

BDT Capital Partners, 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 BDT Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at compliance@bdtcap.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 BDT Capital Partners, 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 is filed as the annual update to the Form ADV Part 2A of BDT Capital Partners, LLC. BDT Capital Partners, LLC last filed its Form ADV Part 2A with the SEC on March 29, 2018. This brochure contains routine updates from the last filed Form ADV Part 2A, as well as certain other updates, including those regarding fees and expenses, and conflicts of interest.

Item 3. Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
Item 1.	Cover Page.....	1
Item 2.	Material Changes.....	2
Item 3.	Table of Contents.....	3
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	5
Item 6.	Performance-Based Fees and Side-By-Side Management	10
Item 7.	Types of Clients.....	10
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9.	Disciplinary Information	19
Item 10.	Other Financial Industry Activities and Affiliations	19
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
Item 12.	Brokerage Practices	39
Item 13.	Review of Accounts.....	40
Item 14.	Client Referrals and Other Compensation.....	40
Item 15.	Custody.....	40
Item 16.	Investment Discretion.....	41
Item 17.	Voting Client Securities.....	41
Item 18.	Financial Information	42
Item 19.	Requirements for State-Registered Advisers.....	42

Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means BDT Capital Partners, LLC, a Delaware limited liability company, together (where the context permits) with its affiliated general partners and managing members (hereinafter together referred to collectively as “general partners”) of the Funds (as defined below) and any other affiliates that provide investment management services to and/or receive investment management fees from the Funds. Such affiliates may or may not be under common control with BDT Capital Partners, LLC, but possess a substantial identity of personnel and/or equity owners with BDT Capital Partners, LLC. These affiliates will be formed for tax, regulatory or other purposes in connection with the organization of the Funds, or will serve as general partners of the Funds.

The Adviser provides investment management services to investment vehicles (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”). Fund investments will be made in privately-held or publicly-traded companies and are likely to include minority investments and control stakes, opportunistic investments in public and private debt, equity, hybrid securities, options and warrants as well as participating in “going private” transactions. In accordance with the Funds’ respective investment objectives, investments are generally made in family, founder and entrepreneur-controlled companies across a broad range of industries and geographic regions. The Adviser’s investment advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser serves as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment management services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment manager and advisory, investment management or portfolio management agreements (each, a “Management 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 limited partners or members (hereinafter together referred to collectively as “investors”) in the Funds. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund or Management Agreements (such documents collectively, a Fund’s “Organizational Documents”).

The direct owners of BDT Capital Partners, LLC are BDT Partners, LP and BDTP GP, LLC. The Adviser has been in business since 2009. As of December 31, 2018, the Adviser manages a total of \$15,907,258,611 of client assets, which includes uncalled commitments, co-investment amounts and undistributed capital that has been redeployed, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Management Fees and Carried Interest (each as defined below) from a Fund. A Fund and/or its portfolio companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies. 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.

Management Fees

As compensation for investment management services rendered to certain of the Funds, the Adviser receives a management fee (a “Management Fee”) which may be calculated based on committed capital, called capital, and/or remaining invested capital with respect to such Fund, as set forth in the applicable Fund’s Organizational Documents. Management Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Management Fees paid by a Fund, where applicable, are borne by investors in such Fund, subject to certain exceptions for investors affiliated with the general partner or the Adviser and as otherwise set forth in the Fund’s Organizational Documents. Notwithstanding that certain investors in the Funds that are affiliates of the Adviser, including partners, managing directors, or principals of the Adviser (collectively, the “Adviser principals”) generally will not pay Management Fees, they will pay for their pro rata share of certain Fund expenses.

Management Fees billed to and received from the Funds are due as set forth in the Organizational Documents or as otherwise deemed appropriate from time to time by the applicable general partner; provided, that in no event shall the Management Fees be paid to the Adviser six months or more in advance. Upon termination of a Management Agreement, Management Fees that have been prepaid generally will be returned on a prorated basis.

The precise amount of, and the manner and calculation of, the Management Fee for each Fund where applicable are established by the Adviser, and are set forth in such Fund’s Organizational Documents and/or other documentation received by each investor prior to investment in such Fund. Fees may differ from one Fund to another, as well as among investors in the same Fund, based on, among other things, their relative contributions to certain of the Funds or affiliation with the Adviser or its portfolio companies and may not be disclosed to other investors in the same Fund. Some Funds may not pay Management Fees. The fee structures described herein may be modified from time to time.

Any directors’ fees, “break-up” fees or similar fees earned or received by the Adviser (excluding, for the avoidance of doubt, fees received by members of the Senior Advisory Council of the Adviser or any Operating Partner) in connection with actual or prospective investments by the Fund generally are expected to be credited to the benefit of the Fund. The amount and manner of such credit, if any, is set forth in the Fund’s Organizational Documents and/or other documentation received by each investor prior to investment in such Fund.

Other Fees

Fees Payable by the Portfolio Companies or their Affiliates

The Adviser and its affiliates may perform advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or their affiliates, 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, private placements, public offerings, sales, divestments or other dispositions and similar transactions with respect to such portfolio companies. These fees may be substantial. Although these fees are distinct from and in addition to the Management Fee, they are not borne directly by the investors. The Adviser could in some circumstances reduce the amount of Management Fee or expenses paid by the applicable Fund in connection with the receipt of such fees or arrange for a portfolio company to credit the Fund with capital usage fees which may have the effect of reducing the cost basis of a Fund investment in such portfolio company. The amount and manner of such reduction is set forth in the Organizational Documents of the applicable Fund or security investment documents of a portfolio company.

Additionally, a portfolio company may reimburse the Adviser for expenses, including without limitation (i) travel and travel-related expenses, which may include expenses for commercial and non-commercial transportation costs (including chartered or private plane travel (charged at a commercial equivalent rate), first class or business class travel and private car travel), lodging and accommodations, (ii) meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), (iii) expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), (iv) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), (v) indemnification expenses, (vi) certain legal expenses and similar out-of-pocket expenses, and (vii) consulting fees and other cash and non-cash compensation and expenses incurred by the Adviser in connection with its performance of services for such portfolio company. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

In addition, the Adviser or its employees, on behalf of Adviser, may receive stock of a portfolio company due to service of an employee of the Adviser on the board of such portfolio company. In the event of such a distribution or receipt of stock, the recipients, or Adviser, with respect to stock received as a transaction fee, may act in their own interest with respect to the shares of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such recipient, or the Adviser, shall determine. The ability of such recipients, or the Adviser, with respect to stock received as a transaction fee, to act in their own interest with respect to such distributed shares creates a conflict of interest between the Adviser, as an adviser to the Fund, and its related persons, on the one hand, and the Fund.

Generally, and except as otherwise set forth in the Organizational Documents of a Fund or the security investment documents of a portfolio company, the Adviser will ultimately bear all fees and out-of-pocket expenses of any placement agent that solicits investors for the Funds. The Funds

will bear certain legal and other expenses, including the out-of-pocket expenses of the applicable general partner, incurred in the formation of the Funds up to an amount, if any, as set forth in the Organizational Documents of the applicable Fund. Organizational expenses in excess of this amount, if any, ultimately will be borne by the Adviser.

Expenses

Adviser Expenses

To the extent provided in the Management Agreements and other Organizational Documents of the Funds, the Adviser will bear the general overhead expenses of the Fund's general partner and the Adviser, including salaries, bonuses and benefits of employees of the Fund's general partner and the Adviser (other than Carried Interest described in Item 6 below), rent, certain entertainment and travel, office furniture, fixtures and computer equipment and the Adviser's allocable share of costs and expenses of the Senior Advisory Council of the Adviser.

Fund Expenses

Consistent with the Organizational Documents of the Funds, each Fund will bear out-of-pocket costs and expenses of or for (a) organization of the Fund and offering of interests in the Fund (including printing and postage expenses, fees and disbursements of attorneys, accountants and other professionals, and other out-of-pocket fees and expenses, but excluding any placement fees) (subject to offset against any Management Fees payable, to the extent set forth in the Fund's Organizational Documents); (b) maintaining the organizational existence of the Fund; (c) the Fund's administrators, custodians, outside counsel, consultants (including but not limited to, Operations Expenses (as defined below)) as well as fees payable to Operating Partners (as defined below), and consulting and advisory fees, which may be incurred by a Fund for the benefit of an investment), finders, accountants, investment bankers and other similar outside advisors; (d) brokerage, sale and depository expenses (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive); (e) sourcing, investigating, identifying, analyzing, pursuing, negotiating, consummating, acquiring, financing, holding, monitoring, managing and selling any actual or potential investments for the Fund (regardless of whether such investments are consummated); (f) holding, managing or selling investments, including record-keeping expenses; (g) financial, tax and other reporting to the investors and of any meetings of the foregoing and of the Fund's advisory committee (including set up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses); (h) any taxes, fees or other governmental charges of the Fund; (i) the Management Fee; (j) the organization, management and operation of any alternative investment vehicle; (k) all other costs, obligations, liabilities and expenses of the Fund (whether paid directly by the Fund or by the Fund's general partner) (such as costs of insurance, costs of litigation, or other matters that are the subject of indemnification or contribution, the repayment of (or otherwise making payments in respect of) indebtedness incurred by the Fund, the Fund's allocable share of any costs and expenses of the Senior Advisory Council of the Adviser and the costs of winding-up and liquidating the Fund (but excluding expenses otherwise payable by the Adviser pursuant to the Fund's Management Agreement and other Organizational Documents of the Fund); (l) expenses associated with a 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 a Fund or the Adviser that are attributable to the operation of such Fund or requested by one or more investors in a Fund), (m) expenses incurred in connection with complying with provisions in investor side letter agreements, including “most favored nation” provisions; and (n) any other costs and expenses incurred by or on behalf of the Fund.

From time to time, the general partner of a Fund may create certain “special purpose vehicles” or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors (“SPVs”). In the event the general partner creates an SPV, consistent with the Organizational Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization, formation, operational and other expenses, including, for instance, rent, overhead and compensation (including base salary and bonus) of employees associated with the SPV incurred solely for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund.

Co-Investment Vehicle Expenses

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors alongside the Fund, may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in the making an investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses). Additionally, if a proposed transaction is not consummated and a co-investment vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs may be borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, rather than the co-investment vehicle or other co-investor. Similarly, co-investment vehicles are not typically allocated any share of “break-up” fees paid or received in connection with such an unconsummated transaction. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, costs and expenses relating to such co-investment vehicle may, in certain situations, be borne by another Fund or Funds, regardless of whether such proposed transaction is consummated.

Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses, any travel and travel-related and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investments, any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and

judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

Allocation of Expenses

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be allocated among multiple Funds and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser will 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 will have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Organizational Documents or, to the extent not addressed in such Organizational Documents, generally pro rata based on the investment of each Fund.

The appropriate allocation between Funds and other persons of Dead Deal Costs will be determined by the Adviser in accordance with the applicable Organizational Documents and the Adviser's policies and procedures governing the allocation of fees and expenses related to investment opportunities. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund. Such expenses typically are not allocated to co-investment vehicles.

With respect to allocating other expenses among Fund(s), co-investment vehicles, Adviser principals and/or third parties, as appropriate, to the extent not addressed in the Organizational Documents of a Fund, the Adviser will make any such allocation determination 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 reflect the relative benefit derived by such Fund from that service in any particular instance.

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

Brokerage Fees

Although the Adviser does not generally utilize the services of third-party broker-dealers to effect securities transactions for the Funds, if it does so, expenses that would otherwise be payable by the Fund may be reduced through the use of commission dollars, as discussed in Item 12 below. In the event that the Adviser chooses to use a broker-dealer in connection with an investment by a Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Carried Interest Payments

Please see Item 6 below regarding “Carried Interest” that Funds may pay.

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

For Funds subject to performance based fees as set forth in their Organizational Documents, generally, once a Fund has distributed to its investors their funded commitments, exclusive of Management Fees, plus a return on their funded commitments as set forth in the Fund’s Organizational Documents, a portion of the profits of the Fund is distributed to its general partner, if any, as “carried interest” (the “Carried Interest”) in accordance with the Fund’s Organizational Documents. Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund, where applicable, is indirectly borne by investors in such Fund who are not affiliated with the Adviser as outlined in the Fund’s Organizational Documents.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Organizational Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. In certain cases, a Fund has in the past and may distribute equity interests in a portfolio company or related entity in satisfaction of the general partner’s Carried Interest. If that is the case, the Adviser may have different incentives regarding the timing or manner of realization of an investment than if the Carried Interest had remained allocated within such Fund structure.

Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment management services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the applicable general partner of each such Fund) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, institutions, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund. Investors with investment commitments below certain thresholds may incur Management Fees that are greater than the Management Fees paid by other investors.

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

Methods of Analysis and Investment Strategies

The Adviser principally focuses on situations where the Adviser believes it can provide attractive capital solutions to family, founder and entrepreneur-controlled companies. The Funds seek to make opportunistic investments across a broad range of industries and geographic regions, with investment guidelines that provide structuring flexibility. The Adviser’s affiliated financial services business occasionally generates investment opportunities for the Funds.

Fund investments will be made in privately-held and/or publicly-traded companies and are likely to include minority investments and control stakes, opportunistic investments in public and private debt, equity, hybrid securities, options and warrants as well as participating in “going private” transactions. The Adviser anticipates that many of the Funds’ investments will be structured with a longer maturity profile than is typical of private equity benchmarks. The Adviser expects to commit to certain investments on behalf of one or more Funds with a maturity profile of seven to thirteen years or more, although some investments will likely be shorter holds while others could potentially be longer.

Other than with respect to one Fund formed to invest solely in the interests of a third-party-managed private equity fund that follows its own, similar process, the investment process for the Funds involves careful investment review and detailed due diligence, including an analysis of the competitive industry landscape, assessment of the management team and ownership structure, financial, accounting and tax review, legal and insurance due diligence and financial analysis. Throughout the entire evaluation process and prior to entering into any definitive agreement, transactions are reviewed and ultimately approved by the Adviser’s Investment Committee. The Adviser’s Investment Committee meets generally on a weekly basis with ad hoc sessions as needed, and maintains a dialogue on investments, active deals, and the longer-term investment pipeline while participating in active monitoring, valuations and portfolio review sessions. The Adviser anticipates that the Funds’ investment portfolios will be comprised of majority and minority positions in private and/or public investments across a range of structured and unstructured securities.

Risks

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

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

Financial Market Fluctuations

The Funds' investment programs are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Funds operate may undergo substantial changes. General fluctuations in the market prices of securities may affect the value of the portfolio companies and instability in the securities markets will also likely increase the risks inherent in the portfolio companies. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of the Funds. The ability to realize investments held by the Funds depends not only on such investments and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that the Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when the Adviser believes it is most advantageous to do so. Volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio companies. The Funds may be adversely affected to the extent that they seek to dispose of any of their investments into an illiquid or volatile market, and a Fund or the Adviser may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. The portfolio companies may depend on the availability of capital financed from third parties and to the extent such capital is not available, those of the portfolio companies that rely on such capital may be adversely impacted in a manner that they would not have been had they been able to access such capital. In addition, political measures taken in response to market practices or economic instability in the United States or abroad may have an adverse impact on the portfolio companies.

Valuation of Assets

There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser applies a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to detailed 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 as which such securities may ultimately be sold. Third-party pricing information will at times not be available regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser may give rise to conflicts of interest as valuations impact the Adviser's track record. The performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance fees.

Risk of Equity Investments in Private Companies; Non-Controlling Interests

The Funds' investment portfolio is expected to consist primarily of securities issued by privately held companies. Generally, there will be no readily available market for trading such securities, which will limit the ability to monetize and value such investments. In addition, equity securities, even structured equity securities, are among the most junior in a company's capital structure and are subject to the greatest risk of loss. In general, the Fund will not seek collateral to protect an investment. Accordingly, the Funds' investments will involve a high degree of business and financial risk that can result in substantial losses, including loss of principal. There can be no assurances that any targeted rate of return will be achieved. In addition, it is expected that the Fund will often hold minority stakes in privately held companies. 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.

Limited Operating History; Past Performance Not Indicative

Certain of the Funds have limited operating history and will be entirely dependent on the Adviser. There can be no assurance that the Funds' investments will achieve results similar to those achieved by any previous investments. In addition, the Funds' investments may differ from previous investments in a number of respects. The performance of previous investments is not necessarily indicative of future results.

Dependence on Key Personnel

The success of the relationship-based investment strategy utilized by the Funds depends in substantial part upon the individual Adviser principals and their skill and expertise. However, there can be no assurance that all of the Adviser principals will continue to be associated with the Adviser throughout the life of a Fund or that replacements will perform well. The loss of any one Adviser principal could materially and adversely affect the Funds and the performance of their investments.

Future Investments Unspecified

In order to enable the Funds to invest opportunistically across asset classes, industries and geographical regions, and consistent with the Funds' Organizational Documents, the Funds have retained significant flexibility in the types of investments that the Funds will be able to make. Investors in a Fund must rely solely on the Adviser with respect to the selection, amount, and character of investment and economic merits of each potential investment. No assurance can be given that a Fund will be successful in obtaining suitable investments or in achieving any of a Fund's objectives.

Long-Term Nature of Investment; Illiquidity of Investments

An investment in a Fund requires a long-term commitment, with limited or no liquidity opportunities and no certainty of return. The return of capital and the realization of gains and other income, if any, from an investment may not occur until a number of years after such investment is made, if at all. It is not generally expected that the disposition of an investment will occur for a number of years after the initial investment is made. The Adviser will have sole and absolute discretion in structuring, negotiating, purchasing, financing and eventually divesting investments on behalf of a Fund subject to the provisions of the Fund's Organizational Documents. It is anticipated that many of a Fund's investments will be structured with a longer maturity profile than is typical of private equity benchmarks, which may further limit liquidity realization.

Reinvestment

Subject to the terms of the applicable Fund's Organizational Documents, proceeds from realized investments of a Fund may be retained and reinvested by such Fund as determined by the Adviser or used by such Fund as determined by the Adviser for any other proper purpose. Accordingly, to the extent such retained amounts are reinvested, investors will remain subject to investment and other risks associated with such investments.

Regulatory Risk

The Funds may invest in regulated portfolio companies that are subject to any number of governmental licenses, permits or other approvals. A Fund may need the consent or approval of applicable regulatory authorities in order to acquire particular portfolio companies. Such regulatory authorities may also be required to approve or consent to certain aspects of a Fund's sale of such investments. In addition, the adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have an adverse effect on a Fund's investments. Such changes could necessitate the creation of new business models and the restructuring of investments to satisfy regulatory requirements, which may be costly and/or time-consuming. In connection with the regulatory approval, licensing or review process for any portfolio company, disclosures and other undertakings may be required from or in respect of the existing or prospective owners of such portfolio company, potentially including a Fund or in turn the investors in such Fund. Additionally, failure to obtain, or a delay in obtaining, certain required permits or approvals could hinder operation of a portfolio company and result in fines or additional costs for such entity, which could have an adverse effect on a Fund. Finally, investment in regulated portfolio companies may result in: (i) certain investors in the Fund being excused or excluded from participating in such investments in consultation with the Adviser as a result of the effects of such participation on such investors and/or the Fund, and/or (ii) limiting the Fund's ability to make other investments and/or take certain actions in connection with its investment activities.

Non-United States Investments

The Funds may invest in companies that are organized or headquartered or have substantial sales or operations outside of the United States. Such investments may be subject to certain additional risk 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 the Fund), the application of complex United States and non-United States tax rules to cross-border investments, possible imposition of non-United States taxes on the Funds and/or the investors with respect to the Funds' income, and possible non-United States tax return filing requirements for the Funds and/or the investors. Additional risks of non-United States investments may include, without limitation: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-United States companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to United States companies.

Fund Structure

The Funds include entities organized outside of the United States and which may be treated as partnerships or corporations for U.S. federal income tax purposes. In addition, the investors include taxable and tax-exempt entities and persons or entities organized in various jurisdictions. As a result, certain Funds and investors may be subject to additional risks, including with respect to application of non-U.S. laws, rules or regulations. Furthermore, certain Funds and investors may have differing return characteristics.

Competitive Market for Investment Opportunities

The activity of opportunistically identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. While the Adviser believes that there are currently available attractive investments of the type in which the Funds intend to invest, there can be no assurance that such investments will continue to be available or that then available investments will meet a Fund's investment criteria as such availability generally will be subject to market conditions.

Limited Number of Investments; Lack of Diversity

Except as set forth in a Fund's Organizational Documents, a Fund is under no obligation to diversify its investments, whether by reference to the amount invested or the industries or geographical areas in which the investments are made. Accordingly, a Fund will participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single investment, although certain Funds' Organizational Documents restrict the size of any single investment based on the total capital commitments or total investments. On any given investment, loss of all or a portion of the original amount of the investment is possible. Investors in a Fund have no assurance as to the degree of diversification in the Fund's investments, whether by geographic region, industry, asset or transaction type. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, the Funds expect to make a number of investments for which third party financing will be desirable but not necessarily available at the time of investment. There is significant risk that

such financing may never become available, or that a refinancing will not be able to be completed on desirable terms. This could result in a Fund having a variety of unintended long-term investments and/or reduced diversification.

Leverage; Borrowing by the Fund or its Subsidiaries

A Fund may utilize leverage for short-term borrowing or otherwise for the purpose of paying Fund expenses and/or providing interim financing for portfolio investments prior to the making or payment of capital contributions, to the extent such leverage is available on appropriate terms and in accordance with the Fund's Organizational Documents. To the extent leverage can be obtained and is utilized, such leverage will introduce risk of unavailable refinancing and increase the exposure of an asset to adverse economic factors such as rising interest rates, further downturns in the economy or deterioration in the condition of the investment. A Fund will also be permitted to guarantee or provide credit support or similar assurances in respect of the obligations of its portfolio companies and, accordingly, the Fund may be materially and adversely affected to the extent such guarantees, support or assurances are called upon, including upon an event of default by any portfolio company in respect of any such obligations.

Contingent Liabilities on Disposition of Assets

In connection with the disposition of assets, an investment in a portfolio company or any other investment, a Fund may be required to make representations and warranties about the business and financial affairs and other aspects (such as environmental, property, tax, insurance and litigation) of itself and its assets, such portfolio company (or its assets) or such investment typical of those made in connection with the sale of a business or a portfolio of assets. A Fund also may be required to indemnify the purchasers of such assets or investments to the extent that any such representations and warranties are inaccurate or with respect to certain potential liabilities. These arrangements may result in the occurrence of actual and/or contingent Fund liabilities for which the Adviser may need to establish reserves or escrows or delay the receipt of consideration paid in connection with such disposition. In that regard, investors in a Fund may be required to return amounts distributed to them to fund obligations of the Fund, including indemnity obligations, subject to certain limitations set forth in the Fund's Organizational Documents.

Investments Longer than Term

A Fund may make investments which may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Due to the fact that the Adviser has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. Distributions in kind, which may be made in lieu of any such disposition, could consist of assets or securities for which there is no readily available public market.

Reliance on Portfolio Company Management

Generally, a portfolio company's day-to-day operations are the responsibility of its management team. There can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with a Fund's plans and/or objectives and the Fund may have limited approval rights over the decisions made by the management team. In

addition, to the extent a Fund does not acquire controlling rights in a portfolio company, its ability to influence the management team may be further limited.

Uncertainty of Financial Projections

A Fund may rely upon projections developed by the Adviser or a portfolio company concerning the portfolio company's future performance, cash flow and operating results as well as projections prepared by third parties. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and the portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements, and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values and cash flow.

Additional Capital

Portfolio companies may require additional financing (including leverage) from sources outside a Fund to satisfy their capital requirements. The amount of additional financing needed will depend upon the business objectives and strategy of the particular company. The availability of capital may be a function of capital market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately its capital requirements or that additional funds will be available from the desired sources or from any sources or on terms favorable to the portfolio companies.

Market Conditions

Any change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of a Fund's investments. A Fund's performance can be affected by deterioration in public markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of a Fund's investments and its overall performance. The value of any publicly traded securities held by a Fund may be volatile. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. Additionally, general fluctuations in market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments.

Currency Transactions

The Funds may buy or sell currencies, forward currency contracts, currency futures contracts, swaps and related options on currencies for hedging or currency risk management purposes in connection with its investment activities, although the Funds are under no obligation to fully hedge, or to hedge at all, any currency exposure. Derivative instruments, including options, futures, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. These risks include market risk, management risk, counterparty risk, documentation risk, liquidity risk and leverage risk.

Alternative Investment Fund Managers Directive

The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no relief is available: (i) the Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the Adviser may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the Adviser may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of capital commitments.

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, 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, 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

A broad-based reform of the Internal Revenue Code of 1986, as amended (the “Code”) went into effect 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. Changes to the Code made by the Tax Act include treating carried interest as short-term capital gain for U.S. federal income tax purposes if certain new holding period requirements are not met. These new holding period requirements could create a conflict of interest as the tax position of the Adviser may differ from the tax position of the investors. In addition, while the Adviser expects to hold investments for between seven and thirteen years this holding period may, in certain instances, be shorter. However, the new requirements could affect decisions relating to investments and dispositions, including the structure of investments and the timing and structure of dispositions by the Funds, which could adversely affect returns for investors. In addition, these new holding period requirements could subject employees or other individuals who hold direct or indirect interests in the Adviser to higher rates of U.S. federal income tax on such carried interest than was the case under prior law. This could make it more difficult for the Adviser to incentivize, attract and retain individuals to perform services for the Funds.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various entities serve as general partners of the Funds, and the Adviser serves as the manager of such general partners. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Related Broker-Dealers

The beneficial owners of the Adviser are also beneficial owners of BDT & Company, LLC (CRD No. 150459), a broker-dealer registered with the Securities and Exchange Commission. In addition, certain Adviser principals and employees are registered representatives or registered principals of BDT & Company, LLC. For a description of material conflicts of interest created by the Adviser’s relationship with BDT & Company, LLC, as well as a description of how such conflicts are handled, please see Item 11 below.

The beneficial owners of the Adviser are also beneficial owners of the two designated members of BDT & Company International, LLP, an affiliated U.K. IFPRU 50K firm authorized and regulated by the Financial Conduct Authority. The material conflicts of interest created by the Adviser’s relationship with BDT & Company International, LLP will be substantially similar to the material conflicts of interest described for BDT & Company, LLC.

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 every Adviser principal and employee as well as every natural person (whether or not an employee of the Adviser) who is subject to the Adviser's supervision and control who (i) has access to nonpublic information regarding a Fund's purchase or sale of securities, (ii) is involved in making securities recommendations to a Fund, or (iii) has access to securities recommendations to a Fund that are nonpublic (collectively, "Adviser Personnel").

The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are required to file certain periodic reports with the Adviser's Chief Compliance Officer ("CCO") and to annually certify compliance with the Code of Ethics. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. 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.

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

Participation or Interest in Client Transactions

The Adviser and certain Adviser principals and employees and affiliates of the Adviser may invest in the Funds, either through the general partners, as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

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

Conflicts of Interest

The Adviser and its related entities engage in a range of financial services activities, including investment activities for their own account. In the ordinary course of conducting its activities, the

interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser has in the past and may, from time to time in the future, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, or other persons, including select investors in the Funds, may invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” often are, but are not always, contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles may pay Management Fees or Carried Interest in accordance with their respective Organizational Documents. In addition, the Adviser or its affiliates may hold direct interests in a portfolio company or another related entity in lieu of holding indirect interests through the Funds.

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 subject to the Funds’ Organizational Documents. In resolving conflicts, the Adviser will 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 from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant Organizational Documents for the Funds;
- Generally, each Fund has established an advisory committee (which may be combined with the advisory committee of another Fund), 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 certain policies and procedures designed to reduce certain conflicts of interest;
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an independent third party 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 addition, certain provisions of a Fund's Organizational Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

Conflicts

The material conflicts of interest encountered by a Fund include those discussed below. Other material conflicts are disclosed throughout this brochure, including in Item 6 with respect to performance fees, and/or in a Fund's Organizational Documents.

Allocation of Investment Opportunities Among Clients

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various Funds and co-investors and other persons (including, for example, individuals and entities that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions and/or individuals or entities acting as "co-sponsors" with the Adviser with respect to a particular transaction).

The Funds are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Restrictions are generally set forth in the Fund's Organizational Documents or other agreements with investors. To the extent the Investment Allocation Requirements of a Fund do not include specific procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, which are briefly summarized below.

The Adviser must first determine which Funds will participate in an investment opportunity, based on the Fund's investment objectives, strategies and structure, and any additional factors that may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to legal and regulatory exclusions. For example, 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 will participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser will consider a wide range of factors, including but not limited to transaction sourcing, a Fund's liquidity and reserves, diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio), any "ramp-up" period of a newly established Fund; amount of capital available for investment by a Fund, the availability of other suitable investments, the seniority of an investment and other capital structuring criteria, supply or demand of an investment opportunity at a given price level, whether an investment opportunity requires additional consents

or authorizations from the Fund, investors or third-parties, risk considerations, and any relevant limitations imposed by the Fund's Organizational Documents.

In making its allocations of investment opportunities among the Funds, the Adviser will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives.

In addition, Adviser principals and employees of the Adviser invest indirectly in and may be permitted to invest directly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Allocation of Co-Investment Opportunities and Secondary Transactions

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds, or if an investment might otherwise benefit from the involvement of co-investors, in which case an investment opportunity may be offered to one or more co-investors pursuant to the procedures included in such Funds' Organizational Documents and other agreements, and as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) other than affiliates of the Fund's general partner, which in certain instances may participate in a co-investment pro rata to its commitment to the Fund, no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested, (iii) 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 (iv) certain persons other than investors in the Funds (including affiliates of the Adviser, consultants, persons associated with a portfolio company and other third parties) rather than one or more investors in a Fund, may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons and in the manner discussed above may not, and often will not, result in proportional allocations and such allocations may be more or less advantageous to some 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 investment opportunities using its reasonable judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment

opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

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

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.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, the Adviser will consider such factors as it deems relevant 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 persons to potentially acquire the interest being transferred. In addition, the Adviser or its related persons may acquire the interests being transferred in a Fund.

Conflicts Related to Purchases and Sales

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly when these clients may invest in different types of securities in a single portfolio company.

Certain Funds may invest in securities of companies in which other Funds hold securities, including equity securities. Conflicts may arise in these circumstances, particularly where the underlying company is facing financial distress. For example, conflicts of interest may arise in determining: (i) whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced; and (ii) 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. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering

into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company. The involvement of Funds at both the equity and debt levels also could inhibit strategic information exchanges among fellow creditors, and Funds 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.

A conflict also 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 in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser, or that a client may remain passive in a situation in which it is entitled to vote. 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. Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these 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 conflict not existed.

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

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

The Funds, from time to time, co-invest with third-parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a third-party is not involved. Such risks include, among other things, the possibility that the third-party may have differing economic or business goals than those of the Fund, or that the third-party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such situation not existed.

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. The Adviser and its affiliates may receive management or other fees from the 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 (e.g., the Organizational Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Investment Officer ("CIO"), in consultation with the Adviser's CCO, if necessary, and where appropriate the applicable Fund advisory committees, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, 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 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 do not anticipate engaging in principal transactions. The Adviser, however, has

established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of the Funds

The Adviser manages Funds that may have investment objectives similar to each other. It is likely that the Adviser 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 Clients and Allocation of Co-Investment Opportunities*” above. The Adviser may give advice or take actions with respect to, the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies may not hold the same securities or achieve the same performance. 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 price, leverage and associated costs of a particular investment opportunity.

In addition, it is 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 raised in the future or to proprietary investments made by the Adviser and/or its principals. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

The Adviser may consider and reject an investment opportunity on behalf of one Fund, and the Adviser or an affiliate of the Adviser may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund considering the investment.

In 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 may be better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser has in the past and is likely in the future to enter 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 has already and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. The Adviser has in the past and is likely in

the future to 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.

Certain of the Funds have in the past and may in the future enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds that have entered into such arrangements will be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangement when the Adviser determines it is in the best interests of the Funds.

Follow-on Investments

Investments to finance follow-on acquisitions may 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 acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the General Partner and the Adviser

The Adviser generally may, in its discretion, (i) contract with any related person of the Adviser (including a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds, and/or (ii) recommend to a Fund or a portfolio company thereof that it contract for services with the Adviser or a related person of the Adviser (including a portfolio company of a Fund) or 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. The Adviser may have an incentive to contract with or 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, Adviser principals, officers and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. Adviser principals, officers and employees of the Adviser may buy securities in transactions offered to but rejected by Funds. In such instances, a conflict may arise because the Adviser principals, officers and employees of the Adviser will not reimburse the Funds for any expenses or costs incurred in connection with the investigation of the investment opportunity. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If Adviser principals, officers and employees have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments. While the significant interests 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

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

Additionally, as discussed above in Item 6, the general partners of many Funds are entitled to Carried Interest under the terms of the Organizational Documents of such Funds. Such general partners are affiliates of the Adviser. The existence of the general partners' Carried Interest may create an incentive for the general partners 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 make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, 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 be used for all partners participating in the credit line associated with such Fund on a pro-rata basis.

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, such Fund's investors generally make correspondingly later capital contributions, but the Fund will 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 it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. While the Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by the 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.

Borrowing by the Fund will generally be secured by capital commitments made by the limited partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the

investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of UBTI.

Operating Partners

The Adviser, the Funds and/or the portfolio companies will from time to time retain operating partners, advisers, consultants and other similar professionals (“Operating Partners”), who may be affiliates of the general partner, employees of such affiliates or of portfolio companies of other of the Adviser’s funds, third party consultants (including specialized consultants, external executives, and industry consultants), who are engaged to provide operational support, specialized operations and consulting services or similar or related services to, or in connection with, the Fund or one or more portfolio investments (“Operations Support Services”). The nature of the relationship with each such Operating Partner and the time devotion requirements of each such Operating Partner may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operating Partners may be offered the ability (or may have a preferred right) to co-invest alongside Funds, including in investments in which such Operating Partner is involved or participates in the management thereof.

As permitted by Organizational Documents of the certain Funds, fees and expenses associated with Operations Support Services (“Operations Expenses”) are paid and/or reimbursed by portfolio companies and/or the applicable Funds. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operating Partner) will be determined at the discretion of the general partner taking into account the particular Operations Support Services. To the extent services may be provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Expenses incurred in connection with such services are borne by the Fund, to the extent permitted by a Fund’s Organizational Documents. To the extent any such Operations Expenses are payable to any Operating Partner by a Fund or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to the Adviser or its affiliates.

Although the use of Operating Partners and allocation of Operating Expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser believes any such potential conflicts of interest are mitigated by the value the Operating Partners bring to the Funds and portfolio companies.

Related Services

As described in Item 5 above, the Adviser and its affiliates may perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. For example, BDT & Company, LLC, a registered broker-dealer and affiliate of the Adviser, may receive fees for performing certain financial advisory and transaction execution services to portfolio companies of the Funds, including the structuring and execution of merger, acquisition and private placement assignments and general financial and strategic advisory services. Such fees will be in addition to any Management Fees or Carried Interest paid by the Funds to the Adviser; however, as described in Item 5, the Adviser may in certain circumstances reduce the amount of Management Fee or expenses paid by the applicable Fund in connection with the receipt of such fees or arrange for a portfolio company to credit the Fund with capital usage

fees which may have the effect of reducing the cost basis of a Fund investment in such portfolio company. Additionally, a portfolio company may reimburse the Adviser for expenses (including without limitation travel and travel-related expenses, which may include expenses for commercial and non-commercial transportation costs (including chartered or private plane travel (charged at a commercial equivalent rate), first class or business class travel and private car travel), lodging and accommodations) incurred by the Adviser in connection with its performance of services for such portfolio company. 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 reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and 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 may in some circumstances reduce the amount of Management Fees paid 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 Organizational Documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and certain employees and affiliates of the Adviser invest alongside the Funds) may have a right to share in such fees, and Management Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

Diverse Membership

The investors in the Funds often have conflicting investment, tax and other interests with respect to their investments in the Funds. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations and the tax treatment of different Funds. In selecting and structuring investments appropriate for a Fund, the Adviser will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Conflicts of Interest Involving the Fund Advisory Committees

A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. There is no assurance that the views of the Fund advisory committee will be representative of the views of the investors as a whole. In addition, even if the Fund advisory committee were to act in a manner that it believes to be the best interests of the investors as a whole or in the best interests of a majority in interest of the investors, there is no assurance that such action will be in the best interests of any particular investor under the circumstances.

Co-Investment

The Adviser has discretion to determine whether and to what extent it will offer co-investment opportunities to investors and other strategic parties. Interests of co-investors may differ from the interests of the Funds and the investors. Opportunities to co-invest may be offered to some investors and not others, and may not necessarily be granted to investors in proportion to their investment in the Funds. The Adviser is not required to consult with the Fund advisory committee or other investors not being offered an opportunity to co-invest prior to offering such co-investment opportunities.

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 may recommend the services of a portfolio company to other portfolio companies, which may involve discounts to the Adviser, an affiliate, or a portfolio company. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill with the existing and prospective portfolio companies providing the products and services, while the products or services recommended may not necessarily be the best available to the other portfolio companies. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

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

The Advisers and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may

vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company competes with, is a customer of, or is 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 may 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 do not reduce the Management Fee as described herein. 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 have in the past and 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 or portfolio companies. The general partner or the Adviser of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

Service Providers

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, but 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, depository, data processing, client relations, administration, 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.

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 may also 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 for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While the Adviser often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which the Adviser receives more favorable service rates or arrangements than the Funds or their portfolio companies.

The Adviser or its affiliates and service providers, often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by the Funds and/or its portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies. Notwithstanding the foregoing, the Adviser generally does not enter into any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund or a portfolio company for comparable services.

Positions with Portfolio Companies

Employees of the Adviser may serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflict with those of the Fund, it is expected that 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 interests. Such employees generally are required to remit any remuneration they may receive as directors to the applicable Funds. However, employees of the Adviser may leave the employment of the Adviser or its affiliates and become a director, officer or employee

of a portfolio company, and not be required to remit any remuneration they may receive to the Funds.

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

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

Additionally, certain Adviser personnel may be seconded to one or more portfolio companies and provide finance and other services to such portfolio companies and the compensation and expenses for such personnel during the secondment may be borne by the portfolio companies. In such cases, the Adviser may receive fees or expense reimbursement from a portfolio company with respect to such personnel, but such amounts may not result in any reduction in the Management Fees payable by a Fund.

Side Letter Agreements

The Adviser (or applicable general partner) has in the past and may in the future 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 information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, 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 or as set forth in the applicable Fund's Organizational Documents, the Adviser (or applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Certain Brokerage Transactions

As described above in response to Item 10, BDT & Company, LLC, an affiliate of the Adviser, is a broker-dealer registered with the Securities and Exchange Commission and certain management persons of the Adviser are registered representatives or registered principals of BDT & Company, LLC. BDT & Company, LLC's primary business is to provide financial services to closely-held public and private companies and their principals and affiliates worldwide. BDT & Company, LLC may also act as a placement agent for the private placement of securities. In the United States, BDT & Company generally acts as placement agent for the Funds.

In addition, BDT & Company International, LLP, an affiliate of the Adviser, is an IFPRU 50K firm registered and authorized by the Financial Conduct Authority in the United Kingdom. The business of BDT & Company International, LLP will be substantially similar to that of BDT & Company, LLC except that its business will not be in the United States. The potential conflicts

described below for BDT & Company, LLC therefore will apply to BDT & Company International, LLP.

In the course of providing financial services, BDT & Company, LLC may engage in activities that could result in a conflict of interest between the financial service business and the Funds. The Adviser anticipates that some investment opportunities for the Funds may be sourced from clients of the financial services business. To the extent that a Fund makes a portfolio investment in, or associated with, a client of BDT & Company, LLC, the interests of the Fund and its investors could diverge from those of BDT & Company, LLC, giving rise to potential conflicts of interests. If BDT & Company, LLC is acting as a placement agent for a private offering of securities by one of its clients, and a Fund is a purchaser of those securities, BDT & Company will remit to the Fund, other than certain co-investment Funds, any fee in connection with that sale. BDT & Company, LLC may also earn fees for other advisory services from one or more companies in which a Fund is invested. The Funds may also face restrictions in the resale, hedging or other transfers of all or a portion of a portfolio investment due to the advisory business activities conducted by BDT & Company, LLC or information obtained in connection with such advisory business activities. Further, the Funds may be limited in accumulated further positions in portfolio investments due to the advisory business activities conducted by BDT & Company, LLC.

Other Potential Conflicts

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

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds and the portfolio companies of the Funds may engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued

engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit the Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

In its discretion, the Adviser may have or cause the Funds and/or their portfolio companies to have ongoing business dealings with persons who are former employees of the Adviser. Such Funds and portfolio companies may bear, directly or indirectly, the costs of these dealings. 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, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

Investors may be introduced to the Adviser, or may be brought in a Fund, by a third-party consultant or finder from which the Adviser or a related person purchase products and to which the Adviser or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant or finder.

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

The Adviser has in the past and may, from time to time in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of

the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

A Fund may invest in a pooled investment vehicle that is advised by, or that has another relationship with, the Adviser or its related persons. In such a case, investors in the Fund will bear not only the direct management fees and other expenses associated with their investment in the Fund, but also the expenses and certain fees associated with the investment in the underlying pooled investment vehicle, some of which may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in the context of their other relationship with the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

In the regular course of its financial services business, BDT & Company, LLC, an affiliate of the Adviser, provides a range of advisory services and represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to assets which may be suitable for investment by the Funds. In certain cases, BDT & Company, LLC’s client may require BDT & Company, LLC to act exclusively on its behalf, thereby precluding the Funds from acquiring such assets. BDT & Company, LLC will be under no obligation to decline such engagements in order to make the investment opportunity available to the Funds.

The Organizational Documents of certain Funds permit each such Fund’s general partner or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable general partner, or affiliate and the Fund acting as borrower.

The Organizational Documents of certain Funds permit each such Fund’s general partner to withhold information from certain investors in such Fund in certain circumstances. For instance, information may be withheld from investors that are subject to Freedom of Information Act or similar requirements which conflict with such investors’ obligations to keep confidential certain business and trade secrets, for example, of portfolio companies or other investors associated with the Funds. The general partner may elect to withhold certain information to such investors for reasons relating to the general partner’s public reputation or overall business strategy, despite the potential benefits to such investors 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

The Adviser anticipates certain Funds may invest in publicly traded securities from time to time. To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Funds, the Adviser has, subject to the direction of such Fund's general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction 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 takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities, if any, with market makers, the Adviser will generally seek 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 CIO and Investment Committee will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser's principals. The Adviser may pay a higher commission to execute a trade than the lowest available negotiated commission for brokerage and research services in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, if the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful to the Adviser in rendering investment advice to all or a significant portion of the Funds, or may be useful for the management of one or only a few Funds, regardless of whether a particular Fund paid commissions to the broker-dealer which provided the research. A conflict of interest exists when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that may charge lower commissions.

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 may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Funds with orders for other Funds, or in which it or its affiliates have an economic interest. In such cases, the Adviser generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

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

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are substantially private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team composed of Adviser principals and other investment professionals on an on-going basis. The team provides reports to the Adviser's Investment Committee on a quarterly basis and will provide interim reports if a material change in a particular investment occurs.

Reporting

Investors in the Funds typically receive a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as quarterly financial reports within 75 days after each fiscal quarter end. The Adviser and the applicable general partner 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.

Item 15. Custody

To the extent assets of the BDTCP TOF Fund, LLC and BDT Meatball Holdings, LLC are held by one or more custodial banks or broker-dealers, such custodial banks or broker-dealers send account statements to investors in such Fund. Such investors should compare the account

statement received from the custodial bank or broker-dealer to account statements the Adviser delivers to them.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Management Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Management 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 partnership committee or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the Adviser’s General Counsel or CIO for a voting decision. In most cases, the Adviser’s General Counsel or CIO 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 CIO is making the Voting decision, the CIO will inform the General Counsel of any such Voting decision, and if the General 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 CIO and General Counsel are unable to arrive at an agreement as to how to vote, then the General Counsel may consult with the Adviser’s Fund investment committee 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.

All Voting decisions require a mandatory conflicts of interest review by the Adviser’s General Counsel, which will include consideration of whether the Adviser, any investment professional or other person recommending how to vote, any affiliate of the Adviser or client has an interest in the Vote 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 General Counsel will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's 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 shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

In the event that the Adviser's General Counsel retains independent fiduciaries, consultants or professionals to assist with Voting decisions and/or delegates such voting or consent power to such fiduciaries, consultants or professionals, the Adviser's General Counsel will follow the procedures below regarding third party accountability to the funds:

- Ascertain whether the third party has the capacity and competency to adequately analyze proxy and other Voting issues, including the adequacy of the third party's personnel and policies and procedures with regard to identifying and addressing conflicts of interest;
- Adopt ongoing oversight policies of the third party to ensure that, where delegated, the third party continues to vote proxies in the best interest of the Funds;
- Determine that the third party has the capacity and competency to adequately analyze proxy and other Voting issues by providing materially accurate information.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: compliance@bdtcap.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.