

**INVESTMENT ADVISER BROCHURE**

**THOMA BRAVO, LLC**

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**August 2019**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Thoma Bravo, LLC (“Thoma Bravo, LLC”). If you have any questions about the contents of this Brochure, please contact us at (312) 254-3300. 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 authority.**

Thoma Bravo, LLC 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 Thoma Bravo (as defined herein) is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

Thoma Bravo, LLC filed its most recent prior Brochure in March 2019. This other-than-annual amendment updates the description of the business practices and advisory services of Thoma Bravo, LLC and its affiliates, including with respect to the addition of certain Funds (as defined herein) and updates to various investment-related risk factors, conflicts of interest and other similar disclosures.

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## ADVISORY BUSINESS

Thoma Bravo, LLC, a registered investment adviser, is a Delaware limited liability company. Thoma Bravo, LLC and its affiliated investment advisers provide discretionary investment advisory services to their clients, which consist of private equity investment funds. Thoma Bravo, LLC commenced operations in September 2007.

Thoma Bravo, LLC's clients include the following entities focused on private equity strategies ("**Equity Funds**"):

- Thoma Bravo Fund IX, L.P.; and Thoma Bravo Fund IX AIV, L.P.;
- Thoma Bravo Fund X, L.P.; and Thoma Bravo Fund X-A, L.P.;
- Thoma Bravo Special Opportunities Fund I, L.P.; and Thoma Bravo Special Opportunities Fund I AIV, L.P.;
- Thoma Bravo Fund XI, L.P.; Thoma Bravo Fund XI-A, L.P.; Thoma Bravo Executive Fund XI, L.P.; Thoma Bravo Fund XI Global, L.P.; Thoma Bravo Fund XI-A Global, L.P.; and Thoma Bravo Executive Fund XI Global, L.P.;
- Thoma Bravo Special Opportunities Fund II, L.P.; Thoma Bravo Special Opportunities Fund II-A, L.P.; Thoma Bravo Special Opportunities Fund II Global, L.P. and Thoma Bravo Special Opportunities Fund II-A Global, L.P.;
- Thoma Bravo Fund XII, L.P.; Thoma Bravo Fund XII-A, L.P.; Thoma Bravo Executive Fund XII, L.P.; Thoma Bravo Executive Fund XII-a, L.P.; Thoma Bravo Fund XII Global, L.P.; Thoma Bravo Fund XII-A Global, L.P.; Thoma Bravo Executive Fund XII Global, L.P.; and Thoma Bravo Executive Fund XII-a Global, L.P.; and Thoma Bravo Fund XII AIV, L.P.; Thoma Bravo Executive Fund XII AIV, L.P.; Thoma Bravo Executive Fund XII-a AIV, L.P.;
- Thoma Bravo Fund XIII, L.P.; Thoma Bravo Fund XIII-P, L.P.; Thoma Bravo Fund XIII-A, L.P.; Thoma Bravo Executive Fund XIII, L.P.; and Thoma Bravo Executive Fund XIII-P, L.P.;
- Thoma Bravo Discover Fund, L.P.; Thoma Bravo Discover Fund A, L.P.; Thoma Bravo Discover Fund AIV, L.P.; Thoma Bravo Discover Fund Global, L.P.; Thoma Bravo Discover A Global, L.P.; and
- Thoma Bravo Discover Fund II, L.P.; Thoma Bravo Discover Fund II-A, L.P.; Thoma Bravo Discover Executive Fund II, L.P.; Thoma Bravo Discover Fund II Global, L.P.; Thoma Bravo Discover Fund II-A Global, L.P.; Thoma Bravo Discover Executive Fund II Global, L.P.; and Thoma Bravo Discover Partners II Global, L.P.

Thoma Bravo, LLC also advises the following entities focused on credit strategies:

- Thoma Bravo Credit Fund I, L.P.; Thoma Bravo Credit Fund I (Offshore), L.P.; and Thoma Bravo Credit Fund I Feeder, L.P. (collectively, the "**Credit Fund**").

Each Equity Fund and Credit Fund (including any successor funds) is referred to herein as a “**Fund**,” and collectively, the “**Funds**,” according to the applicable context.

The following advisory entities are affiliated with Thoma Bravo, LLC:

- Thoma Bravo Partners IX, L.P.;
- Thoma Bravo Partners X, L.P.;
- Thoma Bravo Partners XI, L.P.; and Thoma Bravo Partners XI Global, L.P.;
- Thoma Bravo Partners XII, L.P.; Thoma Bravo Partners XII Global, L.P.; and Thoma Bravo Partners XII AIV, L.P.;
- Thoma Bravo Discover Partners, L.P.; Thoma Bravo Discover Partners AIV, L.P.; and Thoma Bravo Discover Partners Global, L.P.;
- Thoma Bravo Discover Partners II, L.P.; and Thoma Bravo Discover Partners II AIV, L.P.;
- Thoma Bravo Credit Partners I, L.P.;
- Thoma Bravo Credit Partners II, L.P.;
- Thoma Bravo Partners XIII, L.P. and Thoma Bravo Partners XIII-P, L.P. (each of the above-listed advisory entities, a “**General Partner**” and collectively, the “**General Partners**,” and the General Partners, together with Thoma Bravo, LLC, “**Thoma Bravo**”);
- Segall Bryant & Hamill, LLC; and
- Thoma Cressey Bravo, Inc.

Each General Partner is subject to the Advisers Act pursuant to Thoma Bravo, LLC’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Thoma Bravo, LLC. Unless the context otherwise requires, references in this Brochure to “Thoma Bravo” should be construed to mean the relevant General Partner(s) arranging such services from Thoma Bravo, LLC and/or its affiliates and their respective personnel on behalf of the Funds. Interests in the Funds are privately offered to qualified investors in the United States and elsewhere.

### *Equity Funds*

The Equity Funds primarily invest through negotiated transactions in the equity securities of operating entities, generally referred to herein as “**portfolio companies**.” Thoma Bravo’s investment advisory services to the Equity Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted, and the Equity Funds have made investments in public companies and will likely do so in the future if the circumstances warrant. Personnel of Thoma Bravo have and will likely serve on portfolio companies’ boards of

directors or otherwise act to influence control over management of portfolio companies in which the Equity Funds have invested.

### *Credit Fund*

The Credit Fund primarily invests in the debt instruments and/or other securities of software and technology-enabled services (collectively, “**Software**”) companies including debt investments in portfolio companies that are controlled by the Equity Funds. Thoma Bravo’s investment advisory services to the Credit Fund consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although the Credit Fund primarily makes passive investments in the initial issuance of debt instruments by Equity Fund portfolio companies, it also is permitted to make investments in the secondary market debt of such portfolio companies and in primary issuance or secondary market debt of other companies in the Software sector.

Thoma Bravo’s advisory services for the Funds are detailed in the applicable private placement memorandum (each, a “**Memorandum**”) and/or limited partnership or other operating agreement (each, a “**Limited Partnership Agreement**” and together with the Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in a Fund participate in the overall investment program for the Fund, but certain investors request to be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the applicable Limited Partnership Agreement. The Funds or Thoma Bravo enter into side letters or similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing, a Fund’s Limited Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Limited Partnership Agreement, Thoma Bravo expects to provide (or, from time to time, agrees to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Thoma Bravo’s personnel and/or certain other persons associated with Thoma Bravo and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment, subject to certain exceptions set forth in the Governing Documents of such Fund, and are subject to certain fees and expenses, as described herein (generally including similar expenses as are borne by a Fund, and as agreed among Thoma Bravo and the relevant co-investor or co-investment vehicle). However, from time to time, for strategic and/or other reasons, a co-investor (or co-invest vehicle) will purchase a portion of an investment in a portfolio company from one or more Funds after such Funds have consummated their investment in such 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 and prior to any changes in valuation of the investment. The co-investor (or co-invest vehicle) typically is charged interest on the purchase (or the purchase price otherwise is equitably adjusted at the discretion of Thoma Bravo under certain conditions) to compensate the relevant Fund for the holding period and generally will be required to reimburse the Fund for related costs. Co-investments are described further below under “Co-Investment.”

As of March 31, 2019, Thoma Bravo managed approximately \$38,906,000,000 in client assets on a discretionary basis.

Thoma Bravo, LLC and the General Partners are controlled and principally owned by Seth J. Boro, Orlando Bravo, S. Scott Crabill, Lee M. Mitchell, P. Holden Spaht and Carl D. Thoma.

## **FEES AND COMPENSATION**

In general, Thoma Bravo receives a management fee (the “**Management Fee**”) and a carried interest in connection with advisory services provided to the Funds. Thoma Bravo also receives compensation in connection with management and other services performed for portfolio companies of the Funds and, depending on the nature of such compensation (as described further below) and the terms of the applicable Governing Documents, such compensation offsets in whole or in part the Management Fee otherwise payable to Thoma Bravo. In addition, in certain circumstances, Thoma Bravo receives compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds; however, such compensation will not offset the Management Fee otherwise payable to Thoma Bravo, and the Funds will not benefit from such compensation. Thoma Bravo generally has broad discretion in structuring such compensation, and such compensation commonly is paid by portfolio companies. In accordance with a particular Fund’s Limited Partnership Agreement, Thoma Bravo also generally has broad discretion in waiving all or a portion of such payments. Investors in the Funds also bear certain fund expenses. It is expected that any future Funds will have a similar fee and compensation structure, although the particular amounts of fees and compensation will likely vary.

### **Management Fees**

#### *Equity Funds*

Commencing on their effective date and during their respective investment periods, the Funds generally will pay Thoma Bravo a Management Fee, quarterly in advance, typically calculated based on a specified annual percentage for each Fund (generally in a range between 1% to 2% for a given Fund, as specified in each Fund’s Limited Partnership Agreement) of aggregate investor capital commitments (“**Commitments**”).<sup>1</sup> After the expiration of the applicable investment period or earlier upon the occurrence of certain events as set forth in the applicable Limited Partnership Agreement, the Management Fee paid by a Fund generally will be calculated based on a specified percentage (generally in a range between 1% to 2% for a given Fund, as specified in each Fund’s Limited Partnership Agreement) of (i) aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down, as determined in accordance with the applicable Limited Partnership Agreement.<sup>2</sup> The Management Fee for

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<sup>1</sup> Note that some Fund investors (as determined by Thoma Bravo in its discretion, but typically based on size and timing of investment) receive a “fee break” whereby they are not charged a Management Fee for a period of time in accordance with the applicable Limited Partnership Agreement.

<sup>2</sup> Some Limited Partnership Agreements may have terms that vary significantly from those described herein. For full details, refer to the applicable Fund’s Limited Partnership Agreement.

investors in a Fund is expected to vary in certain cases according to the size of their investment. The General Partner, its owners and certain other Fund partners affiliated with Thoma Bravo typically will not pay a Management Fee, and typically will be excluded from such calculations, in accordance with the applicable Limited Partnership Agreement.

#### *Credit Fund*

Commencing on the effective date, the Credit Fund will pay the Credit Fund General Partner an annual Management Fee, payable quarterly in arrears, equal to 1.5% of (i) aggregate investment contributions plus (ii) certain amounts borrowed under the Credit Fund's subscription facility, in each case with respect to the portion of each investment that has not been disposed of or permanently written-down, as determined in accordance with the Credit Fund Limited Partnership Agreement. The General Partner, its owners and certain other Credit Fund partners affiliated with Thoma Bravo will not pay a Management Fee, and will be excluded from such calculations, in accordance with the Credit Fund Limited Partnership Agreement. In the case of the Credit Fund, the Management Fee will be reduced by any administrative or similar fees received by the Credit Fund General Partner (or its affiliate) for services provided to special purpose vehicles through which the Credit Fund invests.

Credit investment funds that are formed in the future may be on different terms (including different fee structures), as described in such funds' Governing Documents.

#### *All Funds*

The Management Fee paid by the relevant Fund will be reduced by a Fund's share of: (x) any directors' fees, financial consulting fees or advisory fees paid to Thoma Bravo or the relevant General Partner with respect to the applicable Fund investment (but not, in the case of the Equity Funds, those paid to Operating Partners, as defined herein and more fully described below); (y) transaction fees paid to Thoma Bravo or the relevant General Partner with respect to any Fund investment; and (z) any break-up fees with respect to investments not completed that are paid to Thoma Bravo or the relevant General Partner, in each case determined in accordance with the relevant Limited Partnership Agreement, net of certain expenses (including those described below) and excluding certain items set forth therein. The amount of the reduction with respect to the relevant Fund in each case generally will equal 100% of such amounts paid to Thoma Bravo, acting on behalf of such Fund with respect to its investment activities, attributable to the partners of such Fund that pay a Management Fee, as determined in accordance with the relevant Limited Partnership Agreement. In the case of the Equity Funds, to the extent that such a reduction would reduce the applicable Equity 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 (or, in certain specified circumstances, upon the relevant General Partner's election) 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).

Thoma Bravo is typically paid transaction and monitoring fees from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result, a Fund will, in most cases, only receive a reduction to the Management Fee with respect to its allocable portion



of any such fee noted in the preceding paragraph and not the portion of any fee that relates to such co-investors, which are expected to be significant. Thoma Bravo has broad discretion in structuring these payments, and such payments commonly are made by portfolio companies. Additionally, as detailed under “Methods of Analysis, Investment Strategies and Risk of Loss-Conflicts of Interest,” amounts paid by portfolio companies (or Funds) to Operating Partners (as defined herein) or to consultants or other service providers retained by Thoma Bravo generally will not offset Management Fees of the related Fund(s).

In certain circumstances, Thoma Bravo is permitted to include in its portfolio-company related fees certain amounts prepaid in anticipation of future services or otherwise accelerated (e.g., fees prepaid prior to an initial public offering or a sale or merger of a portfolio company), which will be offset against the Management Fee of the relevant Fund with respect to which such fees are received to the extent set forth in the relevant Governing Documents and as they relate to such Fund’s investment in the portfolio company (i.e., the applicable Fund will only receive a reduction to the Management Fee with respect to its allocable portion of any such portfolio company-related fees). As noted below, Thoma Bravo and/or the relevant General Partner generally has discretion to waive all or a portion of the fees that would otherwise be payable to it by a portfolio company. If such fees are waived, they will not be available to offset the Management Fee of the applicable Fund(s).

Thoma Bravo is permitted to waive all or a portion of the Management Fee with respect to certain Funds, as more fully described in the applicable Limited Partnership Agreement. Waived portions of Management Fee installments reduce the amount of cash the applicable General Partner would otherwise be required to contribute to such Fund in satisfaction of its Commitment. In the event of such waiver, the limited partners of the Fund are required to make cash contributions *pro rata* according to their respective Commitments in an amount equal to the contribution that without the waiver would have been made by the General Partner. These limited partner contributions are generally treated as deemed capital contributions by the applicable General Partner in respect of such General Partner’s Commitment to the applicable Fund. The amount of such waived Management Fees for an applicable Fund has the potential to be significant. To the extent the aggregate amount of such contributions by the limited partners exceeds the amount of Management Fees of a Fund waived by the applicable General Partner at the final distribution of such Fund’s assets, the Governing Documents generally require such amounts to be refunded to the limited partners. Additionally, to the extent that the distributions received by the applicable General Partner with respect to such deemed capital contributions exceed certain amounts set forth in the applicable Limited Partnership Agreement, such General Partner generally will be required to return such excess distributions to the limited partners of such Fund.

The Management Fee generally commences as of each Fund’s effective date and is based on aggregate Commitments, regardless of when a limited partner is actually admitted to the Fund. The Management Fee will be paid out of current income and disposition proceeds of each Fund and, in Thoma Bravo’s discretion, from drawdowns that will reduce unfunded Commitments.

## **Carried Interest**

### *Equity Funds*

Each Equity Fund General Partner generally will receive with respect to the relevant Equity Fund a carried interest equal to 20% of all realized profits, as more fully described in the Equity Fund Limited Partnership Agreements. However, as described more fully in the Equity Fund Limited Partnership Agreements, the relevant Equity Fund General Partner generally will not receive a carried interest distribution with respect to an Equity Fund unless immediately after such distribution (i) the value of distributions made to limited partners of the Equity Fund is equal to or exceeds the aggregate capital contributions of such limited partners or (ii) the aggregate value of investments then held by such Equity Fund is equal to or exceeds a specified percentage of the capital contributions relating to such investments. As further specified in the Equity Fund Limited Partnership Agreements, the carried interest distributed from certain Equity Funds could be subject to a potential giveback at the end of the life of an Equity Fund or at certain interim intervals as provided in the applicable Equity Fund Limited Partnership Agreement if Thoma Bravo has received excess cumulative distributions.

### *Credit Fund*

The Credit Fund General Partner generally will receive a carried interest equal to 20% of all realized profits, subject to a specific preferred return with a related General Partner catch-up provision, as more fully described in the Credit Fund Limited Partnership Agreement. As further specified in the Credit Fund Limited Partnership Agreement, such carried interest could be subject to a potential giveback at the end of the life of the Credit Fund or at certain interim intervals, as provided in the Credit Fund Limited Partnership Agreement if the Credit Fund General Partner has received excess cumulative distributions.

## **Co-Investment**

Thoma Bravo is permitted to offer certain parties, including, but not limited to, investors, limited partners, lenders, consultants, investment bankers or other service providers, to co-invest in portfolio companies alongside one or more Funds, and in connection with any such co-investment, Thoma Bravo elects from time to time to charge co-investors certain negotiated fees and/or enter into other compensation-related arrangements with such co-investors in exchange for providing services related to the co-investment. These co-investment services typically include one or more of the following: assisting co-investors with due diligence with respect to the relevant co-investment, coordinating reporting and other administrative matters with respect to the relevant co-investment on behalf of the co-investors, structuring the relevant co-investment and/or forming and managing any entity to facilitate the relevant co-investment.

The General Partners have wide latitude to structure and negotiate such co-investment, as well as the amount and manner of payment of any related fees or other compensation. Such fees and other compensation are paid, directly or indirectly, by a co-investment entity or other vehicle through which a co-investor invests or directly by such co-investor to Thoma Bravo by a payment in cash, securities or other property or from proceeds related to the relevant transaction. In some instances, such fees are paid indirectly by the co-investors through the portfolio company. In

addition, Thoma Bravo typically receives a one-time up-front fee at the time a co-investment is made and/or enters into an arrangement to receive a portion of a co-investor's gain from an investment. Thoma Bravo typically also receives ongoing periodic monitoring fees from portfolio companies, including with respect to ongoing services provided by Thoma Bravo in connection with investments by co-investors. Since co-investments are not made through a Fund, any compensation received in connection with a co-investment does not arise out of the investment activities of a Fund or actions taken directly or indirectly by Thoma Bravo on behalf of a Fund and, therefore, none of such fees and other co-investor-related compensation reduces the Management Fee paid by any Fund. Thoma Bravo's receipt of compensation in connection with co-investments creates a potential incentive for Thoma Bravo to allocate investment opportunities to co-investors. However, any such allocation will be done in a manner consistent with Thoma Bravo's existing investment allocations/co-investment policy (the "**Investment Allocations/Co-Investment Policy**") and fiduciary obligations to, and Governing Documents for, the relevant Fund or other vehicle.

In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket and/or break-up fees, costs and expenses relating to such unconsummated transaction will be borne by the Fund(s) that were to have participated in such transaction. However, to the extent that such co-investors have already committed capital to a co-investment or other vehicle in connection with such transaction, such vehicle generally is expected to bear its share of such broken deal expenses.

If a co-investment vehicle is formed by a General Partner, such entity will bear expenses related to its formation and operation, many of which are expected to be similar in nature to those borne by the Funds.

## **Other Information**

Thoma Bravo exempts (and expects in the future to exempt) certain investors (which include or may include affiliates, personnel, "friends and family" and other persons with relationships with or connections to Thoma Bravo) in the Funds from payment of all or a portion of Management Fees and/or carried interest. For example, in instances where an affiliate of a Thoma Bravo professional invests in a Fund, such affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, certain General Partners, pursuant to the applicable Limited Partnership Agreement, exempt certain investors, including investors affiliated with such General Partner, from payment of the Management Fee with respect to their investment in the relevant Fund by allowing such investors to invest through the relevant General Partner rather than directly into the relevant Fund. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Thoma Bravo and/or its affiliates or through other Funds that co-invest with the relevant investor's Fund.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Limited Partnership Agreements, over the term of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Certain current and former Thoma Bravo professionals receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Thoma Bravo.

In addition to the Management Fee and carried interest payable to Thoma Bravo, each Fund bears certain expenses. As set forth in the Limited Partnership Agreements, each Fund will bear its (and its affiliated entities') organizational and startup expenses, including travel (including, in certain cases, the cost of chartering private aircraft at a cost above the cost of first class commercial airfare), printing, legal, capital raising, accounting, regulatory compliance (including the initial compliance contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), any administrative or other filings and other organizational expenses. The relevant General Partner generally will bear the cost (through an offset against the Management Fee or otherwise) of the relevant Fund's organizational expenses in excess of certain thresholds specified in the Limited Partnership Agreements, if any, and of any placement fees payable to any placement agent in connection with the formation of the Fund.

Each Fund also will pay, or reimburse Thoma Bravo or the relevant General Partner for, certain fees, costs, expenses, liabilities and obligations relating to the Fund and/or its activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company). As specified in each relevant Limited Partnership Agreement, such amounts generally will include all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to structuring, organizing, acquiring, bidding on, negotiating, consummating, financing, refinancing, managing, owning, operating, holding, hedging, monitoring, valuing, winding up, liquidating, dissolving, restructuring, trading, taking public or private, selling, or otherwise disposing of, as applicable, portfolio companies and the relevant Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that have been offered to co-investors), whether or not any contemplated transaction or project is consummated<sup>3</sup> and whether or not such activities are successful; (ii) indebtedness of, guarantees made by, or activities in connection with seeking to put in place any such indebtedness of, or guarantees by, the relevant Fund, the relevant General Partner or any "affiliated partner" on behalf of the relevant Fund (including any credit facility, letter of credit or similar credit support), including any interest with respect thereto; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banking and other similar services; (v) brokerage, custodian, depository

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<sup>3</sup> Expenses incurred in connection with unconsummated transactions generally are borne by the Fund(s) to which Thoma Bravo intends to allocate such investment. Typically, recently-formed Funds are most active with respect to new investment opportunities and, accordingly, are more likely to bear such expenses. However, such expenses also will be allocated to one or more other Fund(s), if such other Fund(s) (or the General Partner thereof) approved of the potential investment in writing prior to the break-up of the investment. Any such allocation is expected to be made *pro rata* in accordance with a Fund's intended investment in the unconsummated transaction.

(including a depositary appointed pursuant to the Alternative Investment Fund Managers Directive (“AIFMD”)), 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), sale, trustee, record keeping, account and other similar services; (vi) legal, accounting, administration (including fees and expenses associated with any third-party administrator and administration or reporting software of the relevant Fund), auditing, research, information, advisory, valuation (including third-party valuations, appraisals or pricing services), appraisal, consulting (including consulting and retainer fees and other compensation paid to Operating Partners, consultants performing investment initiatives and other similar consultants), tax and other professional services; (vii) insurance (including directors and officers, liability, fidelity bond, cyber security, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles)<sup>4</sup>; (viii) travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with any investment, disposition or identified but unconsummated investment opportunities; (ix) filing, printing, title, transfer, survey, registration and other similar fees and expenses; (x) reverse breakup, termination and other similar fees; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any administrative, compliance, regulatory or other reporting or filing directly attributable to the relevant Fund (including Form PF and any administrative, regulatory, reporting, filing or other compliance requirements (other than the initial registrations, filings and compliance) contemplated by the AIFMD that are directly attributable to the relevant Fund), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) 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 the relevant Fund or its limited partners; (xiii) activities or proceedings of the relevant Fund’s advisory committee incurred in accordance with the relevant Limited Partnership Agreement or otherwise approved by the relevant General Partner in its sole discretion (including any reasonable out-of-pocket costs and expenses incurred by representatives of the relevant General Partner, the advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory committee); (xiv) indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person or entity pursuant to the relevant Limited Partnership Agreement or otherwise and advancing fees, costs and expenses incurred by any such person or entity in defense or settlement of any claim that may be subject to a right of indemnification pursuant to such Limited Partnership Agreement), except as otherwise set forth in such Limited Partnership Agreement; (xv) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xvi) any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference or meeting with any limited partner(s), in each case to the extent incurred by the relevant Fund, the relevant General Partner or any affiliate of the relevant General Partner; (xvii) any taxes, fees or other governmental charges levied against the relevant Fund and all expenses incurred in

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<sup>4</sup> A portion of certain general partnership liability insurance premia representing a benefit to a General Partner, as determined in conjunction with the relevant insurance provider and in accordance with Thoma Bravo’s related policies, is borne by Thoma Bravo.

connection with any tax audit, investigation, settlement or review of the Fund (except to the extent that the relevant Fund is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to a partner pursuant to the relevant Limited Partnership Agreement); (xviii) any placement fees; (xix) except as otherwise determined by the relevant 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 the relevant Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the relevant Fund to the extent not paid by the investors investing in such entities; (xx) in the case of Equity Funds, unreimbursed expenses and unpaid fees of Operating Partners; (xxi) any organizational expenses; (xxii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner; (xxiii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (xxiv) communications, marketing and publicity, in each case to the extent incurred in connection with any investment or portfolio company; (xxv) the termination, liquidation, winding up or dissolution of the relevant Fund; (xxvi) defaults by partners in the payment of any capital contributions; (xxvii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the relevant Fund, the relevant General Partner and related entities and any alternative investment vehicle of the relevant Fund, including the preparation, distribution and implementation thereof; (xxviii) (A) complying with any law, rule, regulation or policy related to the activities of the relevant Fund (including any legal fees and expenses related thereto, any regulatory expenses of the General Partner incurred in connection with the operation of the Fund and any costs and expenses related to compliance with any environmental, social and governance investor considerations and policies of the relevant General Partner or the relevant Fund) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving the relevant Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the relevant Limited Partnership Agreement; (xxix) distributions to the Fund's partners; (xxx) compliance or regulatory matters related to the relevant Fund (including compliance with the relevant Limited Partnership Agreement and Side Letters), except as otherwise set forth in the relevant Limited Partnership Agreement; (xxxi) amendments to, and waivers, consents or approvals pursuant to Side Letters and "most favored nations" election processes in connection therewith; and (xxxii) any other fees, costs, expenses, liabilities or obligations approved by the relevant Fund's advisory committee.

Consistent with each Fund's Governing Documents, some of these costs, fees and expenses commonly are reimbursed by or charged to portfolio companies, including consultants and service providers retained by Thoma Bravo and, in the case of the Equity Funds, amounts paid to Operating Partners. All or a portion of the cost of fees and expenses reimbursed by or charged to a portfolio company are indirectly borne by the Fund(s) invested in such portfolio company. As with other private investment funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

Thoma Bravo customarily pays amounts related to costs, fees and expenses of the Funds and thereafter receives reimbursement from the Fund(s) to which such expenses relate. In certain

circumstances, one Fund will 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 Funds over time), and will be reimbursed by the other Funds by their share of such expense, without interest. While highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. Brokerage fees are permitted to be incurred on behalf of the Funds in accordance with the practices set forth in “Brokerage Practices.” In addition, from time to time, a Fund benefits from expenses borne by another Fund. For example, the Credit Fund is expected, from time to time, to invest in a portfolio company previously (or simultaneously) acquired by an Equity Fund in accordance with each Fund’s Governing Documents. In these instances, or in instances in which the Equity Fund performs due diligence on a portfolio company but declines to invest, the Credit Fund is expected to benefit from the investment-related information obtained during the initial due diligence and evaluation process undertaken by Thoma Bravo at the time of the Equity Fund investment. The expenses relating to the Equity Fund’s acquisition due diligence process are borne exclusively by such Equity Fund (and potentially any co-investors investing at substantially the same time as such Equity Fund) and not by the Credit Fund or any other Fund investing in such portfolio company in the future.

Portfolio companies also from time to time reimburse expenses of Thoma Bravo affiliates, including without limitation expenses for private and/or chartered air travel (generally to be reimbursed at rates not exceeding first class equivalent rates, although amounts in excess of such rates are permitted in certain circumstances specified in the relevant Governing Documents). Thoma Bravo and/or its affiliates generally have discretion over whether to charge a transaction fee, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. Thoma Bravo also is authorized to waive and/or defer such fees at its sole discretion. The receipt or waiver of such compensation gives rise to potential conflicts of interest between Fund(s) on the one hand, and Thoma Bravo and/or its affiliates or Fund(s) on the other hand.

Additionally, as described more fully in the Governing Documents of each Equity Fund, it is Thoma Bravo’s practice to retain certain Operating Partners (as defined below in “Methods of Analysis, Investment Strategies and Risk of Loss”) or other consultants or service providers to provide services to (or with respect to) one or more Funds or certain portfolio companies in which such Funds invest. Operating Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies, although they also provide additional services from time to time. These services generally also include serving in management or policy-making positions for portfolio companies. These services typically directly or indirectly benefit Thoma Bravo’s other portfolio companies. In connection with providing any such services to a portfolio company, an Operating Partner typically receives compensation from the applicable portfolio company; the compensation structures for such engagements, which is agreed to with the applicable portfolio company, typically vary depending on the circumstances, and can include a flat-rate fee, various incentives or benefits, equity or profits interests in the applicable portfolio company or a related entity and/or other similar arrangements. In certain circumstances, such compensation varies by portfolio company, even though the services provided are similar. In addition, in some instances, an Operating Partner also will receive remuneration from Thoma Bravo and/or its Funds or affiliates and/or be entitled to other forms of compensation. Any such compensation received by an

Operating Partner from a portfolio company or the Funds will not offset the Management Fee of any Fund as described herein. Thoma Bravo, its affiliates and/or other portfolio companies receive services from Operating Partners at a reduced rate or without charge. In some instances, portfolio companies of a certain Fund benefit from the services provided by an Operating Partner of a portfolio company owned by a different Fund, particularly in circumstances where the Credit Fund invests in a portfolio company owned by an Equity Fund. In addition, although Thoma Bravo seeks to retain only Operating Partners (and other service providers) that it believes provide a level of service at a value generally consistent with other relevant market alternatives, it typically does not evaluate Operating Partner rates against market alternatives, and there can be no assurance that other service providers would not be more qualified to provide the applicable services or would not provide such services at lesser cost.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” Thoma Bravo receives a carried interest allocation on certain realized profits in the Funds. A carried interest allocation represents an investment adviser’s compensation based on a percentage of net profits of the Funds it manages. Thoma Bravo currently does not manage funds that are not charged a performance-based fee, although it reserves the right to do so in the future. The practice of managing funds that are not charged a performance-based fee could present a conflict of interest because Thoma Bravo would have a potential incentive to favor Funds for which it receives a performance-based fee. Additionally, to the extent that Thoma Bravo personnel are assigned different percentages of carried interest in different Funds, such personnel are subject to potential conflicts of interest, to the extent such personnel are involved in identifying investment opportunities and determining the appropriate Fund(s) to which such identified investment opportunities should be allocated because such personnel are incented to allocate such opportunities to Funds from which they are entitled to receive a higher carried interest percentage. In such event, Thoma Bravo seeks to address any such potential conflict of interest by following its Investment Allocations/Co-Investment Policy designed to assist Thoma Bravo to allocate investment opportunities among its Funds in a fair and equitable manner (and without any reference to the potential receipt of carried interest by Thoma Bravo or any of its personnel), consistent with Thoma Bravo’s fiduciary obligations to, and Governing Documents (if applicable) for, the relevant Fund or other vehicle.

The existence of performance-based compensation has the potential to create an incentive for Thoma Bravo to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Thoma Bravo generally considers performance-based compensation to better align its interests with those of its investors.

## **TYPES OF CLIENTS**

Thoma Bravo provides investment advice to the Funds, which include investment partnerships or other investment entities formed under U.S. domestic or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Company Act**”). The investors participating in the Funds include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, individuals, trusts, estates or charitable organizations or other corporations or business entities and also include, directly or indirectly, principals or other



employees of Thoma Bravo and its affiliates and members of their families, Operating Partners or other service providers retained by Thoma Bravo.

The Funds generally have a minimum investment amount of \$10 million for third-party investors, although the minimum investment amount is frequently waived by the General Partner. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Company Act. Thoma Bravo reserves the right to waive these qualification requirements under certain circumstances.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Equity Funds – General**

Thoma Bravo applies a differentiated “consolidation” or “buy and build” investment strategy in connection with the Equity Funds, which focuses on creating value by transforming successful businesses in consolidating industry sectors into larger, more profitable and more valuable businesses through rapid operational improvements and strategic add-on acquisitions.

As applied by Thoma Bravo investment professionals, “buy and build” investing involves continual research and analysis of the software and technology-enabled services sectors to which the strategy can best be applied. Then, using data generated by this research, and often with the participation of an experienced executive from these sectors who typically has agreed to work with Thoma Bravo on an exclusive basis, Thoma Bravo targets value-oriented, control investments that generate high quality revenue and have other particularly attractive characteristics. When an investment is made, Thoma Bravo’s investment professionals use proprietary operating metrics and extensive consolidation experience to help existing management make immediate operating improvements to increase earnings and identify, complete and integrate strategic add-on acquisitions.

### **Equity Funds – Investment and Operating Strategy**

The principal features of the Thoma Bravo investment strategy are as follows:

#### *Continuously Analyze Industry Sectors to Identify Opportunities*

Thoma Bravo reviews and monitors industry sectors to identify those in which it believes its operational analytics and consolidation capabilities can create substantial value. Thoma Bravo has identified certain sectors of the software industry as areas of opportunity and has made, and expects to continue to make, many if not all investments in these sectors.

Thoma Bravo typically uses networks of relationships and contacts gained by its industry study and its prior experience to identify investment opportunities within a sector. Thoma Bravo generally pursues investment opportunities offered through typical broker or investment bank auction sales only when the company being offered is already known to Thoma Bravo and is in a sector already targeted for investment.

### *Focus on Control Positions in Mature Companies*

Thoma Bravo typically focuses on companies with revenues between approximately \$30 million and more than \$1 billion depending on the Equity Fund. Thoma Bravo expects to acquire controlling positions in its portfolio companies in most cases, allowing the flexibility to aggressively implement its strategy without requiring the consensus of an investor group or agreement from a larger owner.

Central to the Thoma Bravo strategy is the identification and acquisition of an initial platform company capable of supporting the growth the firm intends to realize over the life of the investment. A platform company should be of sufficient size to serve as a foundation for both organic growth and carefully selected add-on acquisitions that can be fully integrated with the platform to accelerate growth. It also should possess attractive financial and business fundamentals, such as sustainable revenue growth, high margins and strong return on assets and capital. Thoma Bravo also gives a great deal of weight to the predictability of future financial performance, which can be the result of significant recurring revenue<sup>5</sup> streams, mission critical products and services, barriers to entry, a leading market reputation or a particularly strong competitive position.

### *Develop Metrics-based Operational Improvement Plan and Execute Quickly*

By quantitatively analyzing the key aspects of a platform company's business, Thoma Bravo seeks to identify opportunities for cost rationalization and margin expansion. Thoma Bravo expects existing management, assisted by Thoma Bravo personnel, to develop an operational improvement plan during the due diligence period that is intended to be implemented promptly after closing of the investment. In circumstances where Thoma Bravo and/or the relevant portfolio company deems it appropriate, a portfolio company will retain, and Thoma Bravo expects to coordinate the retention of, one or more consultants (including Operating Partners and consultants introduced or arranged by Thoma Bravo and/or its affiliates that regularly provide services to one or more Fund portfolio companies) or service providers with particular expertise or experience in order to develop such plan, provide other services or serve in certain roles with respect to a portfolio company.

### *Accelerate Growth with Add-on Acquisitions*

Soon after post-investment operating improvements have been completed, Thoma Bravo expects to execute an add-on acquisition strategy to rapidly grow its portfolio companies. Add-on acquisitions include purchases to increase scale and market share in a sector and/or purchasing companies in adjacent sectors to increase product and service offerings and leverage existing distribution channels and corporate overhead. Add-on acquisitions generally are purchased at lower valuations than the platform company, thereby lowering the original purchase price multiple while at the same time expanding the potential exit multiple of the business (due to the greater scale and scope of the resulting business). They also generally are financed from the portfolio

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<sup>5</sup> Recurring revenue is revenue that, in the opinion of Thoma Bravo, is relatively predictable, stable and likely to continue in the future.

company's free cash flow and typically do not require (although they occasionally require) additional equity investment from a Fund.

*Retain Existing Management when there is a Shared Vision and Willingness to Adopt the Thoma Bravo Strategy*

When Thoma Bravo acquires a platform company, it expects to partner with the existing management team at that company if, after discussion and due diligence, it is clear that the team shares Thoma Bravo's vision for the business and is willing to implement the necessary operational improvements and manage the integration of add-on acquisitions. Existing management teams often have important industry and customer relationships and have a demonstrated record in their field. Thoma Bravo believes maintaining existing management reduces investment risk and contributes to the ability to make operational changes quickly without waiting for new managers to complete a "learning curve." Where necessary, however, Thoma Bravo's relationships and reputation allow it to recruit executives to replace or supplement existing management.

*Do Not Depend on Leverage Alone or Expansion of the Valuation Multiple to Achieve Targeted Returns*

Leverage (debt from third-party lenders) typically is used in connection with investments by the Funds in portfolio companies and the portfolio companies typically use leverage when making add-on acquisitions or in connection with the payment of dividends or the return of capital to the Funds. Leverage, of course, contributes to the return on equity achieved by a Fund. However, leverage also increases the risk of any investment in which it is used. Thoma Bravo seeks to balance the return benefit of leverage with the accompanying risk of loss of equity if leverage proves too great under the circumstances. When determining whether an investment is likely to reach its return targets, Thoma Bravo assumes use of the amount of leverage it believes to be consistent with the characteristics of the particular investment, not necessarily the maximum leverage available in the debt markets at the time.

**Credit Funds – General**

The Credit Fund targets investments primarily in the debt instruments and/or other securities of Software companies based in North America, including debt investments in portfolio companies that are controlled by the Equity Funds. The Credit Fund seeks to achieve current income and long-term capital appreciation by making leveraged investments in a diversified portfolio of interests consisting of senior first lien, senior second lien, unitranche and subordinated debt instruments, but which may also include certain equity securities (or rights to acquire equity securities) by making passive investments in the initial issuance of debt instruments by Equity Fund portfolio companies, making opportunistic investments in the secondary market debt of such portfolio companies and making investments in primary issuance or secondary market debt of other companies in the Software sector.

*Investments in Equity Fund Portfolio Companies*

Thoma Bravo seeks to capitalize on the proprietary investment opportunity flow of the Thoma Bravo organization by making investments in debt instruments issued by portfolio companies that are controlled by the Equity Funds. A significant portion of the Credit Fund's

investments are expected to be passive investments in the debt instruments and/or other securities of Equity Fund portfolio companies. The Credit Fund is permitted to invest in the debt instruments and/or other securities issued by portfolio companies at the time of the initial platform investment by the Equity Funds. In addition, the Credit Fund is expected to have the opportunity to invest in debt instruments and/or other securities issued by the Equity Fund portfolio companies as primary issuances in connection with add-on acquisitions, recapitalizations and refinancings. The Credit Fund also is permitted to make opportunistic investments in debt instruments and/or other securities of Equity Fund portfolio companies on the secondary market if the General Partner independently determines that an attractive, risk-adjusted opportunity exists in connection with such debt instruments and/or other securities. The Credit Fund is subject to certain limitations related to the size of its participation in any such investment in a primary or secondary opportunity, as described below.

The decision to participate by the Credit Fund in the debt offering of any company will be made by the Credit Fund General Partner following a due diligence process that includes an analysis of the terms and structure of the financing package negotiated by the lead debt arrangers.

#### *Investments in Other Companies*

In addition to making investments in the portfolio companies of the Equity Funds, the Credit Fund is permitted to make opportunistic investments in the debt instruments and/or other securities of Software companies not controlled by an Equity Fund. Through its private equity investment opportunity flow, Thoma Bravo expects to have the opportunity to identify and evaluate future credit investment opportunities before they reach the broader capital markets. In addition, Thoma Bravo expects its network in the Software sector to provide access to opportunities outside of the Equity Fund portfolio companies.

### **Risks of Investment**

The Funds and their investors bear the risk of loss that Thoma Bravo's investment strategy entails. The risks involved with Thoma Bravo's investment strategy and an investment in the Funds include, but are not limited to:

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Future and Past Performance; Loss of Principal.* When interests in a Fund are initially offered to prospective investors, such Fund consists of newly organized entities that have no prior operating history or track record and accordingly, does not have performance history for a prospective investor to consider. Prior performance information of other Funds provided to prospective investors considering an investment in a new Fund will not necessarily be indicative of future results, and there can be no assurance that the new Fund will achieve comparable results. In considering any performance information with respect to the other Funds, prospective investors should bear in mind that an investment in one Fund does not represent an interest in any investment or investment portfolio of any other Fund. A prospective investor should not rely on any

expectation, and there can be no assurance, that the risk/return profile of an investment in any new Fund will resemble that of any prior Fund. A prospective investor should only invest in the new Fund as part of an overall investment strategy, and only if it is able to withstand a total loss of its investment in such Fund. While each General Partner intends for its Funds to make investments that have estimated returns commensurate with the expected risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

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

*Lack of Unilateral Control.* Even if an Equity Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it will not have unilateral control of the portfolio company. To the extent the Equity Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Equity Funds or their limited partners. Such third parties may be in a position to take action contrary to the Equity Fund's business, tax or other interests, and the relevant Equity Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, an Equity Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the relevant Equity Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Concentration of Investments; Lack of Diversification.* The Funds will participate in a limited number of investments and often seek to make several or even all their investments in one industry or one industry segment. As a result, a Fund's investment portfolio is likely to become highly concentrated, and the performance of a few holdings or of a particular industry would likely substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified. If a Fund co-invests with another investment fund (including any other Fund or funds invested by other sponsors), a limited partner invested in such other fund would have exposure to a single portfolio company through more than one fund, potentially multiplying such limited partner's losses.

*Unspecified Investments.* The business of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that the General Partner will be able to identify, or the Fund will be able to complete, portfolio investments that satisfy the Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Fund will be able fully to invest its committed capital.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive. Funds will encounter competition

from other entities having similar investment objectives. Potential competitors include other investment funds, strategic industry acquirers and other financial investors. Over the past several years, an ever-increasing number of investment funds have been formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of the Funds' competitors for investment opportunities may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partners, the Funds and their respective affiliates.

In this highly competitive environment, the valuations of many potential target companies have recently risen to historically high levels as measured by multiples of earnings before interest, tax, depreciation and amortization (EBITDA) or by multiples of revenues, and this trend has been particularly acute for technology companies. Thoma Bravo expects that competition for appropriate investment opportunities will remain high or may increase, which increases the likelihood that the Funds will participate in auctions for investments, the outcome of which cannot be guaranteed. As a result, fewer investment opportunities may be available to the Funds, and the terms upon which investments can be made may be worse, in each case, relative to the experience of any prior Fund.

To the extent that a Fund encounters significant competition for investments, returns to limited partners may decrease. In addition, it is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the Commitments of the limited partners are invested, the limited partners generally will be required to bear Management Fees during the relevant investment period based on the entire amount of the limited partners' Commitments and other expenses as set forth in the relevant Limited Partnership Agreement.

*Changes in Investment Strategy.* A Fund is not restricted in terms of the percentage of its capital that can be invested in a particular industry. While a Fund's Memorandum contains a description of the types of investments that the Funds have historically made and information about Thoma Bravo's expectations with respect to such Fund, many factors contribute to changes in emphasis in the construction of the portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of a Fund will resemble the portfolio of any prior Fund.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments. While it may be possible for a portfolio company to be sold at any time, it is generally expected that such a sale will not occur until a number of years after a Fund's initial investment in such portfolio company, and a Fund generally will not be able to realize a profit on an investment in a portfolio company until its sale. Before such time, there may be no current return on such investment, and the expenses of operating a Fund (including the Management Fee) may exceed such Fund's income, thereby requiring that the difference be paid from the Fund's capital (including the aggregate unfunded Commitments).

Each Fund's ability to dispose of investments is limited for several reasons, including the absence of an established market for such investments, as well as contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms upon which a disposition could be made. Any possibility of a disposition in the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which such Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors.

*Leveraged Investments; Borrowing.* The Funds are expected to make use of leverage by causing certain portfolio companies to incur debt to finance a portion of their investments in such portfolio companies, including in respect of portfolio companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunity for higher returns and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast. As a result, at times it may be difficult for portfolio companies to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of leverage by a portfolio company may impose restrictive financial and operating covenants, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. Such leverage will increase a portfolio company's exposure to any deterioration in its industry, competitive pressures, adverse economic environment or rising interest rates. As a result, any decline in the value of a leveraged portfolio company may be accelerated and magnified in a market downturn. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in such portfolio company, which could adversely affect the Fund's returns. Additionally, in such a situation, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a portion of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts for such portfolio company. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal level of financial leverage, the Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from such portfolio company, which would likely adversely affect the Fund's returns. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of prospective portfolio companies which a Fund may have been contracted to purchase.

Each Fund is authorized to incur indebtedness for borrowed money, including on a joint and several basis with other Funds, but only under limited circumstances, and subject to certain limitations as set forth in the Limited Partnership Agreement of such Fund, including the term of any such indebtedness and the aggregate principal amount of indebtedness that may be

outstanding. In addition, a Fund is authorized to guarantee the obligations of such Fund's portfolio companies (and any direct or indirect subsidiaries thereof or acquisition vehicles therefor) and other obligations in connection with any Fund investment or Fund expense, subject to certain limitations set forth in such Fund's Limited Partnership Agreement. With respect to any indebtedness incurred or guaranty granted, a Fund is authorized to secure such indebtedness or guaranty as set forth in such Fund's Limited Partnership Agreement, including by providing a security interest in the assets of such Fund and giving a lender or other credit party the right to initiate, call and enforce the Fund's right to receive and collect capital contributions and other payments. Where a Fund has entered into any indebtedness with another Fund on a joint and several basis, it is the practice of the applicable General Partners to enter into agreements that provide each Fund with a right of contribution, subrogation or reimbursement. While such rights of contribution, subrogation or reimbursement are intended to facilitate each Fund bearing its proportionate share of the applicable indebtedness, it is possible that a Fund would bear more than its proportionate share in the event that another Fund is unable to satisfy its obligations. The use of such agreements would also subject Thoma Bravo and the applicable General Partners to conflicts of interest, as described under "Conflicts of Interest."

*Subscription Lines.* A Fund generally enters 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 the 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 the 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 the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

The credit agreement entered into in connection with establishing a subscription facility may and often does 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 commonly imposes restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner is often required to request certain financial information and other documentation from limited partners to share with lenders. The 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 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 is also authorized to utilize Fund-level borrowing when the 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 the 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.

*Risks in Effecting Operating Improvements.* The success of an Equity Fund's investment strategy is likely to depend, in part, on the ability of the Equity Fund to effect improvements in the operations of certain portfolio companies. Identifying and implementing operational improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements can divert the attention of key portfolio company personnel and disrupt normal business. There can be no assurance that an Equity Fund will be able to successfully identify and implement such improvements.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions.* Before making an investment, a General Partner will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to such investment. Due diligence entails evaluation of important and complex business, financial, tax, accounting, technical, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties are often involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and a General Partner may rely on the advice received from such third parties. Investment analyses and decisions by a General Partner will often be undertaken on an expedited basis in order for the applicable Fund to compete for investment opportunities and/or consummate investments. In such cases, the information available to such General Partner at the time of an investment decision may be limited, and such General Partner may not have access to the detailed information necessary for a full evaluation of an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity is unlikely to reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

*Potential Control Liability.* An Equity Fund generally will own a substantial portion of the equity interests of its portfolio companies and will seek to designate one or more directors to serve on the boards of directors of such portfolio companies. Based on these factors, an Equity Fund

may be deemed to control its portfolio companies for the purposes of certain applicable laws. This could expose the assets of an Equity Fund to claims by a portfolio company, its other security holders, its creditors and other persons, including claims that the relevant Equity Fund should be liable for a portfolio company's violations of various applicable laws, such as certain securities laws, labor laws and anti-corruption or anti-bribery laws (including the U.S. Foreign Corrupt Practices Act or other similar laws). These measures also could result in certain liabilities in the event of bankruptcy or reorganization of a portfolio company or in claims against an Equity Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles, and could expose an Equity Fund to claims that it has interfered in management to the detriment of a portfolio company. While the General Partners intend to operate each Equity Fund in a manner that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments have in the past been, and may in the future be, distributed in kind to the partners.

*Reliance on Thoma Bravo and Portfolio Company Management.* Each Fund is dependent on its general partner. Control over the operation of a Fund will be vested with Thoma Bravo, and the Fund's future profitability will depend largely upon the business and investment acumen of the Thoma Bravo principals. The loss or reduction of service of one or more of the principals could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of the Funds will depend on the actions of Thoma Bravo. In addition, the principals currently, and likely in the future, manage other investment funds besides the Funds and the principals are expected to need to devote substantial amounts of their time to the investment activities of such other funds, which pose conflicts of interest in the allocation of the time of the principals. In addition, certain changes in Thoma Bravo or circumstances relating to Thoma Bravo may have an adverse effect on a Fund or one or more of its portfolio companies, including potential acceleration of debt facilities. The composition of the professionals making up particular investment teams change over time, and the professionals included in such teams and who have contributed to the past performance of any prior Funds may no longer be members of the particular team or serve in the same or similar roles thereon (or may no longer be with Thoma Bravo, or may leave such team or Thoma Bravo during the life of a Fund). Although Thoma Bravo will monitor the performance of the Funds' investments, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with such Fund's objectives. Although Thoma Bravo will be responsible for monitoring the performance of each portfolio company, and each Fund generally intends to invest in portfolio companies with strong management or otherwise recruit strong management to its portfolio companies, there can be no assurance that a portfolio company's management team will be able or willing to successfully operate a portfolio company in accordance with such Fund's objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams. Thoma

Bravo expects that the market for executive talent, especially for individuals with experience in the Software sector, is likely to be extremely competitive. There can be no assurance that the management team of a portfolio company on the date of a Fund's investment in such portfolio company will remain the same or continue to be affiliated with such portfolio company throughout the period in which such portfolio company is held by such Fund. Further, the business and operations of portfolio companies in the Software sector may be more likely to experience rapid organizational change, which strains the performance of such portfolio companies' management teams. There can be no assurance that any portfolio company will be able to attract, develop, integrate and retain suitable members of its management team.

*Enhanced Scrutiny of Private Equity Industry; Potential Regulatory Changes.* Certain media, regulatory and political discourse has been and continues to be focused on enhancing governmental scrutiny of and/or increasing regulation of the private equity industry. The combination of such discourse and the public perception that certain alternative asset managers (including private equity firms) contributed to the 2008 global financial crisis may negatively impact a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competitors outside of the alternative asset space. As a result, a Fund may make fewer investments, incur greater expenses or delays in completing or exiting investments, and/or realize lower proceeds on the disposition of investments than it otherwise would have. Moreover, any such enhancement of scrutiny or increase in regulation may adversely impact a Fund's activities (including a Fund's ability to implement portfolio company operating improvements, comply with applicable law and regulation in a manner not materially more burdensome than currently anticipated, or otherwise execute its investment strategy or achieve its investment objectives).

*Need for Follow On Investments.* Following an initial investment in a portfolio company, a Fund determines whether to provide additional funds or otherwise increase its investment in such portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that a Fund will make follow on investments or that such Fund will have sufficient funds to make all or any of such investments. Any determination by a Fund to not make a follow on investment or its inability to make a follow on investment may have a substantial negative effect on a portfolio company in need of such follow on investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such determination or inability may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company to the extent that a third party invests in such portfolio company.

*Adequacy and Availability of Insurance.* While a Fund may seek to make investments where insurance and other risk management products are, to the extent available on commercially reasonable terms, utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, such coverage may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and any insurance proceeds from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation, as applicable. Certain losses of a catastrophic nature (*i.e.*, those caused by force majeure events) may be either uninsurable or insurable at such high rates as to adversely impact a Fund's profitability.

*Non-U.S. Investments.* The Funds have invested, and may in the future invest, in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States and its territories and possessions. Investments in non-U.S. securities or instruments involve certain considerations not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters (including fluctuations in the rate of exchange between the U.S. Dollar and the various non-U.S. currencies in which a Fund's non-U.S. investments may be denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another); (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which a Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets (including potential price volatility in, and relative illiquidity of, certain non-U.S. securities markets); (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks (including potential exchange control regulations, restrictions on non-U.S. investment and repatriation of capital, and the risks of political, economic, governmental or social instability (including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation)); (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to non U.S. securities or instruments; (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for a Fund and/or certain partners; (x) differing and potentially less well-developed or well-tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment (including enhanced legal and regulatory compliance); (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

Additionally, a Fund may be less influential than other market participants in jurisdictions where it, the General Partner, and/or Thoma Bravo does not have a significant presence, and it may have greater difficulty enforcing its legal rights in a non-U.S. jurisdiction. The Funds may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, certain of a Fund's investments may be subject to brokerage taxes levied by non-U.S. governments, the effect of which would be to increase the cost of such an investment and reduce the realized gain (or increase the realized loss) on such an investment at the time of its disposition. While Thoma Bravo intends, where it deems appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks and to take these factors into consideration in making investment decisions for the Funds, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of a Fund that are held in certain non-U.S. jurisdictions.

*Concentration of Investments in Software Industries.* A Fund's investments will likely be concentrated in the Software sector. Concentration in a single sector involves risks greater than those generally associated with a more diversified strategy, including significant fluctuations in

returns. A number of factors contribute to challenging conditions for businesses in the Software sector, including (i) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (ii) rapidly changing and difficult to predict market conditions and consumer preferences; (iii) short product life cycles; (iv) scarcity of and high demand for management, technical, scientific, research and marketing personnel with appropriate training; (v) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (vi) rapidly changing investor sentiments and preferences with regard to Software sector investments. Some or all of a Fund's portfolio companies will compete in this volatile environment, and such competition may result in significant downward pressure on the prices of such portfolio companies' products and/or services. As a result of the likely concentration of a Fund's investments in the Software sector, any instability, fluctuation or general decline in the Software sector will likely not be offset by investments in other industries not similarly affected.

*Competition in the Software Sector.* Competitors of the Funds and its portfolio companies in many cases are expected to range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the Software sector are low, and Software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which a Fund and its portfolio companies will participate evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services. The emerging nature and rapid evolution of technological products and services generally require portfolio companies in the Software sector to continually improve the performance, features and reliability of their products and/or services, particularly in response to competitive offerings. There can be no assurance that such portfolio companies will be successful in achieving widespread acceptance of their products and/or services before competitors offer products and services with similar or improved performance, features and reliability. In addition, the widespread adoption of new technologies or standards could require substantial expenditures by such portfolio companies to modify or adapt their products or services. Such expenditures negatively affect the profitability of such portfolio companies and, in turn, such Fund's operating results and performance.

*Competition in the Technology Sector.* Competitors of a Fund and its portfolio companies range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the software and technology industries are low and software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which a Fund and its portfolio companies participate evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services. The emerging nature and rapid evolution of technological products and services will require technology companies that are portfolio companies of a Fund to continually improve the performance, features and reliability of their products or services, particularly in response to possible competitive offerings. There can be no assurance that these companies will be successful in achieving widespread acceptance of their products or services before competitors offer products and services with features and performance similar to those of such technology companies. In addition, the widespread adoption of new technologies or standards could require substantial expenditures by such technology companies to

modify or adapt their products or services. Such expenditures could affect the profitability of these technology companies and in turn the operating results and financial condition of the relevant Fund.

*Third-party Infringement Claims.* A Fund or any portfolio company may, from time to time, receive notices from persons or entities claiming that the Fund or such portfolio company has infringed their intellectual property rights. The quantity of such claims may grow over time due to the fast pace of developments in the Software sector, increasing amounts of user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies may use “open source” software in their products, or may use such software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties may allege that a portfolio company has not complied with the conditions of one or more of such licenses. To resolve these and other intellectual property infringement claims, the Funds and/or portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers, any of which may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs may be permitted to seek injunctive relief that may limit or prevent importing, marketing and selling products that utilize infringing technologies, and it is possible that such injunctive relief may be issued before the parties have fully litigated the validity of the underlying intellectual property rights.

*Software Code Protection.* The development and protection of source code is critical to many businesses in the Software sector. If an unauthorized disclosure of a significant portion of a portfolio company’s source code occurs, such portfolio company could potentially lose future trade secret protection for such source code. The loss of trade secret protection could make it easier for others to compete with such portfolio company’s products by copying their functionality, which could adversely affect such portfolio company’s revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (e.g., viruses, worms, and other malicious software programs that may attack a portfolio company’s products and services). Costs for remediating the unauthorized disclosure of source code and other cyber-security breaches may include those related to increased protection, reputational damage, loss of market share, liability for stolen assets or information and repairs to damaged systems. Remediation costs may also include incentives offered to maintain a portfolio company’s business and/or customer relationships following a security breach.

*Economic and Market Conditions.* The state of the private investment industry, generally, and the success of a Fund’s investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by Thoma Bravo. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for a Fund, a Fund’s ability to make investments, the availability of funding to support a Fund’s investment objectives, the performance and/or valuation of a Fund’s investments, and/or a Fund’s ability to dispose of investments. In addition, the public market comparable earnings multiples that

are frequently used to value privately held portfolio companies and investors' risk-free rate of return may be impacted. In such an environment, a Fund may be more likely to pay reverse break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. Such conditions could result in substantial or total losses to a Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

*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 change or unrest. A rapid or significant erosion of confidence may result in a deterioration of credit markets and/or lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and generally will increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

*Public Company Holdings.* An Equity Fund's investment portfolio regularly contains securities issued by publicly held companies. Such investments may subject the relevant Equity Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the relevant Equity Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including Thoma Bravo's principals, and increased costs associated with each of the aforementioned risks.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the U.S. or global credit markets deteriorate and it becomes more difficult for investment funds such as a Fund to obtain favorable financing for investments, a Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Hedging Arrangements; Related Regulations.* A General Partner has in the past and may in the future (but is not obligated to) endeavor to manage the relevant Fund's or portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available. A Fund generally incurs costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("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 the 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 a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or 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 a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Registration under the U.S. Commodity Exchange Act.* Registration with the CFTC as a “commodity pool operator” or as a “commodity trading advisor” or any change in a Fund’s operations necessary to maintain the relevant General Partner’s ability to rely upon the exemptions from registration could adversely affect such Fund’s ability to implement its investment program, conduct its operations and/or achieve its objectives and subject the Fund to certain additional costs, expenses and administrative burdens. Furthermore, any determination by a General Partner to cease or to limit investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC, exchanges or other market parties or participants may have a material adverse effect on such Fund’s ability to implement its investment objectives and to hedge risks associated with its operations.

*Unfunded Pension Liabilities of Portfolio Companies.* Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. A Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund owns an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Material Non-Public Information; Anti-Money Laundering and Other Laws.* From time to time, Thoma Bravo, its affiliates and its personnel have and will come into possession of confidential or material, non-public information concerning specific companies (“**MNPI Information**”), including as a result of certain Thoma Bravo personnel serving on the boards of directors of portfolio companies. As a consequence of a Thoma Bravo’s inability to use MNPI Information for investment purposes under applicable securities laws and/or Thoma Bravo’s internal policies, a Fund’s investment flexibility could be constrained. For example, a Fund may be restricted from buying or selling an investment which, if MNPI Information had not been known, otherwise may have been undertaken. Each of Thoma Bravo, the General Partners and the Funds anticipates that, to minimize the impact of such restrictions, it may elect to not receive MNPI Information in certain situations in which such an election is available.



Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Thoma Bravo 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 generally 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 either 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 Thoma Bravo'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 Thoma Bravo 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.

*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 such available quotations. However, market quotations will likely be available for very few, if any, 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. Each General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. 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 on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification of such Fund's portfolio of investments.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries. 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 (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) 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 the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Thoma Bravo or one of its service providers holding its financial or investor data, Thoma Bravo, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Thoma Bravo's policies.

### **Credit Fund – Investment Risks**

*Credit Risks of Investments in Debt Instruments.* Credit portfolios are subject to credit risk, which is the likelihood that a company will default in the payment of principal and/or interest on its obligations, among other covenants and requirements. Financial strength and solvency of a company are key factors influencing credit risk. Companies frequently face intense competition, changing business and economic conditions or other developments that adversely affect their performance and increase credit risk. In addition, subordination, lack of or inadequacy of collateral or credit enhancement for a debt instrument affect its credit risk. Credit risk changes over the life of the Credit Fund's investment. In addition, companies may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurs, the Credit Fund's ability to make anticipated distributions to limited partners could be delayed or otherwise adversely affected.

*Interest Rate Risk.* Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of the credit investments in the Credit Fund's portfolio. The ability of companies or businesses in which the Credit Fund invests to refinance debt instruments or repay debt obligations (including making payments to the Credit Fund as a creditor with respect thereto) may depend on their ability to obtain financing, including by selling new securities or instruments in the high-yield debt or bank financing markets, which at certain points have been extraordinarily difficult to access at favorable rates. Volatility and instability in the credit or securities markets also increase the risks inherent in the Credit Fund's investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities and other instruments) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. A tighter monetary supply and increase in benchmark interest rates may have a negative impact on the price of debt instruments globally and could adversely affect the value of the Credit Fund's investments. Additional factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, and instability in domestic and foreign financial markets. The Credit Fund expects that it will periodically experience imbalances in its assets and

liabilities as a result of changes in interest rates. In a changing interest rate environment, the Credit Fund may not be able to manage this risk effectively. If the Credit Fund is unable to manage interest rate risk effectively, the Credit Fund's performance could be adversely affected. While the Credit Fund may seek to do so, it is not required to hedge its interest rate risk.

*Use of Leverage.* The Credit Fund will use leverage by incurring liabilities to finance a portion of its investments under one or more revolving credit facilities or other debt facilities. Such facilities may be incurred directly or indirectly and occasionally take the form of financial instruments, including derivative instruments that are inherently leveraged. Such use of leverage generally magnifies both the Credit Fund's opportunities for higher returns and its risk of loss from a particular investment. The extent to which the Credit Fund uses leverage generally has important consequences to investors, including the following: (i) greater fluctuations in the net assets of the Credit 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 the Credit 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 Credit Fund may be required to prematurely harvest investments to service its debt obligations; (v) limitations on the flexibility of the Credit 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 the Credit Fund will have sufficient cash flow to meet its debt service obligations. In the event a credit facility provider were to require the Credit Fund to sell or liquidate assets or otherwise act to realize on such collateral, such actions may be taken with little or no notice to the Credit Fund and may impair the Credit Fund's operational capabilities and have adverse economic effects on the Credit Fund and its investors. As a result, the Credit Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

*Non-controlling Investments.* The Credit Fund anticipates that it will hold debt obligations and other non-controlling interests in portfolio companies and, therefore, have a limited ability to manage the risk profile of the Credit Fund's investment in such portfolio companies. However, the Credit Fund General Partner will seek appropriate creditor and shareholder rights to help protect the Credit Fund's interests in such portfolio companies. Debt obligations may be syndicated to a number of different financial market participants and the terms of such debt obligations may require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a bankruptcy plan of reorganization is done on a class basis. As a result of these voting regimes, the Credit Fund may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of debts owed to the Credit Fund. Accordingly, the other holders of the class of securities or other instruments held by the Credit Fund may approve an action that is contrary to the interests of the Credit Fund or that the Credit Fund General Partner does not agree with. Conversely, the Credit Fund may want to take some action that requires the approval of the other holders of the class of security or other instrument, which Credit Fund may be unable to obtain. These holders may have interests that conflict with or differ from the interests of the Credit Fund.

*Prepayment of Investments.* While an investment typically has a stated maturity, borrowers have the right to prepay their loans prior to such maturity. Early prepayment, particularly by good credits, reduces the Credit Fund's opportunity to make long-term compounded returns. Later prepayment, particularly by weaker credits, can tie up the Credit Fund's capital in investments which may have a greater risk of default. Either way, the shortening or lengthening of the holding period may prevent the Credit Fund from realizing its projected returns.

*Uncertain Exit Strategies.* Although the Credit Fund will often invest with the intention of holding a loan to maturity, in some cases the Credit Fund General Partner may determine it is advisable to exit a position earlier. However, due to the illiquid nature of some of the positions in which the Credit Fund is expected to acquire, the Credit Fund 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.

*Nature of Investments in Senior First Lien Loans.* The assets of the Credit Fund's portfolio may include senior first lien secured debt, including term loans and revolving loans and may pay interest at a fixed or floating rate. The Credit Fund may acquire interests in senior first lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Credit Fund acquires loans pursuant to an assignment, it is possible that the Credit Fund's claims may be subject to attack (*i.e.*, equitable subordination (as more fully discussed below) or disallowance) on account of the conduct of the transferee. The Credit Fund may also purchase participation interests in senior first lien loans.

Some of the senior secured loans originated or acquired by the Credit Fund may be rated below investment grade or may not be rated by a credit rating agency. Senior Secured loans with no or low credit ratings may be more illiquid than other debt instruments; there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity.

The factors affecting an issuer's senior first lien loans, and its overall capital structure, are complex. Some senior first lien loans may not necessarily have priority over all other debt of an issuer. For example, some senior first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve first liens only on specified assets of an issuer (*e.g.*, excluding real estate). Issuers of senior first lien loans may have two tranches of senior first lien debt outstanding, each with first liens on separate collateral. Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. In the event of a chapter 11 filing by an issuer, title 11 of the United States Code (11 U.S.C. §§ 101 - 1532) (the "**Bankruptcy Code**") authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a priority lien on the issuer's property, senior even to liens that were first in priority prior to the bankruptcy filing, as long as the issuer provides what the presiding bankruptcy judge considers to be "adequate protection," which may, but need not always, consist

of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The imposition of prior liens on the Credit Fund's collateral would adversely affect the priority of the liens and claims held by the Credit Fund and could adversely affect the Credit Fund's recovery on its investments. Moreover, underlying assets are subject to credit, liquidity and interest rate risk. Although the amount and characteristics of the underlying assets considered as collateral may allow the Credit Fund to withstand certain assumed deficiencies in payments occasioned by the company's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to the Credit Fund in respect to its investment.

Further, loans may become non-performing for a variety of reasons. Upon a bankruptcy filing by an issuer of debt, the Bankruptcy Code imposes an automatic stay on payments of its pre-petition debt. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. If an issuer were to seek relief under chapter 11 of the Bankruptcy Code, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met.

Senior first lien credit facilities are often syndicated to a number of different financial market participants. The documentation governing the facilities typically require either majority consent or, in certain cases, unanimous approval for certain actions with respect to the loan, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a chapter 11 plan of reorganization is usually done on a class basis. As a result of these voting regimes, the Credit Fund may not, and likely will not, have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of an investment.

Senior first lien loans are also subject to other risks and can cause unsecured creditors to seek remedies in order to limit the Credit Fund's potential recovery of such investments, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance," (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations, (v) environmental liabilities that may arise with respect to collateral securing the obligations, (vi) recharacterization claims in which certain creditors may seek to have the Credit Fund's debt positions recharacterized as equity and therefore subordinate the Credit Fund's claims to such creditors' claims and (vii) designating the vote (*i.e.*, ignoring the customary class vote system) under a chapter 11 plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

The Credit Fund's investments often are subject to early redemption features, refinancing options, pre-payment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Credit Fund earlier than expected. It is common

for senior first lien debt to be repaid prior to its maturity; thus, the actual duration of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which issuers prepay senior debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the issuer's financial condition and competitive market conditions among lenders.

*Nature of Investment in Senior Second Lien Loans.* The assets of the Credit Fund's portfolio may include senior second lien secured debt, including term loans and revolving loans, which may pay interest at a fixed or floating rate. Investments in senior second lien loans may be unsecured and will rank behind the issuer's secured indebtedness, including senior first lien loans.

Senior second lien loans are subject to the same risks associated with loans in general described above under "– Nature of Investment in Senior First Lien Loans." However, senior second lien loans are subordinate in right of payment to one or more senior secured loans of the related borrower and therefore are subject to additional risk that the cash flow of the related borrower and the property securing the loan may be insufficient to repay the scheduled payments to the Credit Fund after giving effect to any senior secured obligations of the related borrower. Senior second lien loans are also expected to be a more illiquid investment than senior secured loans for such reason. There also is less likelihood that the Credit Fund will be able to sell participations in or assignments of senior second lien loans that it originates or acquires, which would expose the Credit Fund to increased risk.

*Nature of Mezzanine and Other Subordinated Investments.* Certain of the Credit Fund's investments may consist of loans, securities and/or other instruments, or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Mezzanine and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated debt is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and are often unsecured.

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the subordinated creditors of their rights. Accordingly, the Credit Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. Further, the unsecured debt in which the Credit Fund may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency.

Subordinated debt investments may increase the Credit Fund's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy or deterioration in the condition of the portfolio company on the subordinated debt investment. Conversely, mezzanine loans and other subordinated debt investments are often less risky than equity investments because the claims of subordinated debt investors are typically senior to those of equity holders in the company. In the event that any portfolio company on a mezzanine loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of the Credit Fund's investment in such loan could be significantly reduced or even eliminated.

If a portfolio company becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of mezzanine and subordinated debt may be adversely affected. Such proceedings and related laws and remedies may vary substantially from jurisdiction to jurisdiction, may create the right of such portfolio company to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to the Credit Fund. With respect to the Credit Fund's investments in the form of subordinated debt instruments, upon any distribution to the relevant borrower's creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such borrower's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on the Credit Fund's investment. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to such a borrower, the Credit Fund will typically participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such borrower may not have sufficient funds to pay all of its creditors, and the Credit Fund may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such borrower or the holders of indebtedness that is not subordinated.

*Nature of Investment in Unitranche Debt.* The Credit Fund may invest in unitranche debt, which is an instrument that combines senior secured debt and subordinated debt into a single debt instrument. Unitranche loans are subject to similar risks associated with loans in general described above under “– Nature of Investment in Senior First Lien Loans,” “Nature of Investment in Senior Second Lien Loans” and “Nature of Mezzanine and Other Subordinated Investments.” In addition, because unitranche loans are a newer form of debt instrument and they have not been fully evaluated through a credit cycle, they may subject the Credit Fund to risks that cannot be fully identified at this time. Further, the complex terms of unitranche debt have not yet been widely tested in bankruptcy and workout situations. As a result, default and loss expectations are more difficult to estimate with respect to unitranche debt as compared to other forms of debt instruments such as senior loans and subordinated debt instruments. In particular, in a bankruptcy proceeding involving a unitranche loan, there is a risk that the entire unitranche loan will be viewed as a single secured claim. If the collateral is insufficient to secure the entire unitranche loan, it may be deemed as an unsecured claim in its entirety. The untested nature of unitranche loan arrangements also exposes the Credit Fund to a heightened risk of litigation among the lender group in the event of bankruptcy.

*High-Yield Securities and Instruments.* The Credit Fund may invest in high-yield or non-investment grade securities and/or other instruments. Such securities and other instruments are generally not exchange-traded and, as a result, these securities and other instruments trade in the

over-the-counter marketplace, which is less transparent and less liquid than the exchange-traded marketplace. In addition, the Credit Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Non-investment grade securities and other instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated securities and other instruments tend to reflect individual corporate developments to a greater extent than do higher-rated securities and other instruments which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities and other instruments. Companies that issue such securities and other instruments are often highly leveraged and may not have available to them more traditional methods of financing. A major economic recession could severely disrupt the market for such securities and other instruments and may have an adverse impact on the value of such securities and other instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities and other instruments to repay principal and pay interest thereon and increase the incidence of default of such securities and other instruments.

*Zero-Coupon and Deferred Interest Bonds.* The Credit 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 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.

*Investments in Convertible Debt.* Although it is not likely to be its primary investment focus, the Credit Fund may make investments in convertible debt securities and/or other instruments. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions.

*Covenant-Lite Loans.* There will likely be instances in which the investments do not have maintenance financial covenants ("**Covenant-Lite Loans**") in the related loan documentation. An investment in a Covenant-Lite Loan may potentially hinder the ability to re-price credit risk associated with a portfolio company's performance and reduce the creditors' ability to restructure a non-performing loan and mitigate potential loss. As a result, the Credit Fund's exposure to losses may be increased, which could result in an adverse impact on the Credit Fund's return to the limited partners.



*Participation Interests.* The Credit Fund may purchase participation interests in debt instruments which do not entitle the holder thereof to direct rights against the obligor. Participations held by the Credit Fund in a selling institution's portion of a debt instrument typically result in a contractual relationship only with such selling institution, not with the obligor. The Credit Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the selling institution selling the participation and only upon receipt by such selling institution of such payments from the obligor. In connection with purchasing participations, the Credit Fund generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement, nor any rights of set-off against the obligor and the Credit Fund may not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation. As a result, the Credit Fund will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such selling institution, the Credit Fund may be treated as a general creditor of such selling institution, and may not benefit from any set-off between such selling institution and the obligor. Recent, well-publicized weaknesses in certain financial institutions may be indicative of increased counter-party risk with respect to, among other things, participation interests. Additionally, the transparency of financial statements used by such financial institutions, in particular, with respect to the value of complex financial assets, has been called into question. When the Credit Fund holds a participation in a debt instrument, it may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if the Credit Fund does not vote as requested by the selling institution, it may be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the Credit Fund, and such selling institutions may not consider the interests of the Credit Fund in connection with their votes.

*Assignments.* The Credit Fund may also purchase assignments, which are arrangements whereby a creditor assigns an interest in a loan to the Credit Fund. The purchaser of an assignment typically succeeds to all the rights and obligations of the assignor of the loan and becomes a lender under the loan agreement and other operative agreements relating to the portfolio investment. Assignments are, however, arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assignor of the loan. In contrast to the rights of the Credit Fund as an owner of a participation, the Credit Fund, as an assignee, will generally have the right to receive directly from the obligor all payments of principal, interest and any fees to which it is entitled. In some assignments, the obligor may have the right to continue to make payments to the assignor with respect to the assigned portion of the loan. In such a case, the assignor would be obligated to receive such payments as agent for the Credit Fund and to promptly pay over to the Credit Fund such amounts as are received. As a purchaser of an assignment, the Credit Fund typically will have the same voting rights as other lenders under the applicable loan agreement and will have the right to vote to waive enforcement of breaches of covenants. The Credit Fund will also have the same rights as other lenders to enforce compliance by the obligor with the terms of the loan agreement, to set-off claims against the obligor and to have recourse to collateral supporting the portfolio investment. As a result, the Credit Fund may not bear the credit risk of the assignor and the insolvency of an assignor of a loan should have little effect on the ability of the Credit Fund to continue to receive payments of principal, interest or fees from the obligor. The Credit Fund will, however, assume the credit risk of the obligor.

*Loan Origination.* From time to time, the Credit Fund expects to offer to its parallel fund participations in and/or assignments or sales of loans (or interests therein) that the Credit Fund has originated or purchased, generally after the expiration of a required holding period at an arms'-length price determined as of the end of such holding period. In determining the target amount to allocate to a particular loan origination, the Credit Fund will take into consideration the fact that it anticipates selling, assigning or offering participations in such investment to its parallel fund. To the extent that the Credit Fund is not successful in consummating any such participation, assignment or sale, and during any applicable holding period, the Credit Fund will be forced to hold such excess until such time as it can be disposed of, during which time the Credit Fund may be "overweighted" with respect to a particular borrower.

*Warrants.* The Credit Fund may receive warrants, and in certain circumstances prior to exit, may be required to exercise such warrants in order to hold the underlying securities. The Credit Fund would seek to negotiate "cashless" exercise for all warrants that it receives, whereby no investment will be required to convert; however, on occasion it may not be possible to negotiate such "cashless" exercise, and the Credit Fund may be required to invest cash to convert warrants and hold underlying securities, which may subsequently lose some or all of their value.

*Mispriced Securities and Instruments.* The identification of investment opportunities that are mispriced by the market is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in mispriced securities and other instruments offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Credit Fund's investments may not adequately compensate for the business and financial risks assumed.

The Credit Fund may make certain speculative investments in securities and/or other instruments which the Credit Fund General Partner believes to be mispriced by the market. However, there are no assurances that the securities and/or other instruments purchased are in fact mispriced by the market. In addition, the Credit Fund may be required to hold such securities and/or other instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Credit Fund's capital would be committed to the securities and/or other instruments purchased, thus possibly preventing the Credit Fund from investing in other opportunities. In addition, the Credit Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

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 (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security or other instrument the value of which will be less than the purchase price to the Credit Fund of the security or other instrument in respect to which such distribution was made.

In certain transactions, the Credit Fund will not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

*“Widening” Risk.* For reasons not necessarily attributable to any of the risks set forth in this Brochure (for example, supply/demand imbalances or other market forces), the prices of the securities and/or other instruments in which the Credit 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.

*Distressed Investments.* The Credit Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and/or material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the Credit Fund General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. The market prices of such investments 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 investments may be greater than those prevailing in other markets. It may take a number of years for the market price of such investments to reflect their intrinsic value. 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. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Credit Fund may lose some or all of its investment or may be required to accept illiquid securities or other instruments with rights that are materially different than the original securities or other instruments in which the Credit Fund invested.

*Non-Performing Nature of Debt.* It is anticipated that certain investments made by the Credit Fund may be non-performing and/or possibly in default at the time of 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 those investments.

*Cross Collateralization.* The Credit Fund may engage in financings where several investments are cross-collateralized, thereby subjecting multiple investments to the risk of loss. As a result, the Credit Fund could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments.

*Issuer Fraud; Breach of Covenant.* The Credit Fund will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to the Credit Fund’s investments will achieve their desired effect and potential investors should regard an investment in the Credit Fund as being speculative and having a high degree of risk. Of paramount concern in investments in loans is the possibility of material misrepresentation or omission on the part of the company. Such inaccuracy

or incompleteness may adversely affect the valuation of the collateral underlying the loans or enterprise value of the companies or may adversely affect the ability of the Credit Fund to perfect or effectuate a lien on any collateral securing the loan. The Credit Fund will rely upon the accuracy and completeness of representations made by companies to the extent reasonable when it makes its investment decisions, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Credit Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Risks Associated with Bankruptcy Cases.* The Credit Fund may invest in financially troubled companies and companies either currently in, or that may enter into, chapter 11 bankruptcy or insolvency proceedings. The markets in bankruptcy claims are not generally regulated by U.S. federal securities laws or the SEC. 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 the Credit 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 the Credit 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 the operations of its business. In some cases, a company may not be able to reorganize and may be required to liquidate assets. Decisions by the Credit Fund to invest primarily in the debt of such companies may not be protective of the Credit 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 value. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Credit Fund's influence with respect to a class of claims can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the 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.

The Credit 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 the Credit Fund.

*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 an issuer to the detriment of other creditors of such 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 an issuer to the detriment of other creditors of such 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, the Credit Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated. This equitable subordination risk may particularly result from the Credit Fund making investments in portfolio companies owned and controlled by Thoma Bravo and its affiliates. Particularly, in a bankruptcy proceeding, the Credit Fund’s investment in a portfolio company may be subordinated or otherwise adversely affected by virtue of such Thoma Bravo affiliation with the Credit Fund and its ownership of the particular portfolio company.

*Lender Liability Considerations.* In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, including equitable subordination (collectively termed “**lender liability**”). Generally, lender liability is founded upon the premise that the institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower. Furthermore, the Credit Fund may be unable to control the conduct of the lenders under a loan syndication agreement requiring less than a unanimous vote, yet the Credit Fund may be subject to lender liability for such conduct.

*Non-U.S. Bankruptcy Laws.* Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

*Non-Payment of Principal and Interest; Adequacy of Collateral.* The Credit Fund’s investments are subject to the risk of non-payment of scheduled interest or principal by the issuers with respect to such investments. Such non-payment would likely result in a reduction of income to the Credit Fund and a reduction in the value of the investments experiencing non-payment. Although the Credit Fund may make investments that the Credit Fund General Partner believes are secured by specific collateral, the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the issuer’s obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of an issuer, the Credit Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment.

Under certain circumstances, collateral securing an investment may be released without the consent of the Credit Fund. Moreover, the Credit Fund’s secured loans may be unperfected for a variety of reasons, including the failure to make required filings and, as a result, the Credit Fund may not have priority over other creditors as initially anticipated. Senior first lien loans made by

the Credit Fund may, in certain cases, provide a first priority lien over some, but not all, of the assets of the relevant company. The Credit Fund may also invest in senior second lien loans, high-yield securities, marketable and non-marketable preferred equity securities and other unsecured investments each of which involves a higher degree of risk than senior first lien loans. Furthermore, the Credit Fund's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of other secured lenders with respect to some or all of the assets of a company. Certain investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, a company's ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

Certain investments may have maturities longer than the maturity of the Credit Fund. Furthermore, the Credit Fund may, in connection with collateral held by it, acquire non-marketable common or preferred equity securities and other illiquid assets with equity participation features, which, to the extent that they have value at all, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant distributions to limited partners will occur for a number of years from the date of the applicable capital contributions, and certain investments may be disposed of upon dissolution of the Credit Fund for less than their potential value.

*Default Rates of Loans and High-Yield Instruments.* The Credit Fund may make credit 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 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 the Credit Fund's investment in such instruments. Should increases in default rates occur with respect to the instruments acquired by the Credit Fund, the actual default rates of the instruments held by the Credit Fund may exceed those of the calculation methodology used by the Credit Fund General Partner in determining to purchase such instruments, resulting in substantial losses to the Credit Fund.

*Time Required for Maturity of Investments.* Certain investments may have maturities longer than the maturity of the Credit Fund. Furthermore, the Credit Fund may, in connection with collateral held by it acquire non-marketable common or preferred equity securities and other illiquid assets with equity participation features, which, to the extent that they have value at all, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant distributions to limited partners will occur for a number of years from the date of

the applicable capital contributions with respect to such investments, and certain investments may be disposed of upon dissolution of the Credit Fund for less than their potential value.

*Limited Amortization Requirements.* The Credit Fund may invest in loans that have limited mandatory amortization requirements. While these loans may obligate a portfolio company to repay the loan out of asset sale proceeds or with annual excess cash flow, repayment requirements may be subject to substantial carve outs that would allow a portfolio company to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that an issuer will not be able to repay or refinance the loans held by the Credit Fund when they mature.

*Usury Limitations.* Interest charged on loans owned by the Credit Fund may be subject to state usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest and unenforceability of debt.

*Participation on Creditors' Committees.* While it is unlikely with respect to a portfolio company in which the Credit Fund and an Equity Fund each hold interests, the Credit Fund may serve on committees formed by creditors ("**Creditors' Committees**") to negotiate with the equity owners and management of financially troubled companies that may or may not be in bankruptcy. The Credit Fund may also seek to negotiate directly with companies with respect to restructuring issues. Even if the Credit Fund chooses to join a Creditors' Committee, there can be no assurance that the Credit Fund would be successful in obtaining results favorable to it in such proceedings, and the Credit 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 the Credit Fund's service on such Creditors' Committees, the Credit Fund may be deemed to have duties to other creditors represented by the Creditors' Committees, which might thereby expose the Credit Fund to liability to such other creditors who disagree with the Credit Fund's actions.

The Credit Fund General Partner or the Credit Fund's Principals, on behalf of the Credit Fund, may elect to serve on Creditors' Committees or other groups to ensure preservation or enhancement of the Credit Fund's position and recovery as a creditor. 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 Credit Fund 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 Credit Fund, it will resign from that Creditors' Committee or group, and the Credit Fund may not realize the benefits, if any, of the Credit Fund General Partner's service on the Creditors' Committee or group. Additionally, if the Credit 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.

## Potential Conflicts of Interest

Thoma Bravo 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 the Funds, and providing transaction-related, investment advisory, legal, management and other services to Funds and portfolio companies. Thoma Bravo will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Limited Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these resources over time. In the ordinary course of Thoma Bravo conducting its activities and the activities of the Funds, the interests of a Fund have the potential to conflict with the interests of Thoma Bravo, one or more other Funds, or portfolio companies. As a general matter, Thoma Bravo will determine all matters relating to structuring transactions and Fund operations using its best 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.

### *Investment-Related Conflicts*

Until Thoma Bravo is permitted by a Fund's Limited Partnership Agreement to raise a successor investment fund to the relevant Fund, Thoma Bravo will pursue all appropriate investment opportunities principally for the benefit of such Fund, subject to certain exceptions. However, Thoma Bravo and its affiliates currently manage several other investment funds and investments similar to those in which any particular Fund will be investing, and expect in some cases to direct certain relevant investment opportunities to those investment funds and investments. Thoma Bravo's investment staff will continue to manage and monitor such investment funds and investments. Thoma Bravo believes the significant investment by Thoma Bravo in each Fund, as well as Thoma Bravo's interest in the carried interest, operate to align, to some extent, the interest of Thoma Bravo with the interest of such Fund's limited partners, although Thoma Bravo has economic interests in other investment funds and investments as well and receives management fees and carried interests relating to such interests. Other investment funds and investments that Thoma Bravo controls may compete with a Fund or companies in which a Fund invests. At such time as Thoma Bravo is permitted to raise a successor investment fund to a particular Fund, Thoma Bravo will continue to manage the Fund's investments but also will likely focus its investment activities on other opportunities unrelated to such Fund's investments.

From time to time, Thoma Bravo will be presented with investment opportunities (including investment opportunities that potentially will be allocated to co-investors) that would be suitable not only for a particular Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Thoma Bravo. For instance, because of the investment focus of the Credit Fund, it has invested, and likely will invest, in opportunities that another Fund has declined or may decline to invest in opportunities in which another Fund has invested. In determining which Fund(s), investment vehicles and/or co-investment vehicles should participate in these investment opportunities, Thoma Bravo and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of Thoma Bravo in a portfolio company also potentially raises the risk of using assets of a client of Thoma Bravo to support positions taken by other clients of Thoma Bravo. See "Credit Fund Related Conflicts" below.



Thoma Bravo must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. In determining which Funds should participate in investment opportunities, subject to the relevant Limited Partnership Agreement(s), Thoma Bravo and its affiliates, including the relevant General Partners, are subject to potential conflicts of interest among the investors in the various Funds. Thoma Bravo will determine the allocation of investment opportunities among the Funds in such manner as the General Partners, in their sole discretion, determine in good faith to be fair and equitable, consistent with the relevant Limited Partnership Agreements. Thoma Bravo's allocation of investment opportunities among the Funds are not always, and often will not be, proportional based on available capital commitments. Therefore, such allocations may be more advantageous to one Fund relative to some or all of the other Funds, or vice versa.

Funds with similar investment objectives, scope, criteria and strategy generally are permitted (to the extent capital is available, such investment is permitted by the Governing Documents of such Fund, and the relevant General Partner deems it advisable) to invest side-by-side with the Credit Fund. Thoma Bravo generally assesses whether an investment opportunity is appropriate for a particular Fund based on: the Fund's Limited Partnership Agreement (including any limitations on targeted investments or investment sizes disclosed therein); amount of available capital commitments (including distributions that are recalled, callable or recycled), as limited by the reserves that the Thoma Bravo determines to be necessary or advisable to be retained by such Fund; anticipated future capital requirements of the investment opportunity compared to the likely future capital available from the Fund; expected time likely to be necessary to obtain liquidity consistent with Thoma Bravo's underwriting expectations compared to the remaining term of the Fund; conflicts provisions or investment, pace of call or other limitations in the Fund's Governing Documents (and any applicable advisory committee approvals in connection therewith that are necessary or advisable); investment guidelines, strategy or restrictions of the relevant Fund as set forth in the relevant Governing Documents; legal, tax, regulatory or other similar considerations; risks, including portfolio risk, attributable to adding the investment to the relevant Fund's portfolio; and other factors deemed relevant by Thoma Bravo. It is Thoma Bravo's policy to allocate follow-on investments to the Fund that owns the applicable portfolio company. If a follow-on investment is to be made in a portfolio company owned by more than one Fund, such follow-on investment will generally be made in the same part of the capital structure and in the proportions as the original investment.

Following such assessment, Thoma Bravo will determine if the amount of an investment opportunity available to a Fund exceeds the amount that would be appropriate for such Fund, and any such excess commonly is offered to one or more potential co-investors, as determined by the Funds' Limited Partnership Agreements, Side Letters and the Thoma Bravo Investment Allocations/Co-Investment Policy. Thoma Bravo's Investment Allocations/Co-Investment Policy permits it to take into consideration a variety of factors in allocating co-investment opportunities to co-investors, including but not limited to: eligibility (*i.e.*, that the party (i) has expressed interest in co-investment opportunities to Thoma Bravo (including interest that Thoma Bravo has received in writing) or is believed to have interest based on Thoma Bravo's experience or research and (ii) is believed by Thoma Bravo to have such knowledge and experience in financial and business matters necessary to make such party capable of evaluating the merits and risks of the prospective investment); perceived ability to react promptly to the co-investment opportunity (including the funding of the opportunity and execution of the transaction); any strategic advantages that may

result from the potential co-investor's participation in the co-investment; any expertise that the potential co-investor has in the industry to which the co-investment opportunity relates; the potential co-investor's participation in a Fund; the likelihood that the potential co-investor may invest in a future Fund; the potential co-investor's investable assets relative to the size of the co-investment opportunity; tax, regulatory and/or securities law considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the potential co-investor with specific information relating to the co-investment opportunity; whether the potential co-investor's participation in an investment opportunity may subject the relevant Fund to legal, regulatory, reporting or other burdens or could impair Thoma Bravo'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 among multiple potential co-investors; lender requirements; and whether Thoma Bravo believes that allocating investment opportunities to the potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Fund(s) or Thoma Bravo. Although a prospective co-investor's willingness to invest in future Funds may be considered by Thoma Bravo, it generally will not be the sole determining factor considered by Thoma Bravo in identifying co-investors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Thoma Bravo or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Additionally, from time to time, certain service providers (*e.g.*, lenders) seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to Thoma Bravo, a Fund or portfolio company in connection with the services provided. Co-investment opportunities typically are offered to some and not to other Thoma Bravo investors, and the consideration of the factors set forth above is expected to result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments receive fewer opportunities or none. When and to the extent that employees and related persons of Thoma Bravo and its affiliates make capital investments in or alongside certain Funds, Thoma Bravo 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 will be equal to and not less than that of another Fund participating in the same transaction or that it will be as favorable as it would have been had such conflict not existed. In addition to the above, in certain instances, Thoma Bravo expects to refer certain investment opportunities that are not appropriate for, or cannot be pursued by, a Fund to one or more persons (including, for example, limited partners of an Equity Fund or Credit Fund). Thoma Bravo does not receive any compensation in connection with such arrangements, but has conflicts similar to those applicable to allocating co-investment opportunities in determining which persons or limited partners to refer to a potential investment opportunity.

Thoma Bravo's allocation of investment opportunities among the persons and in the manner discussed herein has 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 Thoma Bravo 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 Thoma Bravo may be subject, discussed herein, did

not exist. Additionally, conflicts of interest arise in the allocation of co-investment opportunities to the extent that such allocation benefits the General Partner or Thoma Bravo instead of or more than the relevant Fund or is not in the best interests of the Fund or any individual Limited Partner. Fund investments made with co-investors typically involve risks and conflicts of interests not present in investments where a third-party is not involved, such as where a third-party co-venturer or partner has economic or business interests or goals that are inconsistent with those of the Fund, or is in a position to take action contrary to the investment objectives of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-investor, co-venturer or partner. Thoma Bravo attempts to resolve the related conflicts of interest in light of its obligations to the investment vehicles it manages, and attempts to allocate investment opportunities among the Funds and such other investment vehicles in a fair and equitable manner and consistent with the relevant Limited Partnership Agreement(s) and its Investment Allocations/Co-Investment Policy. Where necessary, Thoma Bravo consults and receives consent to conflicts from an advisory committee consisting of limited partners of the applicable Fund(s) or such other investment vehicles.

In addition, the relevant General Partner generally permits certain Thoma Bravo employees to purchase for their own account up to one percent (1%) of the aggregate amount of any portfolio company securities available for purchase by the relevant Fund; provided that the purchase and sale of such securities are on substantially similar terms and conditions as the Fund's purchase and sale of such securities. If and to the extent that employees and/or related persons of Thoma Bravo make capital investments in or alongside a Fund, Thoma Bravo will be subject to certain conflicts of interest in connection with such investments.

In certain cases, Thoma Bravo will have opportunity (but, subject to any applicable restrictions or procedures in the relevant Limited Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Thoma Bravo will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Limited 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. In certain circumstances, Thoma Bravo, its affiliates or personnel reserve the right to elect to purchase the interest of a limited partner seeking to transfer or be released from its commitment to the relevant Fund.

Further conflicts of interest arise when a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Fund. This may result in differences in price, investment terms, leverage and associated costs between such Fund and any other Fund. There can be no assurance that the Fund and the other Fund(s) will exit the investment at the same time or on the same terms. If additional capital is necessary for the portfolio company as a result of financial or other difficulties, or to finance growth or other opportunities, the Fund and the other Fund(s) may or may not provide such additional capital, and each generally will supply such additional capital in such amounts, if any, as determined in the discretion of the General Partner, subject the terms of the relevant governing documents. The Fund may acquire its interests in a portfolio company at the same time or at separate times and on similar or different terms than the other Funds. Conflicts

of interest may arise if the Fund makes an investment in a pre-existing portfolio company of another Fund. Any investment by the Fund in an entity in which another Fund has a pre-existing investment (or vice versa) could be viewed, especially in hindsight, to have been made based on a non-arms'-length valuation. Similarly, other Funds may later invest in entities in which the Fund has invested, which may have an effect (either positive or negative) on the market value of the Fund's investments. Generally, except as provided in each relevant Limited Partnership Agreement, such transactions would be subject to the approval of the advisory committee.

#### *Credit Fund-Related Conflicts*

Thoma Bravo and its affiliates sponsor and manage a variety of investment funds (including the Credit Fund and other credit investment funds that are formed in the future) and as a result of the activities of the Equity Funds and the other matters described herein, there can be no assurances that all investment opportunities identified by Thoma Bravo and its affiliates will be made available to any particular Fund(s). The Credit Fund's ability to pursue a meaningful percentage of its potential investment opportunities has been conditioned by the advisory committees of certain existing Equity Funds on the Credit Fund following certain procedures.

Thoma Bravo is committed to allocating investment opportunities among the Funds in a manner that is fair and equitable and consistent with the respective fiduciary obligations of Thoma Bravo's affiliates and the governing documents of the relevant Funds. Consistent with the foregoing, certain investment opportunities generally will not be presented to the Credit Fund, including certain opportunities to invest in the equity securities of a potential portfolio company. In allocating potential Credit Fund opportunities, Thoma Bravo must determine which vehicles are required or that Thoma Bravo has determined to be the appropriate Fund to participate in an applicable opportunity and the amount of such opportunity in which they will participate. Thoma Bravo will determine the allocation among such Funds in such manner as the applicable General Partners, in their sole discretion, determine in good faith to be fair and equitable, consistent with the relevant Governing Documents.

The Credit Fund is expected to hold interests in portfolio companies that are of a different class or type than the class or type of interests typically held by the Equity Funds. For example, (i) an Equity Fund is permitted to hold equity securities while the Credit Fund is permitted to hold debt instruments of the same portfolio company or (ii) the Credit Fund is permitted to hold a certain class of debt instruments while an Equity Fund holds a different class of debt instruments of the same portfolio company. To the extent that the Credit Fund invests in a debt instrument of a portfolio company in which an Equity Fund holds equity securities, the General Partners expect to be subject to potential conflicts of interest in determining the terms of such debt instrument and in managing the Credit Fund's and such Equity Fund's investments in such portfolio company on a going-forward basis. Conflicts may arise between the Credit Fund and the Equity Funds in negotiating the price of the debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders and the other terms and conditions of investment or in addressing subsequent amendments or waivers. There can also be conflicts as the Equity Funds may desire optimal flexibility to grow the portfolio company, while the Credit Fund and the other debt investors may want to place tighter restrictions on the type and the amounts of permitted investments and

acquisitions. In addition, the General Partner's ability to implement the Credit Fund's strategies, as applicable, effectively may be limited to the extent that contractual obligations entered into in respect of the activities of Thoma Bravo impose restrictions on the Credit Fund engaging in transactions that the General Partner may be interested in otherwise pursuing. For example, an Equity Fund that controls a company could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets or other similar transactions that enhances the value of the equity investment with respect to such Equity Fund but that would potentially also increase the risk of the Credit Fund's debt investment in such company. Further, because of the different legal rights associated with debt and equity investments, the General Partner may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, the Credit Fund versus the relevant Equity Fund. For example, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt investments should be refinanced or restructured. In addition, the interests of the Credit Fund and such Equity Fund may diverge significantly in the case of financial distress of the company. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of the Credit Fund to provide such additional financing. If such Equity Fund had the potential to incur a loss on its investment as a result of such difficulties, the General Partner's ability to recommend actions in the best interests of the Credit Fund might be impaired. In troubled situations, certain decisions, including whether to enforce claims, whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, are expected to raise conflicts of interest with respect to the Credit Fund and a relevant Equity Fund, whose interests are likely to diverge in such situations. For example, the Fund could be more senior or more junior to such Equity Fund in the capital structure of the portfolio company, which could mean that in a workout or other distressed scenario the Credit Fund may be adverse to such Equity Fund and might recover all, part or none of its investment while such Equity Fund recovers more or less.

Thoma Bravo intends to manage conflicts of interest that arises in connection with any payment default by an Equity Fund portfolio company in which the Credit Fund holds interests by, following such payment default (and the expiration of any applicable cure periods): (i) notifying the advisory committees of the relevant Equity Fund(s) and the Credit Fund of the payment default and (ii) causing the Credit Fund to vote with the majority of the unaffiliated debtholders holding the same tranche, class or another category of such defaulting Debt Investment (as defined below) in connection with any determination by such debtholders, unless the advisory committees of the relevant Equity Fund(s) and Credit Fund consent otherwise.

The Credit Fund's Limited Partnership Agreement permits the Credit Fund to purchase debt securities, debt instruments and/or other debt interests ("**Debt Investments**") in an existing portfolio company of one or more Equity Funds without prior approval from the Credit Fund's advisory committee or limited partners or the advisory committees of such Equity Funds. Thoma Bravo intends to mitigate the potential conflicts of interest in connection with such situations by preventing the Credit Fund from holding more than 49% of (or serving as the manager or lead agent of) any tranche, class or category of debt issued by a portfolio company in which an Equity Fund holds outstanding equity interests (absent the consent of the advisory committees of the applicable Equity Funds holding equity interests in such portfolio company).

The Credit Fund's opportunity to review certain investment opportunities and make certain investments in the portfolio companies of certain existing Equity Funds has been conditioned by the advisory committees of such Equity Funds on the Credit Fund following certain procedures. For example, unless otherwise approved by the advisory committee of the applicable Equity Fund, the Credit Fund generally does not and will not make investments in the equity or equity-like securities (including convertible debt securities) of any portfolio company of such Equity Fund unless the Credit Fund also has made (or will make) a Debt Investment in such portfolio company and either (i) such Equity Fund is making equity co-investment opportunities available in such portfolio company or (ii) the Credit Fund is participating in such equity securities alongside other investors in the applicable tranche, class or another category of Debt Investment held by the Credit Fund *pro rata* based on how such debt holders invested in such Debt Investment. In addition, as a result of such conditioned consent, the Credit Fund generally may not interfere with the repurchase of debt by a portfolio company of an Equity Fund unless the advisory committee of such Equity Fund otherwise consents. Future Equity Funds could require the Credit Fund to follow different and/or additional procedures in order to make Debt Investments in the portfolio companies of such Equity Funds.

Thoma Bravo reserves the right to make independent decisions regarding recommendations of when the Credit Fund should purchase and sell investments. As a result, the Credit Fund may be purchasing an investment in a particular portfolio company at a time when an Equity Fund is selling an investment in the same or a similar portfolio company, or vice versa. There can be no assurance that the return on one Fund's investments will not be less than the returns obtained by any other Funds participating in the investment.

If the Credit Fund enters into any indebtedness with an Equity Fund (other than a parallel Thoma Bravo credit fund) on a joint and several basis, the General Partner and the general partner of such Equity Fund are expected to enter into one or more agreements that provide each of the Credit Fund and such Equity Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Thoma Bravo may be subject to conflicts of interest between the Credit Fund and such Equity Fund. Thoma Bravo intends to mitigate any potential conflicts by structuring such agreements in a manner intended to cause each of the Credit Fund and such Equity Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

From time to time, Thoma Bravo and its personnel have and will come into possession of confidential or material, non-public information concerning specific companies, including as a result of certain Thoma Bravo personnel serving on the boards of directors of portfolio companies or in circumstances where either Equity Fund or Credit Fund personnel become aware of such information. Under applicable securities laws, this may limit the relevant General Partner's flexibility to buy or sell securities issued by such companies. A Fund's investment flexibility has and will be constrained as a consequence of the General Partner's inability to use such information for investment purposes, and the 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 Thoma Bravo's internal policies. In addition, Thoma Bravo personnel appointed to a portfolio company board typically remain on such board as a matter of continuity for a period of time after a Fund has divested some or all of its interest in such portfolio company, and such continuing board service has the effect of potentially extending the restrictions

and limitations to which Thoma Bravo could be subject, as discussed herein, as well as requiring such personnel to devote an amount of time and attention to such company. Due to these restrictions, the 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. In certain circumstances, Thoma Bravo and its personnel may seek to elect not to receive such non-public information. In situations where the Credit Fund decides to receive such information, it may seek to discontinue receiving non-public information concerning the borrower under a loan when it is disclosed by such borrower that the borrower will issue high-yield bonds in the near future. As a result, the Credit Fund, at times, may receive less information regarding such a borrower than is available to the other investors in such borrower's loan, which may result in the Credit Fund taking actions or refusing to take actions in a manner different than had it received such non-public information.

#### *Potential Conflicts Related to Future Products*

Thoma Bravo may in the future expand its investment management services beyond the Equity Funds and the Credit Fund, including through managed accounts, overage funds, special purpose acquisition companies (SPACs) and/or other specialized investment vehicles (collectively, "**Other Products**"), that in some cases may have overlapping investment strategies or targeted investments with one or more of the Funds. Although no Other Products have been established as of the date of this Brochure, to the extent any Other Products are formed in the future, similar potential conflicts of interest as those disclosed in this section of the Brochure may apply. As a result of the activities of the Funds, Other Products and the other matters described herein, there can be no assurance that all investment opportunities identified by Thoma Bravo and its affiliates will be made available to any particular Fund.

To the extent that Other Products give rise to additional potential conflicts of interest not specifically described herein, there can be no assurance that Thoma Bravo will identify or resolve all such conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is most favorable to a particular Fund. Thoma Bravo expects that the investment activities of the Other Products generally would give rise to additional conflicts of interest in connection with allocating investment opportunities. The potential investments and activities of the Other Products could increasingly overlap with the potential investments and activities of the Funds, and an Other Product could invest in the same portfolio companies as one or more Funds or in a target that would otherwise be suited for one or more Funds. Notwithstanding the actual and potential conflicts of interest that could arise, Thoma Bravo generally expects to determine the allocation of investment opportunities among the Fund and any Other Products in a similar manner as described herein. By way of example, Thoma Bravo may seek to form a SPAC to acquire all or a portion of an investment that otherwise would fit within the investment criteria of one or more Funds. In allocating such investment between a SPAC and the relevant Fund(s), Thoma Bravo would consider such factors as it deems relevant, including those described herein, and/or whether a SPAC provides a more appropriate acquisition structure for such investment.

#### *Fee and Expense-Related Conflicts*

Because Thoma Bravo is permitted to retain certain fees from portfolio companies (as described under "Fees and Compensation") and other entities in connection with a Fund's investments, it could have a conflict of interest in connection with approving transactions. Thoma

Bravo addresses this potential conflict of interest by offsetting such fees against the Management Fees of the applicable Fund(s) in accordance with the relevant Limited Partnership Agreement.

Additionally, as fees paid by or on behalf of co-investors in portfolio companies are not subject to a Management Fee offset, as is the case with certain fees from portfolio companies, the opportunity to receive such co-investment fees or fees from portfolio companies could present a conflict of interest, where Thoma Bravo would have a potential incentive to allocate more of an investment opportunity to co-investors than otherwise would be the case. Thoma Bravo seeks to address any such potential conflict of interest by investing in accordance with the Investment Allocations/Co-Investment Policy.

In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket and/or break-up fees, costs and expenses relating to such unconsummated transaction will be borne by the Fund(s) that were to have participated in such transaction. However, to the extent that such co-investors have already committed capital to a co-investment or other vehicle in connection with such transaction, such vehicle would likely bear its share of such broken deal expenses.

If a co-investment vehicle is formed by a General Partner(s), such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

Subject to any relevant restrictions or other limitations contained in the Limited Partnership Agreements of the Funds, Thoma Bravo 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, Thoma Bravo has been and likely will 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 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 Thoma Bravo or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. In certain cases, the allocations of such expenses are not expected to be proportional. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which have and likely will result in the Funds bearing different levels of expenses with respect to the same investment.

#### *Operating Partner-Related Conflicts*

Thoma Bravo or its affiliates generally work with experienced business and financial executives and other professionals to support the management teams of the portfolio companies in which the Funds have invested and to assist in the review and analysis of companies being considered for investment by the Funds. Some of such persons are designated by Thoma Bravo as “Senior Operating Partners,” “Operating Partners” or “Operating Advisers,” members of an “Operating Partner Group” or by similar titles (all of such persons collectively referred to herein as “**Operating Partners**”).



While Operating Partners typically appear on Thoma Bravo's website or, from time to time, in other documents as being a part of Thoma Bravo's organization, they are not employees of Thoma Bravo, its affiliates or the Funds. Operating Partners are expected to regularly provide services to one or more of the Equity Funds and/or various portfolio companies, make use of Thoma Bravo resources (including, but not limited to, its office space and communications systems) or otherwise be associated with Thoma Bravo. Such persons typically are identified on Thoma Bravo's website and in its marketing materials as Operating Partners available to provide services to portfolio companies. Operating Partners generally are paid for their services by the portfolio companies (or Funds) to which those services are provided, but they also are expected to provide services to other portfolio companies, Thoma Bravo, its affiliates or the Equity Funds. Compensation may be in the form of cash fees, benefits (including, but not limited to, participating in a portfolio company's benefits plan), securities of a portfolio company or a share of proceeds upon sale of a portfolio company (which, for the avoidance of doubt, generally operates to reduce the relevant Fund(s)' shares(s) in such portfolio company). Portfolio companies also reimburse costs and expenses incurred by Operating Partners who are assigned to such companies. Additionally, portfolio companies have and likely will provide opportunities for Operating Partners to invest in such portfolio companies (including one or more portfolio companies with respect to which an Operating Partner is not providing services directly). Certain Operating Partners also are expected to be granted a limited partner interest in the General Partners and/or one or more Funds, remuneration from Thoma Bravo and/or its Funds or affiliates and/or other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset the Management Fee of any Fund as described herein.

Thoma Bravo and/or its affiliates have and likely will agree to compensate Operating Partners to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. In addition, Operating Partners from time to time are expected to provide services that directly or indirectly benefit Thoma Bravo without additional compensation. The use of Operating Partners and the allocation of compensation paid to them by Thoma Bravo, its affiliates and/or the portfolio companies may subject Thoma Bravo and/or its affiliates to potential conflicts of interest. However, Thoma Bravo believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) and if the services provided by the Operating Partner improve portfolio company performance. Thoma Bravo also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for Operating Partners in a manner that Thoma Bravo believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain Operating Partners and service providers that it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that other service providers would not be more qualified to provide the applicable services or would not provide such services at lesser cost.

#### *Portfolio Company-Related Conflicts*

As a result of the Equity Funds' ownership of controlling interests in portfolio companies, Thoma Bravo and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. Thoma Bravo's board appointees are expected to include,

without limitation, Thoma Bravo employees, Operating Partners, relevant personnel of a service provider or such other persons as Thoma Bravo selects in its discretion. From time to time, portfolio company board members approve compensation and/or other amounts payable to Thoma Bravo and/or its affiliates.

Additionally, as described herein, an Equity Fund portfolio company typically will reimburse Thoma Bravo or service providers (including Operating Partners) retained at Thoma Bravo's discretion for expenses (including without limitation travel expenses) incurred by Thoma Bravo or such service providers (including Operating Partners) in connection with its performance of services for such portfolio company. This subjects Thoma Bravo and its affiliates to conflicts of interest because the relevant Equity Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Thoma Bravo determines the amount it seeks from portfolio companies for reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Any fee paid or expense reimbursed to Thoma Bravo or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Thoma Bravo generally exercises its discretion to recommend to an Equity Fund or to a portfolio company thereof that it contract for services with (i) Thoma Bravo or a related person of Thoma Bravo (which may include a portfolio company of the relevant Fund or another Fund), (ii) an entity with which Thoma Bravo or its affiliates or their current or former personnel have a relationship, which could include a financial interest or other benefit or (iii) certain limited partners or their affiliates. For example, Thoma Bravo may be presented with opportunities to receive financing and/or other services in connection with an Equity Fund's investments from certain limited partners or their affiliates that are engaged in lending or a related business. This subjects Thoma Bravo to conflicts of interest, because although Thoma Bravo selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Equity Fund, Thoma Bravo expects to 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 Thoma Bravo, 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 Equity Funds or Thoma Bravo), favors such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Thoma Bravo has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that other service providers would not be more qualified to provide the applicable services or would not provide such services at a lesser cost.

Thoma Bravo has broad discretion to retain or recommend service providers for or on behalf of its portfolio companies. Although Thoma Bravo generally seeks competitive rates, it reserves the right to prioritize prior usage, sector competence or expertise, familiarity or other factors in such retention or recommendation, and there can be no assurance that other service providers would not be more qualified to provide the applicable services or would not provide such services at a lesser cost.

Additionally, Thoma Bravo, its personnel, affiliates, Operating Partners or others designated by Thoma Bravo expect from time to time to receive compensation in the form of portfolio company securities (or otherwise receive portfolio company securities in kind). To the extent any such securities are received, after any applicable offset provisions in the relevant Governing Documents are applied (typically based on the then-present value of such securities), Thoma Bravo and/or such other recipients will be permitted to retain such securities, 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 Thoma Bravo or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because such securities typically represent newly-issued incentive equity (whether in the form of common stock, warrants or options to buy common stock or other similar instruments), the receipt of compensation in the form of securities typically has the result of diluting an applicable Fund's relative ownership of the portfolio company awarding such compensation.

Although relatively infrequent, from time to time Thoma Bravo has caused and may in the future cause a Fund to enter into a transaction whereby an Equity Fund purchases securities from, or sells securities to, other Equity Funds managed by Thoma Bravo, or co-investors or co-investment vehicles. Such transactions typically arise in the context of re-balancing an investment among parallel or alternative investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Equity Fund supports the value of portfolio companies owned by another Equity Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Limited Partnership Agreements or otherwise in the sole discretion of Thoma Bravo, Thoma Bravo may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each relevant Fund's advisory committee) to such transactions. In certain circumstances, Thoma Bravo reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. Thoma Bravo intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each relevant Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each relevant Fund.

Thoma Bravo and/or its affiliates have and likely will also, from time to time, employ or enter into other arrangements with personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Thoma Bravo and/or its affiliates; conversely, current or former personnel or executives of Thoma Bravo and/or its affiliates and/or Operating Partners have and may in the future serve in significant management roles at portfolio companies or service providers recommended by Thoma Bravo. Similarly, Thoma Bravo, its affiliates and/or personnel and/or Operating Partners maintain relationships with (or, in certain cases, invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors,

consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor that invests) in, engage in transactions with and/or provide services (including services at reduced rates) to, Thoma Bravo and/or its affiliates, and/or the Funds or other investment vehicles they advise. Additionally, as described above, from time to time, certain service providers (*e.g.*, lenders) seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to Thoma Bravo, a Fund or portfolio company in connection with the services provided. Thoma Bravo has a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in such Fund, will provide Thoma Bravo information about markets and industries in which Thoma Bravo operates (or is contemplating operations) or will provide other services that are beneficial to Thoma Bravo. Thoma Bravo has a conflict of interest in making such recommendations, in that Thoma Bravo has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the relevant Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Fund.

From time to time, certain portfolio companies make their goods and/or services available to Thoma Bravo, its affiliates or one or more Funds (including Funds that do not hold any interest in the relevant portfolio company) and their respective portfolio companies, at reduced rates (although generally not below such portfolio company's cost to produce the relevant goods or services). Accordingly, to the extent utilized, Thoma Bravo, its affiliates, the Funds and their respective portfolio companies, benefit from such discounts. Although the Fund(s) owning such portfolio company may, if utilized, receive the same benefit from such discounts, such benefit may be offset by the benefit the portfolio company provides to Thoma Bravo, its affiliates or other Fund(s). Thoma Bravo believes the potential for conflicts relating to such discounts is mitigated by the intended commercial advantages conferred on the relevant portfolio company related to the increased number of users familiar with the relevant goods and/or services, the opportunity to test new features prior to more extensive distribution of such goods and/or services and other factors.

From time to time, current or former Thoma Bravo personnel serve in interim or part-time roles at a portfolio company, or provide services to a portfolio company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment at Thoma Bravo. Under such arrangements, Thoma Bravo and/or the relevant portfolio company expect to pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold. Employees may or may not return to Thoma Bravo at the end of such secondee arrangement.

#### *Indebtedness-Related Conflicts*

As described herein, where a Fund has entered into any indebtedness with another Fund on a joint and several basis, it is the practice of the applicable General Partners to enter into agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Thoma Bravo may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. Thoma Bravo seeks to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund bear its proportionate share of the applicable indebtedness, without favoritism.

Thoma Bravo, its affiliates, and equity holders, officers, principals and employees of Thoma Bravo and its affiliates, as well as its Operating Partners, may buy or sell securities or other instruments that Thoma Bravo has recommended to a Fund. In addition, subject to any restrictions in the relevant Fund's Limited Partnership Agreement and any policies and procedures set forth in Thoma Bravo's Code of Ethics (the "**Code**"), officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Thoma Bravo have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore would have additional conflicting interests in connection with these investments.

In certain cases, a Fund is permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. Each Fund's use of such facilities will be determined by the relevant General Partner, and the performance of the relevant Fund would be impacted by whether and how the General Partner causes the Fund to utilize such facilities. Although the use of such a facility increases a Fund's ability swiftly to invest capital, it also will cause the relevant Fund to incur interest expense. Conflicts of interest arise in that the use of such facilities likely would delay the need for partners to make certain contributions to the relevant Fund, which generally operate to enhance the relevant Fund's performance figures and thereby benefit Thoma Bravo.

#### *Carried Interest- and Management Fee-Related Conflicts*

Because Thoma Bravo's carried interest is based on a percentage of net realized profits, it creates an incentive for Thoma Bravo to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund is permitted to be drawn down only in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by the Fund, this fee structure may create an incentive to deploy capital when Thoma Bravo may not otherwise have done so. Since Thoma Bravo is permitted to retain certain portfolio company-related fees in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation.

The fact that, except as otherwise provided in the relevant Governing Documents, the Management Fee following the relevant Fund's investment period is generally expected to be calculated based on the Fund's invested capital creates an incentive for the General Partner to hold an investment longer than otherwise would be the case. In addition, the 2017 Tax Legislation treats

certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for at least three years. This new treatment could also create an incentive for the principals to cause a Fund to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

#### *Side Letter-Related Conflicts*

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

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

### **DISCIPLINARY INFORMATION**

Neither Thoma Bravo nor its management persons have been subject to any material legal or disciplinary events required to be discussed in this Brochure.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under "Advisory Business" above, Thoma Bravo, LLC is affiliated with the General Partners, which are registered with the SEC under the Advisers Act pursuant to Thoma Bravo, LLC's registration in accordance with SEC guidance. The General Partners and Thoma Bravo, LLC operate as a single advisory business. Thoma Bravo, LLC is also under common control with Thoma Cressey Bravo, Inc., a registered investment adviser. In addition, a Fund owns a majority interest in Segall Bryant & Hamill, LLC ("**SBH**"), an investment adviser registered with the SEC, although Thoma Bravo does not have business dealings with SBH (other than to the extent that it is a portfolio company of certain Funds), conduct shared operations or share premises with SBH, although Thoma Bravo maintains a contractual right to appoint persons (which from time to time include Thoma Bravo personnel) to serve on SBH's board of directors. Personnel of Thoma Bravo or of the portfolio companies have the right to purchase services for their own account from SBH.

With the exception of SBH, the investment advisers affiliated with Thoma Bravo, LLC generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Thoma Bravo has adopted the Code, which sets forth standards of conduct that are expected of Thoma Bravo principals and employees and addresses conflicts that arise from their outside business and personal trading activities. The Code requires Thoma Bravo personnel to:

- comport with the standards of business conduct set forth in the Code of Ethics;
- report their personal securities transactions;
- pre-clear any proposed transaction in any initial public offering, limited offering, related securities (*e.g.*, securities of a publicly-held portfolio company) or securities on Thoma Bravo's "restricted list";
- comply with policies and procedures designed to prevent the misuse of, or trading upon, material non-public information;
- report potential conflicts of interest arising from certain outside business activities; and
- report potential issues arising with respect to Thoma Bravo's policies on anti-bribery and anti-corruption, gifts and entertainment and charitable donations.

A copy of the Code will be provided to any investor or prospective investor upon request to Steven A. Schwab, Director, Legal and Chief Compliance Officer, at (312) 254-3327. 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.

Thoma Bravo and its affiliated persons do 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, Thoma Bravo and its 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 Thoma Bravo. Accordingly, should Thoma Bravo or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Thoma Bravo would be prohibited from communicating such information to clients, and Thoma Bravo will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions are applicable as a result of Thoma Bravo personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Thoma Bravo and its affiliates, directly or indirectly, own an interest in the Funds or certain co-investment vehicles. Any co-investment vehicles may invest in one or more of the same portfolio companies as the Funds.

Co-invest opportunities are also be presented to certain personnel and/or affiliates of Thoma Bravo, as well as third party investors, service providers and other persons, and such co-

investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, the Funds frequently invest together with other entities advised by an affiliated adviser of Thoma Bravo in the manner set forth in the Limited Partnership Agreements. Thoma Bravo will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and the Thoma Bravo Investment Allocations/Co-Investment Policy. In the case of co-invests, Thoma Bravo grants certain third party investors the opportunity to evaluate specified amounts of prospective co-investments in certain Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Thoma Bravo and its affiliates, principals and employees carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and expect to give advice and recommend securities to vehicles that differ from advice given to, or securities recommended or bought for, the Funds, even though many their investment objectives are the same or similar. The operative documents and investment programs of certain Funds occasionally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives or advisory committees) in such Funds. However, Thoma Bravo may or may not, in its sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

## **BROKERAGE PRACTICES**

Thoma Bravo focuses on investing in securities of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer are typically not be retained. Thoma Bravo also engages in “take-private” negotiated transactions involving securities of public companies and in which the services of a broker-dealer are typically not be retained. However, Thoma Bravo has and may in the future also acquire public securities through market purchases, distribute securities to investors in the Funds or sell such securities, including through use of a broker-dealer. Although Thoma Bravo does not intend to regularly engage in public securities transactions, to the extent it does so, it will follow the brokerage practices described below.

If Thoma Bravo sells publicly traded securities for a Fund, it will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Thoma Bravo may consider a variety of factors, including: (i) execution capabilities with respect to the relevant securities or type of order; (ii) commissions to be charged; (iii) the reputation of the broker being considered; (iv) the gross compensation expected to be paid to the broker; and (v) the financial strength of the broker.

Thoma Bravo has no duty or obligation to seek 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 the clients. Although Thoma Bravo generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent.



Transactions may involve specialized services or knowledge 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 Thoma Bravo seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Thoma Bravo generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers would be used to service all of Thoma Bravo's Funds. However, subject to the relevant Limited Partnership Agreement(s), each and every research service generally is not used for the benefit of each and every Fund managed by Thoma Bravo, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

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

Thoma Bravo may purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Thoma Bravo may, but is 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 Thoma Bravo is favored over any other Fund. A failure to batch transactions may have the effect of increasing transaction costs. 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 the Funds over time.

In Thoma Bravo's private company securities transactions on behalf of the Funds, Thoma Bravo has and typically will retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Thoma Bravo may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Thoma Bravo generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the account review process is not directed toward a short-term decision to dispose of securities. However, Thoma Bravo reviews the Funds' investments to confirm that such investments are consistent with the Funds' investment strategies and objectives.

Thoma Bravo will provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Thoma Bravo and/or its affiliates provide certain business or consulting services to certain companies in a Fund's portfolio and receive compensation from these companies in connection with such services. As described in the relevant Governing Documents, this compensation, in many cases, has or will offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), payments are or will be in addition to Management Fees.

From time to time, Thoma Bravo has and likely will enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by Thoma Bravo indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, generally are borne by the relevant Fund(s) depending on the terms of a Fund's Limited Partnership Agreement.

## **CUSTODY**

Thoma Bravo has established an account with the following qualified custodians to hold funds and securities on behalf of the Funds: JP Morgan Chase Bank, N.A., 420 W. Van Buren Street, 4th Floor, Chicago, IL 60606-3534, USA; Merrill Lynch, Pierce, Fenner & Smith Incorporated, 600 California Street, 8th Floor, San Francisco, CA 94108, USA; Bank of America, N.A., 100 N. Tryon Street, Charlotte, NC 28202, USA; Societe Generale Securities Services, 18 Boulevard Royal, L-2449, Luxembourg; and U.S. Bank National Association, 190 South LaSalle, 8<sup>th</sup> Floor, Chicago, IL 60603, USA.

## **INVESTMENT DISCRETION**

Thoma Bravo has discretionary authority to manage investments on behalf of the Funds. As a general policy, Thoma Bravo does not allow limited partners to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, Thoma Bravo enters into Side Letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are or will be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or any other reason.

agreed to by Thoma Bravo and such limited partner. Thoma Bravo assumes this discretionary authority pursuant to the terms of the Limited Partnership Agreements.

### **VOTING CLIENT SECURITIES**

Thoma Bravo has adopted Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for a Fund’s portfolio investments. The Proxy Policy seeks to ensure that Thoma Bravo votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Thoma Bravo generally believes its interests are aligned with those of a Fund’s 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 that there is a conflict of interest in voting proxies, the Proxy Policy permits Thoma Bravo to address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory committee on the proposed proxy vote. Thoma Bravo does not consider service on portfolio company boards by Thoma Bravo personnel or Thoma Bravo’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Thoma Bravo when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Thoma Bravo’s complete Proxy Policy or information regarding how Thoma Bravo voted proxies for particular portfolio companies, may contact Steven A. Schwab, Director, Legal and Chief Compliance Officer, at (312) 254-3327, and it will be provided at no charge.

### **FINANCIAL INFORMATION**

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

## **SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF THOMA BRAVO**

### **Seth Boro**

#### *Educational Background and Business Experience*

Seth Boro, born September 17, 1975, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, in 2005 after receiving an MBA from the Stanford Graduate School of Business. He previously was part of the investment team at Summit Partners, a leading private equity firm ("Summit"), where he was involved in private equity investments in the technology and business services sectors. Seth also worked as an analyst with investment bank Credit Suisse in Toronto. He became a partner at Thoma Bravo in 2010 and a Managing Partner in 2013. He earned his undergraduate degree from Queen's University School of Business, Kingston, Ontario, Canada.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Boro.

#### *Other Business Activities*

Mr. Boro is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

#### *Additional Compensation*

Mr. Boro does not receive any additional compensation that is required to be disclosed.

#### *Supervision*

As a managing partner of Thoma Bravo, Mr. Boro is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Boro with respect to Thoma Bravo's Investment Adviser Compliance Program.

### **Orlando Bravo**

#### *Educational Background and Business Experience*

Orlando Bravo, born September 23, 1970, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, shortly after its formation and subsequently developed Thoma Bravo's leadership position in software and technology investing. Over the past several years, he has led or co-led most of Thoma Bravo's software and related buyouts and major add-on acquisitions and has become recognized as one of the leading private equity investors in the sector. Mr. Bravo previously worked in the Mergers & Acquisitions group of Morgan Stanley & Co. based in New York. He received an MBA degree from the Stanford Graduate School of Business, a law degree

from Stanford Law School and an undergraduate degree in Economics and Political Science from Brown University.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Bravo.

*Other Business Activities*

Mr. Bravo is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

*Additional Compensation*

Mr. Bravo does not receive any additional compensation that is required to be disclosed.

*Supervision*

As a managing partner of Thoma Bravo, Mr. Bravo is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Bravo with respect to Thoma Bravo's Investment Adviser Compliance Program.

**S. Scott Crabill**

*Educational Background and Business Experience*

S. Scott Crabill, born February 7, 1970, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, in 2002 from the Palo Alto, CA office of Summit, where he invested in and worked with companies in various sectors, including software, technology and business services. Previously, he was with the private equity firm of J.H. Whitney & Co., Stamford, CT, where he was active in middle-market buyouts and growth equity financings across a wide range of industries. He also worked at Hewlett-Packard as a product manager and at Alex. Brown & Sons in corporate finance and in mergers and acquisitions. Mr. Crabill earned a BS degree in Industrial Engineering from Stanford University and an MBA degree from the Stanford Graduate School of Business.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Crabill.

*Other Business Activities*

Mr. Crabill is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

*Additional Compensation*

Mr. Crabill does not receive any additional compensation that is required to be disclosed, except for the receipt of residual economic payments due him from his tenure at Summit.

#### *Supervision*

As a managing partner of Thoma Bravo, Mr. Crabill is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Crabill with respect to Thoma Bravo's Investment Adviser Compliance Program.

### **Lee M. Mitchell**

#### *Educational Background and Business Experience*

Lee M. Mitchell, born April 16, 1943, participated in forming both Thoma Bravo and, Thoma Cressey Bravo, its predecessor entity and previously was a partner in Golder, Thoma, Cressey, Rauner, which he joined in 1994 after a career in law, business and investment management. As a partner of Sidley & Austin, Mr. Mitchell specialized in corporate and regulatory matters. He later became CEO of what was then one of the country's largest privately-held communications companies, where he directed investments in media, publishing and marketing services. He has served as chairman of the Chicago Stock Exchange and is a trustee of Northwestern University (where he chaired the Investment Committee), a director of Northwestern Memorial Hospital Corp. of Chicago (where he is a member of the Investment Committee) and a member of the board and officer of the Illinois Venture Capital Association. Mr. Mitchell is a graduate of Wesleyan University and the University of Chicago Law School.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Mitchell.

#### *Other Business Activities*

Mr. Mitchell is a director of SBH, a portfolio company of certain Funds managed by Thoma Bravo and an investment adviser registered with the Securities and Exchange Commission; CRD no. 106505. Mr. Mitchell is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

#### *Additional Compensation*

Mr. Mitchell does not receive any additional compensation that is required to be disclosed.

#### *Supervision*

As a managing partner of Thoma Bravo, Mr. Mitchell is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Mitchell with respect to Thoma Bravo's Investment Adviser Compliance Program.

## **P. Holden Spaht**

### *Educational Background and Business Experience*

P. Holden Spaht, born July 11, 1974, joined Thoma Cressey Bravo, Thoma Bravo's predecessor entity, in 2005 from Morgan Stanley, where he had been with the investment bank's corporate finance department in San Francisco and, previously, with its private equity investment firm, Morgan Stanley Capital Partners, in London. He also has experience as part of the investment team at Thomas H. Lee Partners and at the Morgan Stanley Real Estate Fund. He became a partner in Thoma Bravo in 2010 and a Managing Partner in 2013. Mr. Spaht has an AB degree in Economics from Dartmouth College, where he was a Fulbright Scholar, and an MBA from the Harvard Business School.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Spaht.

### *Other Business Activities*

Mr. Spaht is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

### *Additional Compensation*

Mr. Spaht does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a managing partner of Thoma Bravo, Mr. Spaht is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Spaht with respect to Thoma Bravo's Investment Adviser Compliance Program.

## **Carl D. Thoma**

### *Educational Background and Business Experience*

Carl D. Thoma, born October 12, 1948, is a co-founder of Thoma Bravo and each of its predecessor firms. He began his career with First Chicago Equity Group where he helped build what then was one of the largest and most active private equity investment firms in the country. In 1980, he established Golder, Thoma & Co. with Stanley Golder. Over the next 18 years, that firm (later known as Golder, Thoma, Cressey, Rauner and commonly referred to as GTCR) raised and invested a series of five successful private equity funds. Mr. Thoma co-founded Thoma Cressey Equity Partners (later renamed Thoma Cressey Bravo) in 1998 and raised and co-managed three additional funds. With Orlando Bravo and the other managing partners at that time, he then co-founded Thoma Bravo. Mr. Thoma has served as president of the National Venture Capital Association and chair of the Illinois Venture Capital Association. He received an MBA from the Stanford Graduate School of Business and a BA from Oklahoma State University.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Thoma.

### *Other Business Activities*

Mr. Thoma is a director of SBH, a portfolio company of certain Funds managed by Thoma Bravo and an investment adviser registered with the Securities and Exchange Commission; CRD no. 106505. Mr. Thoma is not engaged in any investment-related business outside of his roles with Thoma Bravo and its affiliated investment advisers.

### *Additional Compensation*

Mr. Thoma does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a managing partner of Thoma Bravo, Mr. Thoma is part of a team that is responsible for leading the investment activities of Thoma Bravo, but is not subject to the business supervision of any single individual. The Chief Compliance Officer supervises the activities of Mr. Thoma with respect to Thoma Bravo's Investment Adviser Compliance Program.