restructuring issues. Even if the applicable Fund chooses to join a Creditors’ Committee, there can be no assurance that such Fund would be successful in obtaining results favorable to it in such proceedings, and such Fund may incur significant legal fees and/or other expenses in attempting to do so, as Creditors’ Committees generally consist of many participants, each of which attempts to obtain an outcome that is in its individual best interests. As a result of such Fund’s service on such Creditors’ Committees, the Fund may be deemed to have duties to other creditors represented by the Creditors’ Committees, which might thereby expose such Fund to liability to such other creditors who disagree with such Fund’s actions.

The relevant General Partner, on behalf of the applicable Fund, may elect to serve on Creditors’ Committees, equity holders’ committees, or other groups to ensure preservation or enhancement of such Fund’s position as a creditor or equity holder. A member of any such Creditors’ Committee or group may owe certain obligations generally to all parties similarly situated that the Creditors’ Committee represents. If the General Partner concludes that its obligations owed to the other parties as a Creditors’ Committee or group member conflict with its duties owed to the applicable Fund, it will resign from that Creditors’ Committee or group, and such Fund may not realize the benefits, if any, of the relevant General Partner’s service on the Creditors’ Committee or group. Additionally, if such Fund is represented on a Creditors’ Committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in the subject company while it continues to be represented on such Creditors’ Committee or group.

19. Reliance on Corporate Management and Financial Reporting. In many cases, the General Partner will rely on the financial information made available by the borrowers or issuers in which the Fund invests. The General Partner generally will not have the ability to independently verify such financial information, and generally will be dependent upon the integrity of both the management

of these borrowers and issuers and the financial reporting process in general. Material losses can occur as a result of corporate mismanagement, fraud and accounting irregularities.

20. “Widening” Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which a Fund invests may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.
21. Uncertain Exit Strategies. Due to the illiquid nature of some of the positions which certain of the Funds are expected to acquire, the relevant General Partner is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political, or other factors.
22. Inability to Vote Certain Positions. As a result of voting agreements or other arrangements relating to certain issuers, securities or instruments in which a Fund is invested, the relevant General Partner or its affiliates may be subject to restrictions on their ability to vote or take other actions with respect to such issuers or securities. In such situations, the relevant General Partner may not be able to vote or take other actions with respect to such issuers or securities in the manner that it otherwise would believe to be in the best interests of the applicable Fund.
23. Non-U.S. Investments. A Fund may invest in securities issued by non-U.S. companies, in countries other than the U.S. and in securities of non-U.S. government entities. Investments outside the U.S. or denominated in non-U.S. currencies pose currency exchange risks as well as a range of other potential risks that could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility, and market manipulation. In addition, less information may be available regarding non-U.S. issuers, and non-U.S. companies may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Further, non-U.S. securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the U.S. are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers, and issuers outside the U.S. than there is in the U.S., and there is greater difficulty in taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect a Fund’s performance.
24. Derivatives. A Fund may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which a Fund may effect derivative transactions are over-the counter (“OTC”) or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members

of “exchange-based” markets. This exposes the applicable Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty (See “Counterparty Risk” below).

25. Collateral. A Fund may have significant credit risk exposure and will have significant operational risk exposure to its counterparties, which may require such Fund to post collateral to support their obligations in connection with transactions involving forwards, swaps, futures, options, and other derivative instruments. Generally, counterparties will have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of the collateral posted by the applicable Fund in connection with such transactions. This could increase such Fund’s exposure to the risk of a counterparty default since, under such circumstances, such collateral could be lost or such Fund may be unable to recover such collateral promptly. Also, counterparties have an interest in maximizing the return from such collateral. This interest could conflict with the interests of such Fund in preserving and protecting its portfolio.
26. Options. A Fund may buy or sell (write) both call options and put options (whether exchange-traded, over-the-counter or issued in private transactions), and when it writes options it may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the class and amount of those as to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. A Fund’s options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which such Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions such Fund may enter into.

When a Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, would result in a total loss of such Fund’s investment in the option (including commissions). Such Fund could mitigate those losses by selling short the securities as to which it holds call options or taking a long position (i.e., by buying the securities or buying options on them) on securities underlying put options.

When a Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. Theoretically, the risk is unlimited unless the option is “covered.” If it is covered, an increase in the market price of the security above the exercise price would cause such Fund to lose the opportunity for gain on the underlying security — assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss such Fund might suffer as a result of owning the security.

27. Risks Associated With CDO Securities. A Fund may also invest in structured product CDO securities. In case of a default, CDO securities generally are limited recourse obligations of the issuer thereof payable solely from the underlying assets of the issuer (“**CDO Collateral**”) or proceeds thereof. Consequently, holders of CDO securities must rely solely on distributions on the underlying CDO Collateral or proceeds thereof for payment. If distributions on the underlying CDO Collateral are insufficient to make payments on the CDO securities, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of

the issuer to pay such deficiency will be extinguished. Many subordinate classes of CDO securities provide that a deferral of interest thereon or a write-down does not constitute an event of default and the holders of such securities will not have available to them any associated default remedies. During such periods of nonpayment or partial nonpayment, such non-paid interest will generally be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the amount of current payments made on such CDO securities.

CDO securities are subject to operational, credit, liquidity, and interest rate risks. Issuers of CDO securities may acquire interests in loans and other debt obligations by way of assignment or participation. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; provided, however, its rights can be more restricted than those of the assigning institution. In purchasing participations, an issuer of CDO securities will usually have a contractual relationship only with the selling institution, and not the borrower. The issuer generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor have the right to object to certain changes to the loan agreement agreed to by the selling institution. The issuer may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under U.S. federal and state laws, the issuer may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the issuer may be subject to the credit risk of the selling institution as well as of the borrower.

CDO securities are also subject to interest rate risk and day count basis risk. The CDO Collateral of an issuer of CDO securities may bear interest at a fixed or floating rate while the CDO securities issued by such issuer may bear interest at the opposite kind of rate. As a result, there could be an interest rate mismatch between such CDO securities and CDO Collateral, where the CDO Collateral bears interest that is, at certain times, insufficient to adequately collateralize the CDO securities. There may be a timing mismatch between the CDO securities and CDO Collateral assets that bear interest at a floating rate as the interest rate on such assets bearing interest at a floating rate may adjust more frequently or less frequently and/or on different dates and/or based on different indices than the interest rates on the CDO securities. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability to make payments on the CDO securities. In addition, hedges may have been acquired to manage the interest rate risk of such CDO securities, making such CDO securities also subject to the credit risk of the applicable hedge counterparty.

28. Credit Default Swaps. A Fund may invest in credit default swaps (“**CDSs**”). Generally, CDSs are contracts where termination may occur prior to the contract's scheduled maturity date if a credit event occurs. Credit events may include a ratings downgrade of the reference obligation below certain specified ratings levels, a writedown (including an implied writedown) of the reference obligation, a failure by the reference company to pay principal or interest with respect to the reference obligation, a restructuring of the final maturity date of the reference obligation, or an acceleration of the reference obligation so that it is due prior to its stated maturity date, among others. CDSs can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. In addition, CDSs can be used to implement the relevant General Partner's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, a Fund may “write” credit default protection in which it receives spread income. A Fund may also “purchase” credit default protection even in the case in which it

does not own the referenced instrument if, in the judgment of the relevant General Partner, there is a high likelihood of credit deterioration.

Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock and debt of the company, and potential loss realized on the debt upon default, among other factors. As such, there are many factors upon which market participants may have divergent views. If the relevant General Partner has a positive view of a company's credit outlook, it may enter into CDS transactions in which it assumes the risk of default of the company. It may also enter into an opposite transaction, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components determining the value of a swap.

Upon the occurrence of a credit event, CDSs may be physically settled or cash settled depending upon the terms of the particular CDS. In the event of physical settlement of a CDS, if a Fund is long the credit risk, the CDS counterparty may satisfy its obligations under the CDS by delivering to such Fund one or more deliverable obligations (which frequently are the reference obligation, although may instead be an obligation which is ranked *pari passu* with the reference obligation). Because the obligation is delivered after a credit event, it is likely that the delivered obligation is a defaulted or credit impaired security and will not be worth the same value as the reference obligation related to the CDS prior to the occurrence of any credit event. In the event of cash settlement, the CDS counterparty would, if the applicable Fund is long the credit risk, obtain prices in the general credit market for the final principal value of the reference obligation subject to a credit event and such Fund would be obligated to pay the difference of the initial principal amount referenced in the CDS over the final principal value of the reference obligation as obtained by the CDS counterparty in the general credit market. It is likely that because the reference obligation may at the time of such settlement be a defaulted or credit impaired security, the final value of the reference obligation may be less than the initial principal balance referenced in the CDS.

29. Counterparty Risk. Some of the markets in which a Fund may effect transactions are OTC or "interdealer" markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of "exchange based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such "over-the-counter" transactions. This exposes the applicable Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing such Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where such Fund has concentrated its transactions with a single or small group of counterparties. The relevant General Partner is not restricted from dealing with any particular counterparty or from concentrating any or all of such Fund's transactions with one counterparty. Moreover, the relevant General Partner has no formal credit function which evaluates the creditworthiness of the applicable Fund's counterparties. The ability of such Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by such Fund.

In addition, the counterparties with which a Fund effects transactions may, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, a Fund may be unable to enter into a desired transaction, or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-

traded instruments, certain forward, spot and option contracts and swaps may not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts or swaps, a Fund may be required, and must be able, to perform its obligations under the contract.

30. Suspensions of Trading. Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for a Fund to liquidate its positions listed on such exchanges and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for such Fund to close out positions.
31. Futures. Investments in commodities, futures and options contracts involve risks including, without limitation, leverage (e.g., margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. A Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent such Fund from promptly liquidating unfavorable positions and subject it to substantial losses.
32. Failure of Futures Commission Merchants. Under the Commodity Exchange Act, as amended, futures commission merchants are required to maintain customers' assets in a segregated account. To the extent that a Fund engages in futures and options contract trading and the futures commission merchants with whom such Fund maintains accounts fail to so segregate such Fund's assets, such Fund will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. In certain circumstances, the Fund might be able to recover, even with respect to property specifically traceable to such Fund, only a pro rata share of all property available for distribution to a bankrupt futures commission merchant's customers.
33. Forward Trading. A Fund may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a Fund.
34. Illiquid Investments. A Fund may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placement originated loans. Illiquidity increases risk and volatility and may make it impossible to close out positions against which the market is moving or to realize such positions' value at the time of sale.

35. Highly Volatile Markets. The prices of securities and derivative instruments, including futures and options prices, may be highly volatile. Price movements of securities, forward contracts, futures contracts, and other derivative contracts in which the Partnership may invest are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary, and exchange control programs and policies of governments; and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Partnership also is subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses.
36. Currency Exchange Exposure. A Fund may make investments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. Certain of the Funds, however, value their investments in U.S. dollars. Such Funds may or may not seek to hedge their non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that investments suitable for hedging currency or market shifts will be available at the time when such Funds wish to use them, or that hedging techniques employed by such Funds will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of a Fund's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which such Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of such Fund's investments in their local markets and may result in a loss to such Fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on such Fund's non-U.S. dollar investments.

The relevant General Partner is not required to attempt to hedge portfolio positions in a Fund and, for various reasons, may determine not to do so. Furthermore, the relevant General Partner may not anticipate a particular risk so as to hedge against it. While a Fund may enter into hedging transactions in seeking to reduce risk, such transactions may result in a poorer overall performance for the applicable Fund than if it had not engaged in any such hedging transaction. For a variety of reasons, the relevant General Partner may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent such Fund from achieving the intended hedge or expose such Fund to risk of loss. The success of the hedging strategy of a Fund is subject to the relevant General Partner's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy is also subject to the relevant General Partner's ability to recalculate continually, readjust and execute hedges in an efficient and timely manner. Moreover, it should be noted that the portfolio always will be exposed to certain risks that cannot be hedged, such as certain credit risk (relating both to particular securities and counterparties with respect to which CDS protection is unavailable), "liquidity" risk, and "widening" risk.

37. Hedging Arrangements; Related Regulations. A General Partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. Such Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-

traded or OTC contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject such Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the applicable Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the relevant General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of the applicable Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

38. Other Trading Strategies. A Fund may employ investment strategies for which no "risk factors" are disclosed herein. Such strategies should not be considered to be less risky than the strategies disclosed herein, and should be viewed as speculative volatile. There can be no assurance that a Fund will achieve its investment objectives or avoid total losses.
39. Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if such Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than such Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases such Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in such Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. Such General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the relevant General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the relevant General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

40. Dynamic Investment Strategy. While the General Partners generally intend to seek attractive returns for the Funds primarily through making privately sourced loans as described herein, the General Partners may pursue additional investment strategies and may modify or depart from their initial investment focus, investment process and investment techniques as it determines appropriate. The General Partners may pursue investments in different asset classes and outside of the industries and sectors in which the SPCA principals have previously made investments.
41. Season and Sell Transactions. If there is sufficient interest from investors, the relevant General Partner may form an offshore intermediate fund. Investors in the offshore intermediate fund will hold their interest through a Cayman Islands exempted limited partnership that will elect to be taxed as a corporation for U.S. federal income tax purposes (collectively, the “**Offshore Feeder**”). If formed, from time to time a Fund would expect to enter into loan origination transactions through a “season and sell” structure. Under this structure, a Fund would (either directly or indirectly through an entity formed for such purpose) originate loans and, after those loans have been held for a seasoning period (e.g., 90 days), would sell a pro rata portion of such loans to the applicable Offshore Intermediate Fund (or an entity owned by both the applicable Fund and the applicable Offshore Intermediate Fund) at the then-current fair market values of such loans. The applicable Offshore Intermediate Fund will not share in origination and other similar fees received by the applicable Fund. Since (a) the decision by such Fund (or such originating entity) to originate the loans and (b) the decision by the applicable Offshore Intermediate Fund (or such transferee entity) whether and at what price to acquire a portion of such loans would be made as separate, independent decisions, it is possible from time to time that certain loans originated by such Fund (or such originating entity) may not subsequently be transferred to the applicable Offshore Intermediate Fund or such transferee entity. As a result, the applicable Fund and Offshore Intermediate Fund may hold different investments in their respective loan portfolios, and such Fund would bear all of the risk of the loans during the seasoning period (and will benefit from any appreciation in value) and may be forced to retain a disproportionate amount of non-performing or other loans if such Offshore Intermediate Fund or such transferee entity elected subsequently not to purchase them. This potential difference in investments held by such Partnership and Offshore Intermediate Fund, together with the different prices at which the loans would be acquired and the fact that such Offshore Intermediate Fund would not share in loan origination fees, will potentially cause a divergence in the economic returns between the applicable Fund and the applicable Offshore Feeder.

42. Material Non-Public Information. As a result of the operations of SPCA and its affiliates, SPCA frequently comes into possession of confidential or material non-public information. Therefore, SPCA and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, such Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or SPCA's internal policies. Due to these restrictions, such Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

43. Anti-Money Laundering and Other Regulatory Restrictions. Anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent SPCA or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of SPCA's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by SPCA or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

44. Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

45. Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly

available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

46. Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. Moreover, SPCA, a Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Fund and its investors, despite the efforts of SPCA and such Fund's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to such Fund and its investors. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (a) customer data or payment information; (b) customer or portfolio company financial information; (c) portfolio company software, contact lists or other databases; (d) portfolio company proprietary information or trade secrets; or (e) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses. In the event any portfolio company sustains such losses, they may be unable to meet debt service and the applicable Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. In addition, in the event that such a cyber-attack or other unauthorized access is directed at SPCA or one of its service providers holding its financial or investor data, SPCA, its affiliates or the Funds may also be at risk of loss. Such incidents could cause such Fund, SPCA or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.
47. Privacy. Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of a portfolio company.

Portfolio companies are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

EU data protection law currently in effect is derived from the Data Protection Directive (Directive 95/46/EC) and has been implemented by national legislation across all 28 EU member states. On May 25, 2018, the General Data Protection Regulation (EU 2016/679) (the "GDPR") replaced the existing legislation. The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR is binding on data controllers and data processors in all EU member states without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach and will have a significant impact on data controllers and data processors either with an establishment in the EU, or which offer goods or services to EU data subjects or monitor EU data subjects' behavior within the EU. The new regime imposes more stringent operational requirements on both data controllers and data processors, and has introduced significant penalties

for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive, will also be repealed by the EU Commission's Regulation on Privacy and Electronic Communications (the "**ePrivacy Regulation**") which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy. The ePrivacy Regulation is in the process of being finalized and is due to come into force in early 2019.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Firm's current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

Conflicts of Interest

SPCA and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, legal, management and other services to Funds with respect to portfolio companies and other investments. SPCA will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as are required by the relevant Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time.

In the ordinary course of SPCA conducting its activities, the interests of a Fund may conflict with the interests of SPCA, one or more other Funds or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, SPCA will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

At any given time, SPCA and its affiliates (including, for instance, Summit Partners) will typically manage several other Funds in addition to a given Fund, which may include investments similar to those in which such Fund will be investing or have investments in portfolio companies in the form of securities or other investments that are not the principal focus of such Fund. For example, Summit Partners, an affiliate of SPCA, sponsors and advises a number of funds focused on growth equity investments (the "**Equity Funds**"). SPCA and its affiliates may direct certain relevant investment opportunities to those other Equity Funds. In the event such other Equity Funds have made or may make investments in portfolio companies or other investments that the Fund may also be interested in, the Partnership Agreement of the Fund may prohibit investments in such portfolio companies by the Fund without consent of the Fund's advisory board and/or the advisory boards of the other Equity Funds. If such consent is obtained, the Fund and such other Equity Funds may invest together in such portfolio company and/or purchase different classes of debt and/or equity of the same portfolio company. In addition, the Fund may concurrently invest with other Equity Funds. Such investments are generally subject to specific contractual restrictions as set forth in the applicable Partnership Agreements.

These and other investments may be deemed to create conflicts of interest, particularly because SPCA and its affiliates may take certain actions for some Funds or affiliates with respect to one class of debt or equity that may be adverse to the Fund or other Funds or affiliates who hold other classes of debt or equity of the same portfolio company. For example, it is possible both an Equity Fund and Credit Fund are

simultaneously invested in the same portfolio company that becomes financially distressed. In the event of a conflict of interest, each applicable General Partner and its affiliates will seek to act in a manner they believe in good faith to be fair to the applicable Funds and other Funds under the circumstances. Additionally, the Fund's General Partner also reserves the right to make independent decisions about when to purchase and sell investments for the Funds. The General Partner may invest the Funds in opportunities in which other private investment funds controlled by Summit Partners are invested, and likewise, may decline to invest the Funds in opportunities in which other private investment funds have invested.

In addition, the Fund's investments are expected to be privately negotiated transactions. SPCA may have conflicts of interest in negotiating the terms and the type and amount of fees that SPCA and/or its affiliates receive and allocating investments among the Funds and other co-investors in such transactions. For certain loans, SPCA will syndicate the loan to third party lenders and in such instances, fees received by SPCA relating to third party investments do not offset the Management Fee. Summit Partners could structure the terms of lending arrangements to provide SPCA with structuring, arrangement, administering and agent, and/or servicing fees from borrowers and/or the third party lenders, which do not offset the Fund's Management Fee.

Additionally, SPCA's principals (the "**Principals**") may spend a portion of their business time and attention pursuing investment opportunities for other Funds and other than on behalf of a given Fund. However, the Principals and the General Partners' investment staff will continue to manage and monitor such Fund and its investments. The General Partners believe that the significant investment of the Principals in a Fund, as well as the Principals' interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of the Principals with the interest of the Fund, although the Principals have economic interests in such other Funds as well and receive Management Fees and carried interest therefrom. Such other Funds that the Principals may control may compete with a given Fund. At such time as a General Partner is permitted to raise a successor investment fund to a Fund, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, SPCA will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds, other investment vehicles operated by advisory affiliates of SPCA (e.g., Summit Partners) and/or a syndicate of third-party investors. In determining which investment vehicles should participate in such investment opportunities, SPCA and its affiliates are subject to conflicts of interest among such clients. Investments by more than one client of SPCA or its affiliates in a portfolio company may also raise the risk of using assets of a client of SPCA to support positions taken by other clients of SPCA or its affiliates.

SPCA and its affiliates must first determine which Fund(s) will, or are required under the applicable Governing Documents to, participate in the relevant investment opportunity and where to invest and what proportion to invest in the capital structure. SPCA and its affiliates generally assess whether an investment opportunity is appropriate for a particular Fund or other client based on a Fund's Governing Documents, investment objectives, strategies, life-cycle and structure. SPCA will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Partnership Agreements, Side Letters and SPCA's procedures regarding allocation. SPCA's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; SPCA's perception of whether the investment opportunity may subject the prospective co-investor to legal,

regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair SPCA's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; and whether SPCA believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or SPCA. Although a prospective co-investor's willingness to invest in future Funds may be considered by SPCA, it generally will not be the sole determining factor considered by SPCA in identifying co-investors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by SPCA or its related persons in consultation with other participants in the relevant transactions. If co-investment opportunities are offered to SPCA investors, such opportunities may, and typically will, be offered to some and not to other SPCA investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that the Summit Employee Funds and/or other related persons of SPCA and its affiliates make capital investments in or alongside certain Funds, Summit Partners and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

SPCA's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While SPCA will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, 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 Summit Partners may be subject, discussed herein, did not exist. In certain cases, SPCA will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, SPCA will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds (or other funds advised by an affiliate of SPCA) invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds (or other funds advised by an affiliate of SPCA) may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by SPCA in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, SPCA may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund (or a fund advised by an affiliate of SPCA), or if a Fund were to evaluate a potential opportunity that is in competition with an investment by another Fund (or a fund advised by an affiliate of SPCA). SPCA and/or its affiliates may express inconsistent views of investments held by multiple Funds (or one or more funds advised by an affiliate of SPCA) or of market conditions more generally. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to each Fund. In that regard, actions may be taken for one or more Funds (or funds advised by an affiliate of SPCA) that adversely affect other Funds.

From time to time, certain fees and expenses incurred in connection with an investment opportunity or other Fund expense may pertain to multiple Funds (or funds advised by an affiliate of SPCA). Subject to any relevant restrictions or other limitations contained in the Partnership Agreements, SPCA will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, SPCA may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds (or funds advised by an affiliate of SPCA) or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by SPCA or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

SPCA and/or its affiliates generally exercise their discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) SPCA or a related person of SPCA, (ii) an entity with which SPCA or its affiliates or current or former members of their personnel has a relationship or from which SPCA or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, SPCA may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or a related business. This subjects SPCA to conflicts of interest, because although SPCA selects service providers that it believes are aligned with its investment strategies and will enhance investment performance and, relatedly, returns of the relevant Fund, SPCA may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that SPCA, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Fund(s) or SPCA), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not SPCA has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Additionally, a Fund typically will reimburse a Manager or service providers retained at a Manager's discretion for expenses (including travel expenses as permitted by a Fund's Partnership Agreement) incurred by such Manager or such service providers in connection with its performance of services. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements. A Manager determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices, and this discretion subjects SPCA and its affiliates to conflicts of interest. The amount of such reimbursements over time is expected to be substantial.

Although SPCA generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, SPCA intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

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

Because a General Partner is permitted to retain certain Supplemental Fees in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation. This conflict may be mitigated to an extent by offsetting the Management Fee by a specified percentage of such Supplemental Fees and a General Partner's interest in the carried interest of a Fund and that the Supplemental Fees are negotiated by the borrowing and lending parties.

Because a General Partner's carried interest is based on a percentage of realized profits of an applicable Fund, it may create an incentive for such General Partner to cause the applicable Fund to make riskier or more speculative investments than would otherwise be the case. However, the Managers believe that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align, to some extent, the interests of the Principals with that of the Funds.

Structuring fees (sometimes also called arrangement fees) received by SPCA relate to loans or portions of loans funded by third-party lenders. Third-parties may participate in a loan or credit facility where SPCA has identified a lending opportunity which, due to size, profile or other considerations, requires participation from additional lenders. Loans made by third-party lenders may be senior to the Funds, a different tranche of the same seniority as the Funds and/or the same tranche as the Funds. Structuring fees may be paid on account of SPCA's time, effort and resources spent on identifying additional lending parties, working with such third-parties, and structuring and negotiating the loan facilities for the participation and benefit of third-party lenders. Administrative Fees (also known as agent or servicing fees) received by SPCA or its affiliate are paid by a borrower for services that include, but are not limited to, acting as an agent on behalf of lenders for the holding or perfecting of collateral with respect to a secured loan, keeping records of beneficial ownership of the loans, processing assignment agreements with respect to transfers of the loan, serving as a conduit for the borrower's periodic informational reporting, making certain administrative decisions under loan documentation on behalf of the lender group, monitoring interest and principal payments on a monthly basis, invoicing the borrower for the same, and ensuring such amounts are received and paid to the lenders. As permitted in the relevant Governing Documents, any such fees received by SPCA or a General Partner will not offset the Management Fee.

The brokers, dealers, and other counterparties utilized by the Funds will be selected by the Manager. In selecting brokers, dealers, and counterparties, including those that may operate outside of the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended, the Investment Manager may, subject to its overall duty to obtain "best execution" of Funds transactions, pay higher commissions in consideration of, among other things, certain additional services or benefits provided by such brokers than those commissions charged by brokers that do not provide such services or benefits.

Although not typical, the Managers, their personnel or others designated by the Managers could from time to time receive compensation in the form of portfolio company securities. To the extent any such securities

are received, after any applicable offset provisions in the relevant Governing Documents are applied, SPCA and/or such other recipients will be permitted to retain such securities (including, to the extent applicable, as Supplemental Fees), and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or SPCA or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund).

SPCA may enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

The Funds expect to hold securities and financial instruments that may not have readily available market quotes. In such instances, the General Partners generally will value such securities and financial instruments in good faith at fair value based on various factors, including, without limitation, external pricing sources (if any), recent trading activity (if any) or other information aimed at a relative value assessment process that incorporates, among other factors in the General Partners' sole discretion, current market conditions, position size, trends and prices. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities and financial instruments. Additionally, such valuations will directly correlate to the compensation paid or allocated by the Funds to the Managers and may, therefore, create conflicts of interest.

SPCA has incentives to use or to recommend products or services of one portfolio company (or a portfolio company held by a fund sponsored by an affiliate of SPCA) to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as SPCA has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option.

Any of these situations subjects SPCA and/or its affiliates to potential conflicts of interest. SPCA attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by SPCA's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, SPCA will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, SPCA consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

Section 6. Disciplinary Information

SPCA and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

Section 7. Other Financial Industry Activities and Affiliations

SPCA is affiliated with the General Partners, which are registered with the SEC under the Advisers Act pursuant to SPCA's registration in accordance with applicable SEC guidance. The General Partners serve as general partners of the Funds and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

SPCA is also affiliated with Summit Partners, L.P., Summit Partners Public Asset Management, LLC and their related advisory entities, each of which is registered or deemed registered as an investment adviser with the SEC under the Advisers Act. More information regarding Summit Partners, L.P., Summit Partners Public Asset Management, LLC and their affiliated investment advisers can be found on each firm's respective Form ADV Part 2A.

SPCA has adopted certain policies and procedures to minimize any conflicts of interest between the Funds advised by SPCA, Summit Partners, L.P., and Summit Partners Public Asset Management, LLC. The Funds advised by SPCA, Summit Partners, L.P., and Summit Partners Public Asset Management, LLC have substantially different investment programs. Each of SPCA, Summit Partners, L.P., and Summit Partners Public Asset Management, LLC's investment activities are generally performed independently; however, each may leverage Summit Partners' internal deal sourcing network and internal contacts when performing investment activities.

Summit Partners LLP, a UK FCA-authorized adviser, provides non-discretionary investment advisory services to Summit Partners, L.P. with respect to certain non-U.S. investments.

Section 8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Managers have adopted the Summit Partners Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of the Managers' principals and employees and addresses conflicts that arise from personal trading. The Code requires the Managers' personnel to report their personal securities transactions and, subject to certain exceptions, prohibits the Managers' personnel's direct or indirect acquisition of beneficial ownership of securities without first obtaining approval from the Managers' Chief Compliance Officer. In addition, the Code requires the Managers' Principals and employees to comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any client or prospective client upon request to Erin H. White at 617-824-1000 or ewhite@summitpartners.com. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments. Generally, private investments must be pre-cleared and transactions in publicly traded securities are restricted to a limited number of securities.

The Managers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Managers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Managers. Accordingly, should the Managers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Managers would be prohibited from communicating such information to clients, and the Managers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Summit Partners personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals, employees, Senior Advisors, and retired investment professionals of the Managers and their affiliates may directly or indirectly own an interest in private investment funds, including the Funds or certain co-investment vehicles. Such vehicles may invest in one or more of the same portfolio companies

as the Funds. The Managers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the Managers with the Funds.

Co-invest opportunities may also be presented to certain affiliates of the Managers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles. Additionally, the Funds and other Funds may invest together in the manner set forth in the applicable Partnership Agreement. The Managers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Managers' fiduciary obligations and consistent with the applicable Funds' underlying documents. In the case of co-invests, the Managers may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments or otherwise to have priority in co-investment opportunities.

The Managers and their affiliates, principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to other accounts or Funds which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain funds sponsored by Summit Partners (the "**Referenced Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of the Funds in issuers held by such Referenced Funds or may give priority with respect to investments to such Referenced Funds. Some of these restrictions could be waived by investors (or their representatives) in such Referenced Funds. However, the Managers and their affiliates may or may not, in their sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

The Managers may recommend the purchase or sale of securities for Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the Managers or the Funds. Certain of these transactions may require the consent of the applicable clients or Funds.

Section 9. Brokerage Practices

The Managers may appoint one or more brokers to effect securities transactions for accounts managed by the Managers. The duties of any broker may include clearance and settlement of trades, margin financing, stock lending and borrowing, non-U.S. exchange facilities, effecting certain transactions on behalf of the Funds from time to time, and maintaining any custody accounts for assets custodied with such brokers. It is expected that any broker will be paid customary fees for its services as negotiated by the Managers from time to time.

The Managers select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Managers may consider a variety of factors, including: i) execution capabilities; (ii) price; (iii) reputation; (iv) infrastructure; (v) reliability; (vi) financial resources; (vii) quality of research products or services; and (viii) other value-added services.

The Managers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Managers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent.

Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Managers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Managers generally do not make use of such services at the current time and have not made use of such services in their history. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Managers' Funds.

However, each and every research service may not be used for the benefit of each and every Fund managed by the Managers, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Funds. Research services may be shared between the Managers and their affiliates.

The Managers will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, the Managers may, in their discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Managers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Managers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Managers will periodically determine which brokers have provided research that has been helpful in the management of Funds. To the extent consistent with the Managers' goal to obtain best execution for their clients, the Managers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Managers allocate brokerage business on the basis of research services, they may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on their Funds' interest in receiving most favorable execution.

To the extent that the Managers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Managers may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Managers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Managers is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable to Funds over time.

Section 10. Review of Accounts

The Managers intend to implement a process whereby members of the Funds' investment committee will meet at the beginning of each week and periodically throughout the week in order to review the Funds' investments, review market developments and discuss investment opportunities.

The Funds generally provide to their limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) quarterly reports describing the status of each investment in the Fund's portfolio (including the applicable General Partner's estimate of the fair value of each investment determined as set forth in the Partnership Agreement).

Section 11. Client Referrals and Other Compensation

As discussed in Section 2, "Fees and Compensation," the Managers and/or their affiliates may receive certain Supplemental Fees from a Fund's portfolio companies or other investments. As described in the applicable Fund's Partnership Agreement, this compensation may, in certain circumstances, offset a portion of the Management Fees paid by the Funds. However, in other circumstances, these Supplemental Fees would be in addition to Management Fees.

SPCA has retained a placement agent to solicit commitments from investors in Summit Partners Credit Fund III, L.P. and Summit Partners Credit Offshore Fund III, L.P. in exchange for a fee based on a specified percentage of the dollar amount of commitments by limited partners attributable to the efforts of such placement agent. The fees payable to such placement agents, if any and as applicable, will be borne by SPCA directly or indirectly through an offset against the applicable Management Fee, although related expenses incurred pursuant to the placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Funds.

Section 12. Custody

The Managers maintain custody of the Funds' assets held in the Funds' names with the qualified custodians listed below:

- Bank of America, N.A., located at 100 North Tryon Street, Charlotte, NC 28255
- Silicon Valley Bank, located at 3003 Tasmann Drive, Santa Clara, CA 95054
- Merrill Lynch, Pierce, Fenner & Smith Incorporated, located at 600 California Street, 8th Floor, San Francisco, CA 94108
- First Republic Bank, located at 111 Pine Street, San Francisco, CA 94111

Section 13. Investment Discretion

The Managers have discretionary authority to manage investments on behalf of the Funds. As a general policy, the Managers do not allow clients to place limitations on this authority, provided that the Partnership Agreement of a Fund may impose certain restrictions on investing in certain types of securities. Pursuant

to the terms of the applicable Partnership Agreement, however, the Managers may enter into Side Letters or other similar arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons or for other agreed upon reasons. The applicable Manager assumes this discretionary authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the limited partners of the Funds.

Section 14. Voting Client Securities

In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures (the "**Policy**") to address how any Manager will vote proxies, as applicable, for the Funds' portfolio investments. The Policy seeks to ensure that the Managers vote proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds' investors through the Principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict of interest between the Managers and the Funds in voting proxies, the Policy provides that the Managers may address the conflict using several alternatives, including by seeking the approval or concurrence of the advisory board on the proposed proxy vote or through other alternatives set forth in the Policy. The Managers do not consider service on portfolio company boards by the Managers' personnel or the Principals or the Managers' receipt of management or other fees from portfolio companies or other investments to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. A copy of the Policy or information regarding how the Managers voted proxies for particular portfolio companies will be provided to clients or prospective clients at no charge upon request to Erin H. White at 617-824-1000 or ewhite@summitpartners.com.

Section 15. Financial Information

SPCA does not require or solicit prepayment of management fees more than six months in advance and does not have any other events requiring disclosure under this item of the Brochure.