

Audax Management Company, LLC

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Part 2A of Form ADV: Firm Brochure
March 29, 2019

This brochure provides information about the qualifications and business practices of Audax Management Company, LLC. If you have any questions about the contents of this brochure, please contact us at compliance@audaxgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Audax Management Company, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This brochure contains additional information on fees and expenses (including expenses charged to the investment vehicles we advise), risk factors, and conflicts of interest. This Form ADV Part 2A was last updated and filed with the SEC on March 30, 2018.

Item 3. Table of Contents

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IMPORTANT NOTE ABOUT THIS BROCHURE

This brochure is not:

- **an offer or agreement to provide advisory services to any person;**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any fund or pooled investment vehicle; or**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship, fund or investment vehicle.**

To the extent required by the US Investment Advisers Act of 1940, as amended (the “Advisers Act”), the Adviser (as defined below) provides this brochure to current and prospective clients and may also, in its discretion, provide this brochure to current or prospective investors in a fund or pooled investment vehicle, together with the fund’s offering documents, SEC filings (if applicable), organizational documents, or other related documents, prior to, or in connection with, such person’s investment in such fund or investment vehicle. Additionally, this brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available brochure describes investment advisory services and products, persons who receive this brochure should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this brochure will differ from information provided in relevant governing or offering documents. More complete information about each client engagement, fund, or investment vehicle is included in the relevant governing and/or offering documents.

In no event should this brochure be relied upon in determining whether to invest in a fund or investment vehicle managed by the Adviser or to otherwise engage the Adviser as an investment adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents will govern and control.

Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means Audax Management Company, LLC, a Delaware limited liability company, together (where applicable) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates are under common control with Audax Management Company, LLC and possess a substantial identity of personnel and/or equity owners with Audax Management Company, LLC. Such affiliates are typically formed for tax, regulatory, or other purposes in connection with the organization of the Funds, or may serve as general partners (“General Partners”) of the Funds.

The Adviser provides investment supervisory services to pooled investment vehicles (each a “Fund” and, collectively, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives, guidelines, and restrictions, investments are generally made in a broad range of companies doing business globally. The Adviser’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of or realizing such investments.

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

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds. The individual needs of the investors in the Funds are not the basis of investment decisions by the Adviser. Other services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, are generally established in the organizational or offering documents of the applicable Fund and/or side letter agreements negotiated with investors in the applicable Fund.

The principal owners of Audax Management Company, LLC are Geoffrey S. Rehnert and Marc B. Wolpow. As indicated on Form ADV Part 1A, the principal owners hold their interest directly or indirectly through one or more intermediary entities. The Adviser has been in business since July 1999. As of December 31, 2018, the Adviser’s regulatory assets under management were \$8.26 billion, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from each Fund. Additionally, consistent with the organizational documents of a Fund, the Fund typically bears certain out-of-

pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

As compensation for investment advisory services rendered to the Funds, the Adviser receives from each Fund an advisory fee (each, an “Advisory Fee”). In certain cases, Advisory Fees paid by a Fund are reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments (as described below). Advisory Fees paid by a Fund are indirectly borne by investors in such Fund. Certain Funds, primarily Co-Investment Vehicles (as defined below), do not pay an Advisory Fee.

In addition, the Adviser and its affiliates expect to perform transaction-related, financial advisory, and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, restructurings, public offerings, sales, divestments and similar transactions (“Transaction Fees”).

The Adviser and its affiliates expect to also receive monitoring fees (“Monitoring Fees”) pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies.

In addition to Transaction Fees and Monitoring Fees, the Funds expect to receive fees from certain prospective portfolio companies, including commitment fees, breakup fees, and litigation proceeds, with respect to transactions not consummated (“Breakup Fees” and together with Transaction Fees and Monitoring Fees, “Deal Fees”). The amount and timing of Deal Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction. In certain cases, the Adviser will allocate such Deal Fees across all Funds, including Co-Investment Vehicles that the Adviser selected as proposed investors with respect to such proposed transactions, in proportion to the amount each such Fund planned to invest. In other cases, the Adviser will allocate such amounts disproportionately to such Funds that are not Co-Investment Vehicles (any such disproportionate allocation to such Funds, “Excess Deal Fees”).

In addition, the Adviser and its affiliates expect to receive fees in connection with serving on the board of directors of a portfolio company (“Directors Fees”) and together with Transaction Fees, Monitoring Fees and Breakup Fees, the “Other Fees”). For a discussion of material conflicts of interest created by the receipt of such fees, please see Item 11 below.

Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto), or otherwise. Although these Other Fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid (if any) by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Generally, under the terms of the applicable

organizational documents, for purposes of calculating any Advisory Fee offset these Other Fees are offset net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. In certain Funds, any unused portion of aggregate offset amount will not be given back to a Fund's investors at the end of the Fund's term. Accordingly, those investors will not receive the full benefit of the offset. Because certain Funds do not pay Advisory Fees, any such reduction will not benefit such Funds; moreover, any such reduction of a Fund's Advisory Fees may be limited to the extent of such Fund's proportionate interest in any such portfolio company.

A portfolio company will also reimburse the Adviser for certain expenses incurred by the Adviser in connection with its performance of services for such portfolio company including, without limitation: travel expenses (including for corporate, chartered or first class commercial air travel, private ground transportation, cars outside normal business hours, and lodging and accommodations); meals (including premium meals and meals outside normal business hours) and entertainment expenses; social and entertainment events with portfolio company management, customers, clients, borrowers, lenders, brokers, service providers, and portfolio company suppliers, prospective suppliers, and customers; expenses relating to training programs, meetings, or other events (to the extent such programs, meetings or events are attended by portfolio company personnel); expenses relating to hiring portfolio company personnel (including background checks, recruiting, and relocation expenses); deal specific research and diligence; accounting, legal, tax consulting, technology, and other professional services; and any other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio company, including follow-on investments and re-financings. Such reimbursed expenses are generally not included in the definition of "Other Fees" under the terms of the applicable organizational documents and such reimbursements are not subject to the sharing arrangements described above and thus, would not reduce the Advisory Fees paid (if any) by the applicable Fund.

The Adviser and its affiliates also engage and retain advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. Such payments or allocations can include, cash fees, transaction fees, profits or equity interests in a portfolio company, or other compensation. In such circumstances, no such amounts will be deemed paid to or received by the Adviser or its affiliates and such amounts will not be subject to the sharing arrangements with the Funds described above.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the Fund, and are set forth in the Fund's Advisory Agreement and/or organizational documents. Except as provided in the applicable Advisory Agreement or Fund organizational document, the Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser only in its sole discretion, whether voluntarily or on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund. In addition, the Adviser may enter into economic and/or other fee sharing arrangements with respect to one or more Funds and/or certain investors thereof, the rights of which will generally not be made

available to other investors. For example, the Adviser may offer a discount for investors participating in a Fund's initial closing, or investors that make a certain minimum level of capital commitment.

Advisory Fees, if paid by a Fund, are deducted from the assets of the Fund, or may be called as capital from Fund investors, in each case on a quarterly basis in advance.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a pro rated basis, based on the time elapsed in the applicable fee period, except to the extent otherwise requested by certain investors.

The Adviser expects to waive or reduce all or a portion of any Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and/or certain employees and affiliates of the Adviser to invest in or alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees may not be subject to various offsets or the reductions described above. In addition, depending on the organizational documents of the applicable Fund, investors for whom the Advisory Fee has been waived may or may not benefit from any accrued offsets and reductions to the extent such amounts are not distributed to investors upon liquidation of the relevant Fund.

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

Each Fund generally will bear all other expenses relating to it or its subsidiaries' activities, business, portfolio companies, or actual or potential investments, to the extent not reimbursed by its portfolio companies (as discussed above), including, but not limited to: (i) all fees, costs, expenses, liabilities and obligations attributable to identifying, investigating, structuring, sourcing, organizing, acquiring, financing, refinancing, restructuring, managing, monitoring, operating, holding, taking public or private, valuing, winding up, liquidating, dissolving and disposing of the Fund's investments (including follow-on investments, investments that may have been offered to co-investors and refinancings); (ii) expenses related to indebtedness of, or guarantees made by, the Fund, the Adviser, or a General Partner or an affiliate on behalf of the Fund (including any credit facility, letter of credit or similar credit support), as well as any expenses incurred in seeking to put in place any such indebtedness or guarantee; (iii) legal, accounting, auditing, consulting (including consulting and retainer fees paid to consultants performing investment initiatives and other similar consultants), tax preparation, preliminary deal sourcing and market research in connection with pursuing investment opportunities that the Adviser believes may be beneficial to the Fund, printing, investment banking, commitment fees, software (including accounting, treasury management and similar software), research (including consultations with industry experts and data and information service subscriptions), financing, real estate title, appraisal, third-party valuations, regulatory, compliance, administrative filing

and other fees and expenses (including expenses associated with the preparation and maintenance of the Fund's books and records, financial statements, capital accounts, tax returns and Schedule K-1s, tax estimates and filings, and third party service fees related to the foregoing, including expenses of third-party administration firms), travel (including for corporate, chartered, or first class commercial air travel, and private ground transportation, meals, lodging and accommodations), brokerage and finders' fees, custody, transfer, registration, depository (including a depository appointed pursuant to applicable law), insurance premiums (including director and officer or general partner liability insurance and insurance of which the Adviser and its affiliates are beneficiaries), interest, and other similar fees and expenses; (iv) administration and similar services (including legal entity management, execution and recordkeeping, investor account maintenance, investor reporting, accounts payable and billing, investor diligence, and data collection and management); (v) expenses related to allowing the Fund, the related General Partner or their affiliates to comply with non-U.S. and U.S. federal, local and state laws and regulations during the term of the applicable Fund (including expenses incurred to comply with the requirements of the AIFMD, as implemented in any relevant jurisdiction (and including any secondary legislation, rules and/or associated guidance) and any related requirements), other than as incurred to register and maintain the registration of the Adviser as an investment adviser under the Advisers Act); (vi) expenses related to transactions not consummated (including, accounting, auditing, insurance, consulting (including consulting and retainer fees paid to any consultants performing investment initiatives and other similar consultants), travel, advisory, brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination, entity formation, legal (including legal expenses incurred in connection with claims or disputes related to such unconsummated investments), and other fees and expenses) generated in the course of evaluating and making proposed investments, as well as sourcing add-on acquisitions for existing portfolio companies (including investments for which the Adviser had selected any applicable Fund as a proposed investor but that are not consummated as well as expenses relating to transactions that have been syndicated or offered to but not taken by co-investors, or for which a syndication or co-investment was believed necessary in order to consummate such transaction) ("Broken Deal Expenses"); (vii) expenses of the Fund's advisory boards and annual meetings of the limited partners (in each case including the costs related to set-up, speaker fees, honorarium, dining, entertainment, and travel expenses); (viii) expenses for sponsored conferences for the CEOs, CFOs, and other management and executive personnel of the Fund's portfolio companies based on the portfolio companies participating (in each case including the costs related to set-up, speaker fees, honorarium, dining, entertainment, and travel expenses); (ix) fees, costs and expenses related to the organization or maintenance of any intermediary entity used to acquire, hold or dispose of an investment or to otherwise facilitate a Fund's investment activities; (x) expenses associated with the Fund's compliance with applicable laws and regulations, including regulatory filings as they relate to the Fund's activities, out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of the Fund or the Adviser that are attributable to the operation of such Fund or requested by one or more investors in the Fund; (xi) taxes, fees and other governmental charges levied against the Fund and expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; (xii) expenses incurred in connection with the termination, liquidation, winding up or dissolution of the Fund; (xiii) expenses incurred in connection with amendments to the constituent documents of the Fund; (xix) expenses incurred in connection with complying with provisions of investor side letter agreements, including "most

“favored nation” provisions; (xx) the costs associated with any amendments, modifications, revisions or restatements to the governing documents or the Fund; (xxi) and other expenses associated with the holding, monitoring and disposition of the Funds’ investments, including extraordinary expenses (such as litigation, if any) and taxes, fees or other governmental charges levied against the Funds. The Funds also generally bear their organizational and offering expenses.

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses will be the obligation of one particular Fund and will be borne by such Fund or expenses may be allocated among multiple Funds and entities. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

The manner in which expenses will be allocated between a Fund, a Co-Investment Vehicle and the Adviser is summarized in the Advisory Agreement and/or the organizational and offering documents of such Fund or Co-Investment Vehicle, as well as the Adviser’s policies and procedures. To the extent not addressed in the organizational documents of a Fund or Co-Investment Vehicle, the Adviser will make any such expense allocations in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not necessarily reflect the relative benefit derived by such Fund from that service in any particular instance. The manner in which such expenses are allocated involves inherent matters of discretion (e.g., in determining whether to allocate pro rata based on number of Funds or Co-Invest Vehicles receiving related benefits, proportionately in accordance with the amount of assets held, or in some other manner). The Funds have different expense reimbursement terms, including with respect to Advisory Fee offsets, which will result in the Funds bearing different levels of expenses with respect to the same investment.

Advisory Fees are not typically reduced by amounts received by the Adviser from a Fund portfolio company for services provided to the portfolio company in the ordinary course of business. However, monitoring fees, consulting fees, and other similar fees received from a portfolio company in connection with a Fund’s investment therein will reduce the Advisory Fees to the extent specified in the relevant Fund’s organizational documents.

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation or other fees. Such fees and expenses associated with such services (such as finder’s fees) will be allocated to the applicable Fund(s), consistent with the allocation process described above. Certain individuals engaged to perform such deal-sourcing services may be retained by the acquired portfolio company, including in an executive capacity or as a consultant for such company.

Additionally, please see Item 6 below regarding “Carried Interest” that Funds will pay.

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds or their portfolio companies, when a broker is used in connection with an investment by a Fund, such Fund will incur brokerage and other transaction costs. Where a broker-dealer is used in connection with a particular portfolio company's follow-on acquisitions, the applicable portfolio company will incur the related brokerage and transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

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

Incentive fees may cause the Adviser to favor or recommend investments that are riskier than investments that would have been recommended without an incentive fee. In addition, the payment by some, but not all, Funds of Carried Interest, or the timing of payments of Carried Interest paid at the same percentage rate, may create an incentive for the Adviser (an affiliate of each General Partner) to disproportionately allocate time, services, or functions to Funds paying Carried Interest (or paying at a higher effective rate), or to allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by (a) provisions restricting the Adviser and its principals from establishing a new investment fund with objectives substantially similar to those of the applicable Fund until the earlier of (i) the end of the Fund's investment period or (ii) such time as the applicable Fund is invested or committed beyond a percentage set forth in the organizational documents of such Fund (including amounts reserved for follow-on investments and reasonably anticipated expenses and liabilities or reserves of the applicable Fund) and/or (b) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously. Additionally, the Adviser periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below, for additional information regarding how conflicts of interest are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partner of each Fund, if applicable) and not individually to investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally "qualified purchasers" as defined in the 1940 Act (or, in the case of certain Co-Investment Vehicles, generally to "accredited investors" as defined in the Securities Act of 1933), and include, among others,

pension and profit sharing plans, university endowments, corporations, high net worth individuals, banks, thrift institutions, trusts, estates, charitable organizations, limited partnerships, and limited liability companies or other entities. In the case of certain Co-Investment Vehicles, the investors will include personnel of the Adviser and related trusts and other entities established for estate planning purposes, as well as service providers of the Adviser or portfolio companies.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments will be established for investors in the Funds. The General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

Methods of Analysis and Investment Strategies

The Adviser's investment strategy may vary somewhat from Fund to Fund, but, generally, the Adviser seeks to invest in control leveraged transactions of lower middle market companies (typically platform companies with revenue between \$50 million and \$200 million). The Adviser's strategy is to acquire lower middle-market companies and to build and improve them until they can be sold at attractive multiples of higher levels of earnings. The Adviser generally focuses on companies that present opportunities to "Buy & Build" a scale platform through add-on acquisitions and launching new operations, implementing revenue initiatives and operational improvements, and professionalizing the business. The Adviser seeks to invest in growing, niche market leaders whose management teams seek an experienced, strategic partner to help the company succeed in achieving its next stage of growth.

Risks

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

In addition, material risks relating to one or more of the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following, each of which is described in more detail in the applicable Fund's offering documents:

- *Business Risks.* A Fund's investment portfolio may consist primarily of securities issued by privately held companies, and operating results in a specified period may be difficult to predict. Such investments involve a high degree of business and financial risk that may result in substantial losses.
- *Key-Person Risk.* The Adviser is subject to the risk that it may lose the services of key personnel, and it may be difficult or disruptive to replace the experience of key personnel

and the relationships developed by such personnel with other professionals and financial institutions.

- *Future and Past Performance.* The performance of the Adviser's senior investment professionals' and the Advisers' prior investments is not necessarily indicative of a Fund's future results. While the Adviser intends to make investments that have estimated returns commensurate with the 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 a Fund 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 an investment once made.
- *Concentration of Investments.* A Fund will participate in a limited number of investments and the Adviser may seek to make several investments in one industry or one industry segment. As a result, each Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or an industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may be invested in fewer portfolio companies and thus be less diversified. Due to such concentration, a Fund's portfolio may be subject to larger and more rapid changes in value.
- *Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity or debt transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. A Fund will be competing with other private investment vehicles, as well as individuals, financial institutions, and other institutional investors.
- *Dynamic Investment Strategy.* While the Adviser generally intends to seek attractive returns for a Fund primarily through making control-oriented, private equity investments as described herein, the Adviser may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The Adviser may pursue investments outside of the industries and sectors in which the senior investment professionals have previously made investments or have internal operational experience.
- *Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. A Fund may continue to hold illiquid investments at the end of the Fund's scheduled term, which could require such term to be extended. Before such time, there may be no current return on the investment. Furthermore, the expenses of

operating a Fund (including the Advisory Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

- *Leveraged Investments.* Each Fund expects to make use of leverage by incurring or having portfolio companies incur debt to finance a portion of a Fund's investment in portfolio companies. Leverage generally magnifies both the opportunities for gain and the risk of loss from a particular investment. The cost and availability of leverage is dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to a Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. In addition, this leverage could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market.

In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of a Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by a Fund's General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Furthermore, each Fund expects to use credit facilities for the purchase or implementation of certain investments or for other portfolio management purposes. Should such credit facilities be utilized, a Fund would incur additional interest and other expenses with respect to such facilities. Any such credit facility provider that permits a Fund to borrow may accept Fund assets as collateral for such credit facility and may be permitted to require the sale or liquidation of Fund assets held by it as collateral, after default by the Fund pursuant to the agreement with such credit facility provider. Events of default under any such credit facility may include, among other things, failure to pay amounts due under such credit facility, failure to inform the credit facility provider of certain events with respect to a Fund, failure to provide the credit facility provider with certain periodic reports and financial statements, breach by the Fund of other

representations and covenants contained in credit facility documentation and other similar terms. In such instances, the credit facility provider may take any such action without notice to the Fund or its General Partner. If any such credit facility provider were to require the Fund to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of the Fund and have adverse tax and economic effects on the Fund.

- *Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a Fund's investments and therefore, most of a Fund's investments will be difficult to value.
- *Reliance on the Adviser and Portfolio Company Management.* A Fund's future profitability will depend largely upon the business and investment acumen of its senior investment professionals. The loss or reduction of service of one or more of those professionals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Fund's senior investment professionals currently, and are expected to in the future, manage other investment funds besides the Fund and those professionals may need to devote substantial amounts of their time to the investment activities of such other funds, which would pose conflicts of interest in the allocation of their time. Although a Fund's General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although a Fund's General Partner generally intends to invest each Fund in companies with experienced management or to recruit experienced 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
- *Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's or the Adviser's activities, including the ability of a Fund effectively and in a timely manner address such regulations, implement operating improvements, or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various market commentators and the public perception that certain alternative asset managers, including private equity firms, contributed to recent downturns in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in structuring, completing, or exiting investments than it otherwise would have. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including Carried Interest allocated to the Fund's General Partner) as ordinary income for U.S. federal income tax purposes. Under current law such income is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or

after the initial closing of a Fund, could adversely affect the principals, employees or other individuals associated with a Fund or the Fund's General Partners who were or may in the future be granted direct or indirect interests in the General Partner of a Fund entitling such persons to benefit from Carried Interest at lower tax rates. This may reduce such persons' after-tax returns from a Fund and its General Partner, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund.

- *Need for Follow-On Investments.* Following an initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under the applicable debt documents, or for other reasons). There is 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 decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.
- *Non-U.S. Investments.* A Fund expects to invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or its Partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or its Partners. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions, and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.
- *General Partner's Carried Interest.* The fact that a Fund's General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause a Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

- *Public Company Holdings.* A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject a 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 a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including those affiliated with the Adviser, and increased costs associated with each of the aforementioned risks.
- *Director Liability.* A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.
- *Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increased the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or a general economic downturn may have an adverse effect upon a Fund's portfolio companies. In addition, recent presidential and congressional elections may result in a number of changes to U.S. and non-U.S. fiscal, tax and other policies, as well as the lending environment generally. In December 2017, President Trump signed into law a tax bill that is considered the most significant overhaul of the Code in the last 30 years. These changes and other changes may significantly impact the U.S. and global financial markets and the execution of a Fund's strategy.
- *Non-Controlling Investments.* A Fund may hold non-controlling interests in portfolio companies and, therefore, the Adviser may have a limited ability to protect the Fund's position in such portfolio companies and to influence such companies' management. However, the Adviser generally will seek significant minority protections and governance rights in respect of such non-control investments. Certain of these positions may be minority positions in companies for which the Fund has no right to appoint a

director or otherwise exert significant influence or protect its position. In such cases, the Fund will rely significantly on the management teams and boards of directors of such companies, which may include representation by other parties whose interests may conflict with the interests of the Fund. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

- *Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology it determines to be appropriate based on accounting guidance and the applicable nature, facts, and circumstances of the respective investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. Third-party pricing information, including valuations of comparable companies, will be limited regarding most of each Fund's assets. The exercise of discretion in valuation by the Adviser will give rise to conflicts of interest, as valuations impact the Adviser's track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance calculations.
- *Cybersecurity Risk.* The Adviser, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity

breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, or adverse investor reaction or litigation.

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

- *Tax Reform Risk.* President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act"). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. In addition, although not free from doubt, the Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Significant uncertainties remain regarding the application of the provisions of the Tax Act that affect the taxation of carried interest. Enactment of this legislation could cause the Adviser's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser's ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives the Adviser an incentive to cause a Fund to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

The Adviser is affiliated with other related investment advisers registered with the SEC under the Advisers Act, pursuant to the Adviser's registration in accordance with SEC guidance. These advisers consist of the entities listed in Section 7.A of Schedule D of the Adviser's Form ADV Part 1A. These affiliated investment advisers operate as a single advisory business together with the Adviser and serve as managers or General Partners of Funds and other pooled vehicles (and accounts) and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Affiliated Advisers

The Adviser currently has affiliated advisers, including Audax Management Company (NY), LLC (“AMC (NY)”). AMC (NY) provides investment supervisory services to (i) investment vehicles that are exempt from registration under the 1940 Act and whose securities are not registered under the Securities Act, (ii) a BDC regulated under the 1940 Act, whose securities are not registered under the 1933 Act, and (iii) other institutional clients in separately managed accounts. AMC (NY) provides investment advice principally regarding senior and subordinated debt securities and other junior securities of middle market companies.

The Funds may from time to time participate in transactions alongside clients of AMC NY. For a description of material conflicts of interest created by the relationship among the Adviser and AMC NY, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, principals, officers, and employees, as well as to certain officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon request to: compliance@audaxgroup.com.

Participation or Interest in Client Transactions

Certain employees and affiliates of the Adviser are expected to invest in the Funds, either through the General Partners, as direct investors in Funds that also include third-party investors, via separate Co-Investment Vehicles, or otherwise. A Fund or its General Partner, as applicable, expects to reduce all or a portion of the Advisory Fee and/or Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a secondary transaction) or a Portfolio Co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

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

The Adviser will, from time to time, establish certain investment vehicles through which certain employees, business associates, other “friends of the firm,” or other persons invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as “Co-Investment Vehicles,” will in certain circumstances be contractually required, as a condition of investment, to purchase and exit their investments in certain investment opportunities at substantially the same time and on substantially the same terms as the applicable Fund that is invested in that investment opportunity. Co-Investment Vehicles do not generally pay investment Advisory Fees or Carried Interest.

Resolution of Conflicts

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

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

- Many important conflicts of interest involving the Funds will be resolved by set procedures or restrictions;
- Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser; the advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest; on any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- The Adviser has adopted and implemented policies and procedures designed to reduce certain conflicts of interest (such as, conflicts screening, ethical “walls,” and information barriers to mitigate conflicts of interest arising from the activities of certain business units and funds advised by AMC (NY); policies and procedures governing the allocation of expenses, and the fair allocation of investment opportunities; gifts, political contributions, and outside business activity disclosure policies; and policies and procedures addressing cross-trades and principal transactions);
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In certain instances, some of these conflicts of interest are expected to be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

Conflicts

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

Allocation of Investment Opportunities Among Funds and Allocation of Co-Investment Opportunities and Secondary Transactions

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

- The Funds and funds advised by the Adviser’s affiliates, which may include funds organized as parallel investment entities that have been formed to invest side-by-side with one or more of the Funds (either in all transactions entered into by such Funds or in

a limited subset of such investments) as well as Funds formed for investments by certain professionals employed by the Adviser;

- Any Co-Investment Vehicles that have been formed to invest side-by-side with one or more other Funds in all, or particular transactions entered into by such Funds (the investors in such Co-Investment Vehicles may include individuals and entities that are also investors in one or more Funds (“Adviser Investors”) and/or individuals and entities that are not investors in any Funds (“Third Parties”));
- Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds; and
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

In recognition of its fiduciary duties, it is the policy of the Adviser to treat Funds fairly and equitably in the allocation of investment opportunities over time and in transactions more generally. The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain Co-Investment Vehicles with investments contractually tied to other Funds. Investment Allocation Requirements are generally set forth in a Fund’s limited partnership agreement. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

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

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Funds.
- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Fund to such Fund resulting in excluding or limited participation by other Funds.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory, and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds that are able to participate in a particular investment have been identified, the Adviser will exercise its judgment in deciding how to allocate such investment opportunity among the identified Funds in a fair and equitable manner. In allocating such investment opportunity, the Adviser may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each Fund's investment objectives and investment focus;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Each Fund's targeted rate of return;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;
- Industry and other allocation targets;
- Whether an investment opportunity requires additional consents or authorizations from the Funds, investors or Third Parties;
- Whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- Minimum and maximum investment size requirements;
- Each Fund's liquidity and reserves;
- Each Fund's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- Tax implications;
- Legal, contractual, or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents of each Fund.

In exercising its discretion to allocate investment opportunities and fees and expenses among Funds, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense, and compensation structures, the Adviser may have an incentive to allocate investment opportunities

to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation, or other benefit. The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund, or (iii) any person's interest in offering or participating in Portfolio Co-Investment opportunities outside of any Fund.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any opportunity to invest directly in any current, past, or prospective Fund portfolio company (a "Portfolio Co-Investment"), (ii) decisions regarding whether and to whom to offer Portfolio Co-Investment opportunities, as well as the applicable terms on which a Portfolio Co-Investment opportunity is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) Portfolio Co-Investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons and the consideration of the factors set forth herein may result in certain investors receiving multiple opportunities to co-invest while other expressing interest in co-investments may receive none, (iv) certain persons other than investors in the Funds (e.g., consultants, persons associated with a portfolio company, Co-Investment Vehicles, or Third Parties) will, from time to time, be offered Portfolio Co-Investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors may purchase their interests in a Portfolio Co-Investment opportunity at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing "sell down" or transfer). Additionally, non-binding acknowledgements of interest in Portfolio Co-Investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a Portfolio Co-Investment opportunity.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more Portfolio Co-Investment investors pursuant to the procedures included in such Funds' organizational documents/side letter agreements and as set forth in the following paragraphs. In addition, a Portfolio Co-Investment opportunity may be offered to a co-investor in a portfolio company that is being sold, or has recently been sold, by a Fund.

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

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise, and other resources) to efficiently and expeditiously participate in the Portfolio Co-Investment opportunity with

the relevant Funds without harming or otherwise prejudicing such Funds, in particular when the Portfolio Co-Investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);

- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the Portfolio Co-Investment in order to permit such potential co-investment party to evaluate the Portfolio Co-Investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential Portfolio Co-Investment opportunities previously offered by the Adviser, and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the potential Portfolio Co-Investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a potential Portfolio Co-Investment opportunity or the possession of certain expertise by a potential co-investment party and the potential co-investment party's chemistry with the management team of the potential Portfolio Co-Investment Opportunity and whether the potential co-investment party has any existing positions in the potential Portfolio Co-Investment Opportunity;
- Any interests a potential co-investment party has in any competitors of a potential Portfolio Co-Investment opportunity;
- The Adviser's awareness of whether the Portfolio Co-Investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality reporting, public relations, media, or other burdens that make it less likely that the other account or person would act upon the Portfolio Co-Investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed Portfolio Co-Investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential Portfolio Co-Investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating Portfolio Co-Investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing, or similar benefits) to current or future Funds of the

Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of current or future Funds and/or the Adviser.

- The interest a potential co-investment party has in participating in Portfolio Co-Investment opportunities in portfolio companies a Fund has sold and which may no longer be within the stated core strategy of a Fund.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances.

The Adviser's exercise of its discretion in allocating Portfolio Co-Investment opportunities with respect to a particular investment among the persons, including the Funds, Co-Investment Vehicles, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons. While the Adviser will determine how to allocate Portfolio Co-Investment opportunities using its judgment there can be no assurance that a Fund's actual allocation of a Portfolio Co-Investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist. In addition, a Portfolio Co-Investment opportunity in a portfolio company a Fund is exiting will generally only be offered to one or more potential co-investment parties after the Adviser has determined that the Fund should no longer make follow-on investments in the portfolio company and should seek to exit the investment. However, there can be no assurance that the decision to exit the investment will not be influenced by the conflicts of interest discussed herein.

In the event the Adviser determines to offer a Portfolio Co-Investment opportunity to co-investors, there can be no assurance that the closing of such Portfolio Co-Investment will be consummated in a timely manner, that the Portfolio Co-Investment will take place on the terms and conditions that will be preferable for the Fund, or that expenses incurred by the Fund with respect to the syndication of the Portfolio Co-Investment will not be substantial. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective.

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to the applicable organizational documents, the Adviser may charge (or may decide not to charge) a co-investor (such as an Adviser Investors or Third Parties) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

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

The appropriate allocation between Funds (including Co-Investment Vehicles), Adviser Investors and Third Parties of Broken Deal Expenses and fees generated in the course of evaluating and making proposed investments which are not consummated, will be determined by the Adviser and its affiliates in their good faith discretion. In some cases, certain Funds, excluding any Co-Investment Vehicles, will be allocated Broken Deal Expenses that are greater than their pro rata share thereof, but not in an aggregate amount greater than the aggregate Excess Deal Fees previously allocated to them. In such cases, Broken Deal Expenses are not expected to be allocated to Co-Investment Vehicles. In other cases, Broken Deal Expenses will be allocated across all Funds, including Co-Investment Vehicles, that the Adviser selected as proposed investors with respect to the applicable proposed investments, in proportion to the amount each such Fund planned to invest.

There will be occasions when the Adviser pays an expense common to multiple Funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such Funds participate). On such occasions, each Allocated Fund will reimburse the Adviser for its share of such expense, without interest (provided, however, that the Adviser may not require certain Co-Investment vehicles to provide such reimbursements).

In addition, principal executive officers and other personnel of the Adviser invest indirectly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund-by-Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

If the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's organizational documents, the Adviser will consider factors similar to the factors listed above in exercising such discretion. Subject to any restrictions in the organizational documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Adviser Investors or Third Parties to potentially acquire the interest being transferred.

Conflicts Related to Purchases and Sales

Conflicts arise when a Fund makes investments in conjunction with an investment being made by other Funds or a client of the Adviser's affiliate, or in a transaction where another Fund or client of such an affiliate has already made an investment. Investment opportunities are, from time to time, appropriate for Funds and/or clients of the Adviser's affiliate at the same, different, or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company and particularly in the case of financial distress of the portfolio company. Questions may arise as to whether payment obligations and covenants

should be enforced, modified, or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company.

Certain clients of the Adviser's affiliates are expected to invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund will at times be in conflict with the interest of such other Fund or client of the Adviser's affiliate, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors and in certain circumstances, Funds or clients of the Adviser's affiliate may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and, if provided, each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser or its affiliates in a portfolio company also raises the risk of using assets of a client of the Adviser or its affiliates to support positions taken by other clients of the Adviser or its affiliates. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to a Fund.

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

Employees and related persons of the Adviser and its affiliates have made and will make capital investments in or alongside certain Funds or clients of the Adviser's affiliates as well as investments in vehicles (including private funds) sponsored by potential competitors, and therefore will have additional conflicting interests in connection with those investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflicts not existed.

A Fund may invest in opportunities that other Funds or clients of the Adviser's affiliate have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds or clients of the Adviser's affiliate have invested.

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the Adviser's General Counsel, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the investment adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Funds regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents, and related documents relating to the Funds generally contain additional restrictions on the ability of such Funds or the Adviser to engage in principal transactions.

Management of the Funds

The Adviser manages a number of Funds that have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any

such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Funds and Allocation of Co-Investment Opportunities and Secondary Transactions*” above. Those conflicts are mitigated by certain restrictions on the establishment of new investment funds. See “*Item 6. Performance-Based Fees and Side-By-Side Management*” above. The Adviser may give advice or take actions with respect to the investments of a Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives, or strategies. In addition, a Fund may not be able to invest through the same investment vehicles, or have access to similar credit, or utilize similar investment strategies as another Fund. These differences may result in variations with respect to returns, price, leverage, and associated costs of a particular investment opportunity.

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

In addition, the Adviser receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances include material non-public information received or generated in connection with efforts on behalf of one Fund’s investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser enters into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. The Adviser may use this information in a manner that provides a material benefit to the Adviser, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. The Adviser may also utilize such information to benefit the Adviser, its Affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds.

The Funds may enter into borrowing or indemnification arrangements that require the Funds to be jointly and severally liable for the applicable obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount.

Follow-on Investments

Investments to finance follow-on acquisitions present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on investments by one Fund in a portfolio company in which another Fund or a fund advised by an affiliate of the Adviser has previously invested. In addition, a Fund may participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund or a fund advised by an affiliate of the Adviser has already invested or will invest. Conflicts of interest are expected to

arise, including determinations of whether existing investors are receiving a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the Adviser's Related Persons

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

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

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

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

Fee Structure

For each Fund that pays Advisory Fees, there is a fixed investment period after which capital from investors in the Fund may be drawn down only in limited circumstances. Because the Advisory Fees of such Funds are, at certain times during the life of the Funds, based upon capital invested by the Funds, the fee structure of the Funds may create an incentive to deploy capital when the Adviser may not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of the Funds are entitled to Carried Interest under the terms of the limited partnership agreements of the Funds. Such General Partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest may create an incentive for the Adviser to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Fund-Level Borrowing

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay advisory fees, to make or facilitate new or follow-on investments, to fund the closing of an investment in advance of the receipt of capital contributions from investors, or to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would generally be used for all limited partners in such Fund on a pro-rata basis, in proportion to their respective capital commitments, including the general partner, and may remain outstanding for an extended period before the Fund call capital from its limited partners. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

Although borrowings by a Fund have the potential to enhance overall returns that exceed the Fund's cost of funds (including interest rate, lender fees and transaction costs), such borrowings increase the potential exposure of the Fund to a particular investment above the level that the Fund would typically have if the Fund invested only its own equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. In addition, borrowings by the Fund can be secured by capital commitments made by Fund investors to the Fund as well as by the Fund's assets and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of leverage by the Fund may cause the realization of "unrelated business taxable income."

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly or indirectly through the Fund facility, such Fund's investors generally make correspondingly later capital contributions, but the Fund will typically bear the expense of interest on such borrowed funds. As a result, such Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than they otherwise would be without fund-level borrowing. Such calculations generally depend in part on the amount and timing of capital contributions. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by such Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings. In addition, where a portfolio company borrows funds directly or indirectly through the Fund facility, the applicable Fund may charge the portfolio company borrower higher interest rates than the interest rate the Fund pays pursuant to such financing facility, among other things, to help offset origination and other facility costs.

Related Services

As described in Item 5 above, the Adviser and its affiliates expect to perform related services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to the Adviser. Additionally, a portfolio company will reimburse the Adviser for expenses (as described in Item 5 above) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements would not reduce the Advisory Fees paid (if any) by the applicable Fund. This creates a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these fees and expense reimbursements may be substantial and the Funds and their investors generally do not have an interest in these expense reimbursements. The Adviser determines the amount of these fees for related services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser and its affiliates will in some circumstances reduce the amount of Advisory Fees paid (if any) by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as the Co-Investment Vehicles and investors in the Funds) may have a right to share in such fees, and Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

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

Diverse Membership

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

Business with and Among Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of recommending the services of a portfolio company to other portfolio companies. The Adviser will have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

The Adviser may have an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

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

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

favor of another company offering the same product or service at a lower price, increasing its own prices or commencing litigation against another portfolio company.

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

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

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Representatives of the advisory committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be members of another Fund's advisory committee. Votes with respect to matters where such Funds have a conflict of interest may arise. In such instances, such committee members will not typically recuse themselves from any such vote.

Service Providers

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations be outsourced in whole or in part to third parties in the discretion of the Adviser or its affiliates. The Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, information technology, license software as a service, depository, data processing, client relations, administration and accounting (at any level in a Fund's structure), custodial, accounting, legal and tax support, and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will be borne by the Funds.

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

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

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be

obtained from another person. While the Adviser often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which the Adviser receives more favorable service rates or arrangements than the Funds or their portfolio companies.

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

Affiliations with Portfolio Companies

Employees of the Adviser will serve as officers or directors of, be observers on the board with respect to, or otherwise may be affiliated with, portfolio companies. While conflicts of interest will arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected the interests will be aligned. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Such employees are required to remit any remuneration they may receive as directors for the benefit of the applicable Fund. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management, or other fees personally from portfolio companies.

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

From time to time employees of the Adviser may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such employee's employment with the Adviser. In such circumstances, any compensation received by the applicable Adviser employee is not subject to the Advisory Fee offset described above, or otherwise shared with such Fund and its investors.

Side Letter Agreements

The Adviser will enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, preferential economic rights, information and reporting rights, waiver of certain confidentiality obligations, coinvestment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights, and liquidity or transfer rights. Except as otherwise agreed with an investor, the Adviser (or applicable General

Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Advisory Affiliates

As described in Item 10 above, the Adviser's investment adviser affiliates have their own clients. Although these affiliates focus primarily on a different investment strategy than the Adviser, clients of the Adviser and these affiliates may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Interests of the Adviser's clients may therefore conflict with the interests of the clients of these affiliates. For instance, see "*Allocation of Investment Opportunities Among Funds and Allocation of Co-Investment Opportunities and Secondary Transactions*" and "*Conflicts Related to Purchases and Sales*" above for more information.

Other Potential Conflicts

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

The Adviser and the Funds will often engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds and the portfolio companies of the Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser, on the one hand, and the Funds and portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points"

or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit the Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

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

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

The Adviser has in the past, and will in the future, cause one or more Funds to bear an allocable share of premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partners of such Funds, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the applicable Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis in accordance with the Adviser’s policies and procedures. The Adviser may also make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different

allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Certain employees of the Adviser provide research, administrative, reporting and similar services to the Co-CEOs of the Adviser and certain of their family members and investment research and analysis to the Co-CEOs, in each case with respect to personal investment activities. Such services could potentially present a conflict of interest between the Adviser and the Funds. However, the Adviser believes any potential conflicts of interest are substantially mitigated because (i) the investments are not investments that would be suitable for a Fund, (ii) the investments are subject to an internal restricted list, (iii) the investments are reportable by the Co-CEOs and subject to preclearance pursuant to the Code of Ethics, (iv) such employees are not involved in the provision of investment advice to the Funds and (v) such employees do not have investment discretion with respect to such personal investment activities.

The Adviser may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time, the Adviser may serve as advisor to creditor or equity committees. This involvement, for which the Adviser may be compensated, may limit or preclude the flexibility that Funds may otherwise have to make investments.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

Although the Adviser expects that such activity would occur rarely, if ever, partnership agreements (or analogous organizational documents) of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner's share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the General Partners and the limited partners of the applicable Fund, because the General Partner may have an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the General Partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners). Furthermore, the General Partner, or its affiliates, may from time to time receive distributions in kind from an investment disposition. In the event the General Partner, or its affiliates, receive such a distribution, the General Partner may act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the General Partner shall determine. The ability of the General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund.

The partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund's General Partner to withhold certain information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

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

Item 12. Brokerage Practices

As the Funds invest primarily in private transactions, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Funds, the Adviser has (subject to the direction and control of a Fund's General Partner), sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's Finance team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of electronic communications networks when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's Finance team, in consultation with the Adviser's Compliance Group, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

Aggregation of Trades

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

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

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid, and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed regularly by teams of investment professionals (which include Managing Directors) to evaluate whether each investment is delivering the expected results.

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 90 days after the fiscal year end of such Fund, as well as unaudited quarterly performance reports within 45 days after the end of the first three fiscal quarters of each year. The Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

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

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

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

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

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

Funds generally cannot direct the Adviser’s Vote.

All voting decisions initially are referred to the Adviser’s General Counsel or appropriate investment professional for a voting decision. In most cases, the Adviser’s General Counsel or investment professional will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available

to him or her. If the investment professional is making the voting decision, the investment professional will inform internal counsel of any such voting decision, and if internal counsel does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and internal counsel are unable to arrive at an agreement as to how to vote, then internal counsel may consult with the Adviser's Chief Operating Officer as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

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

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

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies and procedures are available to Fund upon written request to: compliance@audaxgroup.com.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.