



ArcLight Capital Partners, LLC

200 Clarendon Street, 55th Floor
Boston, MA 02116

(617) 531-6300

www.arclightcapital.com

Part 2A of Form ADV: Firm Brochure
March 31, 2019

This brochure provides information about the qualifications and business practices of ArcLight Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 531-6300 / compliance@arclightcapital.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 ArcLight 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, dated March 31, 2019 (the “Brochure”), serves as an update to ArcLight Capital Partners, LLC’s brochure dated March 30, 2018 (the “Prior Brochure”). This Brochure contains routine annual updates to the Prior Brochure, as well as certain other updates, including updates to fee and expense disclosure and new conflicts of interest.

Item 3. Table of Contents

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Item 4. Advisory Business

For purposes of this Brochure, the “Adviser” or “ArcLight” means ArcLight Capital Partners, LLC, a Delaware limited liability company, as filing adviser; ArcLight Capital Holdings LLC, which serves as subadviser to certain Funds (as defined below), as relying adviser; together (where the context permits) with their affiliated general partners of the Funds and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates are generally under common control with ArcLight Capital Partners, LLC, and possess a substantial identity of personnel and/or equity owners with ArcLight Capital Partners, LLC. These affiliates are typically formed for tax, regulatory or other purposes in connection with the organization of the Funds, or serve as general partners of the Funds.

The Adviser provides investment supervisory services to investment vehicles (the “Main Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The Adviser has been in business since 2001.

The Adviser also provides investment supervisory services to Bronco Midstream Partners, L.P. (the “Bronco Fund”), which was established for the purpose of investing in Bronco Midstream Holdings, LLC.

The Adviser also, from time to time, establishes, on a transaction-by-transaction basis, certain investment vehicles through which certain persons have committed to invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). Co-Investment Vehicles are typically limited to investing in securities relating to the transaction with respect to which they were organized, and will may, in certain instances, exit their investments in a particular investment opportunity at substantially the same time and on substantially the same terms as the applicable Main Fund(s) that are also invested in that investment opportunity.

Additionally, ArcLight organizes and serves as general partner (or in an analogous capacity) to certain other “feeder” vehicles (each such vehicle, a “Feeder Vehicle”) organized to invest exclusively in a Main Fund.

The Main Funds, the Bronco Fund and Feeder Vehicles are each referred to as a “Fund”, and are collectively referred to as the “Funds.”

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with each Fund’s respective investment objectives as set forth in its Governing Documents (as defined below), investments are generally made in North American energy-related assets and companies. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. ArcLight generally serves as the investment adviser and/or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”), limited partnership agreement (or analogous organizational document) or

side letter or similar agreements with certain of the Fund's investors (such side letter agreements, together with the Advisory Agreements and limited partnership agreement (or analogous organizational document), the "Governing Documents") of such Fund. Side letter or similar agreements may grant certain investor-specific rights, benefits or privileges that are not made available to investors generally. For more detail regarding side letters and similar agreements, please see "*Side Letter Agreements; Board of Advisers Rights*" in Item 11 below.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents and offering documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund.

ArcLight does not participate in any wrap fee programs.

The indirect principal beneficial owner of ArcLight Capital Partners, LLC is Daniel R. Revers. As of December 31, 2018, the Adviser manages a total of \$10,434,655,717 of client assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies, may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, reduce the Advisory Fees payable to the Adviser. Additionally, consistent with the Governing Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

Advisory Fees

Compensation and Fee Schedules

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund, directly or indirectly, an advisory fee (each, an "Advisory Fee"), which is generally calculated based on committed capital, net asset value or remaining invested capital, with respect to such Fund, as described in more detail below. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund's activities and investments, or by certain excess organizational or other expenses borne by such Fund, as described in more detail below.

Advisory Fees paid by a Main Fund are indirectly borne by investors in such Main Fund, including any Funds that invest in such Main Fund (such as Feeder Vehicles). Specific fee disclosure is not provided in this Brochure, as all clients are qualified purchasers as defined in Section 2(a)(51)(A) of the 1940 Act. All investors should review the Governing Documents for each Fund in conjunction with this Brochure for complete information on the fees and compensation payable with respect to a particular Fund.

The Advisory Fee for a Main Fund is generally based on either (i) capital subscriptions and/or (ii) the lower of (a) the market value of investments or (b) capital contributed to the Main Fund that has not been disposed of or written off. The Advisory Fee relating to the Bronco Fund varies for each investor in the Bronco Fund. The precise amount, manner and calculation of the Advisory Fee for each Fund is established by the Adviser, as modified by negotiations with investors in that particular Fund, and are set forth in such Fund's Governing Documents which are received by each investor prior to an investment in such Fund. The Advisory Fee and other fees and distributions described above are generally subject to modification, waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund.

Certain investors in the Funds that are employees, affiliates, business associates and other "friends and family" of the Adviser or its personnel ("Adviser Investors") will not typically pay an Advisory Fee in connection with their investment in a Fund. Notwithstanding that Adviser Investors will generally not pay Advisory Fees, Adviser Investors will pay for their pro rata share of certain Fund expenses or the pro rata portion of such Adviser Investors' expenses will be allocated to the Adviser or the general partner of the applicable Fund.

Deduction of Fees and Fee Offsets

The general partner of each Fund is authorized, pursuant to its Governing Documents, to charge and deduct the Advisory Fee directly from the assets of the Fund, at the times and in the amounts described in such Fund's Governing Documents. The Adviser generally causes the Advisory Fee to be deducted from the assets of the Fund.

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

Timing of Payments

Advisory Fees are typically paid by the Main Funds to the Adviser semi-annually in advance, no earlier than March 5 (with respect to the period from March 1 through August 31) and September 5 (with respect to the period from September 1 through the end of February) of each year, in accordance with the terms of each of the Fund's Governing Documents. Upon termination of an Advisory Agreement, a pro rata portion of any prepaid unearned Advisory Fees will be calculated by ArcLight and returned and any earned, unpaid Advisory Fees will be due and payable. Please refer to each Funds' Governing Documents for more complete information on the timing of Advisory Fee payments.

Other Fees

Fees Payable by Portfolio Companies

While it is not the practice of the Adviser or its affiliates to charge directors' fees, transaction fees, monitoring fees or consulting fees, to the extent that directors' fees, transaction fees, monitoring fees, consulting fees, or other remuneration (such fees, "Other Fees") from a portfolio company of a Fund are received by the Adviser, a Fund's general partner or certain other affiliated entities, such fees or other remuneration generally trigger an Advisory Fee offset (pursuant to which the Advisory Fee payable by the Fund would be reduced) subject to the provisions of the Fund's Governing Documents. However, such offset provisions do not apply to (and therefore the Fund will not benefit from) fees or other remuneration received from portfolio companies of the Fund by other individuals who hold an interest in the Adviser or its affiliates or by other employees of or persons associated with the Adviser. For certain Funds, the percentage by which these Other Fees reduces the Advisory Fees is 100%. Such offset provisions also do not apply (and therefore the Fund will not benefit from) fees or other remuneration received in cash (or sold or exchanged for cash) by the Adviser, the general partner, and certain other affiliated entities in an amount that exceeds the remaining amount of Advisory Fees payable by the Fund to the Adviser or an affiliate.

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

The payment of Other Fees by portfolio companies creates a conflict of interest between the Adviser and its affiliates, and the Funds and their investors because the amounts of these Other Fees and reimbursements (see "*Expenses*" below) are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Adviser determines the amount of these Other Fees for the services provided 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 the transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described herein) be disclosed to investors in the Funds.

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

Payments Made to Third Parties

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or compensation received by such persons may be retained by such persons, will not be deemed paid to or received by the Adviser and its affiliates,

will not be subject to the offset arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “*Providers of Operations Support*” in Item 11 below.

Additionally, a portfolio company or, in the case of a prospective portfolio company, Funds, have in the past and will typically in the future, reimburse the Adviser for expenses including without limitation travel and travel-related expenses, entertainment expenses including, as applicable, closing dinners and mementos, transportation and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers, expenses related to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), as well as consulting fees and cash and non-cash compensation and expenses, incurred by the Adviser in connection with its performance of services for, or diligence with respect to, such portfolio company. Such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Governing Documents, and such reimbursements do not reduce the Advisory Fee. As used throughout this brochure, “travel and “travel-related” expenses shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including chartered, private plane, first class or business class travel and private car travel), lodging and accommodations.

Expenses

Adviser Expenses

To the extent provided in the Governing Documents of the Main Funds, the Adviser will bear certain operating expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment and compensation and expenses of the Adviser’s members, managers, officers, and employees and other normal and routine administrative expenses that relate to the services provided by the Adviser to the Main Funds (other than Carried Interest described in Item 6 below), including any fees payable to any applicable sub-advisers.

Fund Expenses

Consistent with the Funds’ Governing Documents, each Main Fund will bear all other reasonable expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, audit, actuarial, investment banking, consulting (including, but not limited to, consulting fees incurred by the applicable Fund for the benefit of its portfolio company), organizational expenses of the applicable Fund’s general partner, fees paid to third-party valuation agents, research, due diligence, tax preparation, filing, custody, transfer, registration, brokerage, finders’ fees, advisory board expenses (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses), directors’ and officers’ insurance, interest, taxes and extraordinary expenses (such as reasonable litigation expenses), indemnification liabilities, taxes, expenses of loan servicers and other service providers, interest and related charges with respect to indebtedness, amounts paid to the Adviser pursuant to the Governing Documents of the applicable Main Fund, all insurance premiums of any director and officer liability or other insurance including, without limitation, insurance of which the Adviser and its affiliates are beneficiaries, Operations Support Expenses (as defined in Item 11 below), fees, costs and expenses related to the organization or

maintenance of any intermediary entity used to acquire, hold or dispose of an investment or to otherwise facilitate a Fund's investment activities (as applicable), the costs associated with any amendments, modification, revisions or restatements to the Governing Documents of the applicable Fund, the costs and expenses of hosting annual or special meetings of the Funds' investors (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses), such Main Fund's allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated, including legal expenses incurred in connection with claims or disputes related to unconsummated investments, such Main Fund's allocable share of expenses and fees incurred in the course of making investments, expenses of liquidating such Fund and other similar fees and expenses. The Funds typically bear part or all of the expenses and fees that arise in the course of the Adviser's evaluation of investments that ultimately are not consummated (including expenses that would have been borne by co-investment vehicles), such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals.

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 Governing Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund.

Co-Investment Vehicle Expenses

In certain cases, a Co-Investment Vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside a Fund, is formed in connection with the consummation of a transaction. In the event a Co-Investment Vehicle is created, the investors who have signed binding definitive agreements to participate in such Co-Investment Vehicle will also typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Co-Investment Vehicle. If the transaction is consummated and the Co-Investment Vehicle participates in such transaction, it will generally bear its pro rata portion of expenses incurred in connection with the formation of the Co-Investment Vehicle and any costs and expenses in connection with the making of an investment.

If a proposed transaction is not consummated, and no third party has made a binding commitment to no such Co-Investment Vehicle, and the full amount of any expenses relating to such proposed but not consummated transaction ("Dead Deal Costs") would therefore instead be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction. Similarly, Co-Investment Vehicles (and co-investors) without such commitments would not be allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction. In addition, to the extent a Co-Investment Vehicle is formed in connection with a proposed but not consummated transaction and no third party has made a binding commitment to such Co-Investment Vehicle, expenses relating to such Co-Investment Vehicle may, in certain situations, be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, but not the Co-Investment Vehicle. Dead Deal Costs may include, among other things, legal, accounting advisory, consulting or other third-party expenses (including amounts payable to Operations Support Partners (as defined in Item 11 below) and other third parties), any travel and travel-related

and accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investments, any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

Allocation of Fees and Expenses

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be allocated among multiple Funds and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser has an incentive 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 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 Governing Documents or, to the extent not addressed in such Governing Documents, pro rata based on the respective regulatory assets under management of such Funds.

The appropriate allocation between Funds, Adviser Investors and third parties of Dead Deal Costs will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the Governing Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund. Such expenses may not be allocated to Co-Investment Vehicles. There may be occasions when one Fund (the "Payor Fund") pays an expense common to multiple funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

With respect to allocating other expenses among Fund(s), Co-Investment Vehicles, Adviser Investors and/or co-investors (including third parties), as appropriate, to the extent not addressed in the Governing Documents of a Fund, the Adviser will make any such allocation determination on manner that it believes to be fair and reasonable using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

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

Carried Interest Payments

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

Brokerage Fees

Although the Adviser does not generally use the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

Related Persons of the Adviser, each as the general partner of a Fund, may receive certain allocations calculated and charged based on a portion of the cumulative profits of the investments of such Fund as “carried interest” (the “Carried Interest”). Any Carried Interest paid to the general partner of a Fund is separate and distinct from the Advisory Fees charged by the Adviser for advisory services and is indirectly borne by investors in such Fund. The general partner of certain Funds has reduced or eliminated the payment of Carried Interest by the Fund and by investors in such Fund. Please refer to the Governing Documents of each Fund for more complete information on the Carried Interest arrangement of such Fund.

Performance-based allocation arrangements received by related persons of ArcLight may create an incentive for ArcLight to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. In addition, the payment of Carried Interest by some, but not all, Funds and 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 investment opportunities, time, services or functions to those Funds paying Carried Interest or Funds paying Carried Interest at a higher rate.

Generally, and except as otherwise set forth in the Governing Documents of the Funds, ArcLight seeks to alleviate this conflict through (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. ArcLight’s policies seek to provide that investment decisions are made in accordance with its fiduciary duties. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds, which are pooled investment vehicles. Investment advice is provided directly to the Funds (subject to the direction and control of the 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 “accredited investors” as defined in Regulation D under the Securities Act and are “qualified purchasers” as defined in the 1940 Act, and often include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, sovereign wealth funds, corporations, limited partnerships and limited liability companies or other entities.

ArcLight or its related persons have in the past and may in the future establish Feeder Vehicles to address certain tax, regulatory or other requirements and/or other alternative investment vehicles (collectively, “AIVs”) or parallel funds formed for the purpose of facilitating certain investments by a Fund and/or its investors. Please refer to the Governing Documents of the applicable Fund for complete details on any Feeder Vehicle established by such Fund and a Fund’s ability to make investments through AIVs or parallel funds.

The Adviser has not established a minimum size for a Fund, but minimum investment commitments are generally established for investors in the Funds. The general partner of each Fund has the ability, in its sole discretion, to permit investments below the minimum amounts set forth in the offering documents of such Fund has previously permitted investments below the minimum amount and expects to do so in the future.

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

Methods of Analysis and Investment Strategies

Investment Approach

ArcLight’s investment strategy employs an approach that it developed and refined with a goal of generating attractive private equity returns from energy infrastructure assets. Integral to this approach is adherence to ArcLight’s core investment strategies at every stage of the investment process, from ArcLight’s sourcing opportunities, through ArcLight’s ownership, and to ArcLight’s final exit. These strategies include:

- Focus on private equity return targets with infrastructure risk profiles;
- Develop proprietary insights and opportunities from ArcLight’s extensive energy footprint and origination capability;
- Target long-lived, essential real assets with current income and strong visibility into returns;
- Execute a proactive, hands-on, value-added approach;

- Deploy the resources of ArcLight’s in-house portfolio services team and portfolio operations affiliate;
- Partner with industry leading management at ArcLight’s portfolio companies;
- Utilize conservative capital structures and proactive risk management;
- Build a diversified and flexible portfolio;
- Pursue multiple exit strategies; and
- Focused organizational philosophy combined with limited partner alignment.

Investment Process

The methods of analysis and investment strategies described below vary between Funds and are subject to the more comprehensive descriptions contained in, among other places, the offering documents of each Fund. Generally, ArcLight’s investment process includes the following:

- *Sourcing*: We believe high quality deal flow and market insights are the critical first ingredients to our success. As such, deal sourcing is a firm-wide priority, with new opportunities typically identified through forming investment theses based on our expertise. We then use our industry networks to find the most compelling assets that fit these themes versus relying on investment banker led auctions. We put a premium on developing creative, contrarian, or uncommon investment themes and then seek to implement these themes through proprietary and relationship-based transactions.
- *Initial Investment Screening*. Once a new investment opportunity has been identified, the deal team presents it to ArcLight’s investment committee to determine if it meets ArcLight’s rigorous investment standards.
- *Due Diligence*. If the investment committee decides to move forward, ArcLight conducts comprehensive due diligence, including detailed financial, legal, operational, commercial, market, technical, environmental, regulatory, and tax analysis. A transaction’s downside risks and upside potential are primary considerations, with a focus on current income generation capacity and specific value creation initiatives. Investment opportunities that ArcLight deems promising receive heightened scrutiny; unsuitable transactions are rejected.
- *Investment Approval*. The investment committee reviews due diligence results on an ongoing basis, with additional questions addressed as needed. Once due diligence is nearing completion, the deal team prepares a comprehensive final memorandum that the investment committee uses to reach a final decision.
- *Post-Investment Management and Value Creation*. ArcLight takes an intensive, hands-on approach to managing its investments to create substantial additional value through active asset and risk management. Individual deal teams, working closely with portfolio company management, ArcLight’s internal portfolio services group and, depending on the asset, ArcLight’s portfolio operations affiliate, orchestrates these efforts on a daily basis, including

an initial 100-day plan as well as quarterly and annual goals. ArcLight's portfolio management team oversees the entire portfolio, including holding monthly firm-wide portfolio meetings where ArcLight assesses the status of ArcLight's value creation initiatives, key value drivers, and risks at the investment and portfolio level. Due to the interrelated nature of the energy industry, insights and themes emerging at a single investment often have potential implications across the portfolio, allowing ArcLight to take early and constructive actions in a constantly changing marketplace.

- *Exit.* The investment committee oversees all exit decisions, weighing a number of factors including the quality of the exit opportunity, the investment's future return potential, market conditions, and portfolio considerations.

Risks

Investing in securities involves a substantial degree of risk. A Fund is in a position to 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; Political Measures. In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for a Fund, and are likely to affect its ability to make investments and the value of the investments held by such Fund. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. There can be no assurance that the market will, in the future, become more or remain liquid or that such economic and market conditions will be favorable in respect of both the investment and disposition activities of a Fund. A Fund's ability to realize investments depends not only on the portfolio companies 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 a Fund will be able to exit from its 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 general partner of such Fund believes it is most advantageous to do so, or without adversely affecting the price. Renewed volatility in the financial sector may have an adverse material effect on the ability of a Fund to buy, sell and partially dispose of its portfolio company investments. A Fund will be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and may find itself unable to dispose of investments at prices that the general partner of such Fund 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 and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more a Fund's portfolio companies. The ability of portfolio companies to refinance debt securities depends on their ability to sell new securities in the public high yield debt market or otherwise. A Fund's portfolio companies may depend on the availability of capital from third parties and to the extent

such capital is not available on reasonable terms or at all, those 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 renewed economic instability in the U.S. or abroad may have an adverse impact on a Fund's investments.

Lack of Diversification. The Funds will concentrate their investments in equity and equity-like securities, together with certain types of debt securities, of companies in the energy industry and related subclasses of assets, and will not be broadly diversified. The energy infrastructure sector is currently undergoing substantial change as a result of regulatory initiatives at both the federal and state level. As a result, government regulation affecting these companies – as well as other specific risks to the industry – will affect the value of a Fund's portfolio more than they would likely affect a portfolio that was not similarly concentrated. The Funds, therefore, are subject to greater risk of loss than more broadly diversified funds.

Valuation of Assets. There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its reasonable judgment that it believes is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values differs from values that would have been determined had an active market existed for such securities and typically differ from the prices at which such securities are ultimately be sold. Generally, third-party pricing information is not available regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser gives rise to conflicts of interest, as valuations impact the Adviser's track record and the performance of certain Funds is calculated based, in part, on these valuations and such valuations affect the calculation of Advisory Fees.

Highly Competitive Market for Investments. The business of identifying and structuring transactions in the energy industry is highly competitive. The Funds will be competing for investments with other funds and institutional investors. Such competition may adversely affects the terms upon which investment can be made. Further, as competition for investment opportunities increases, the number of opportunities for appropriate investments decreases. Therefore, there can be no assurance that a Fund will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve any particular rate of return, or fully invest its committed capital.

Leveraged Nature of Investments. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. A Fund's investments will, from time to time, involve significant leverage, as a result of which operating problems and other general business and economic risks may have a pronounced effect on the profitability or survival of a Fund's portfolio companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company. U.S. tax-exempt Limited Partners should note that the use of leverage by a Fund may generate "Unrelated Business Taxable Income" or "UBTI".

Taxation in Local Jurisdictions. A Fund or its limited partners may be subject to income or other tax in jurisdictions in which a Fund invests. Moreover, withholding tax or branch tax may be imposed on earnings of a Fund from investments in such jurisdictions. In addition, local tax incurred in such jurisdictions by a Fund or vehicles through which it invests may not be creditable to or deductible by the limited partners in their respective jurisdictions, including the United States. Finally, tax laws, regulations, tax treaties, as well as judicial and administrative interpretations thereof, may change, possibly with retroactive effect, in such a manner as to adversely impact a portfolio company's, a Fund's or a limited partner's tax treatment. In particular, the laws in some countries governing the tax treatment of foreign investment are evolving, and in some cases are being amended to increase the tax burdens imposed on private equity funds. Such developments could severely reduce the value of a Fund's investments, restrict a Fund's ability to realize income and capital gain on an efficient basis and/or eliminate a Fund's ability to make any investments in certain countries and certain of these developments may have a disproportionate effect on certain partners depending on their tax status. In addition, investments or operations by a Fund or its affiliates in certain countries could require a Fund or the partners to file tax returns, residency certifications or other information with the tax authorities in such countries.

Lack of Control. The Funds' investments have in the past and may in the future represent minority positions in portfolio companies, without power individually to exert significant control over such portfolio companies' boards of directors and management. In such cases, a Fund will rely significantly on the existing management and boards of directors of such companies, which includes representatives of other investors with whom such Fund is not affiliated and whose interests or views could conflict with the interest of such Fund.

Riskiness of Investments. The securities in which the Funds will invest will generally be among the most junior in a portfolio company's capital structure and thus subject to a greater risk of loss.

Long-Term Nature of Portfolio Investments. There is generally a significant period of time before the Fund has completed its investment program. Most investments take several years from the date of initial investment to reach a state where realization of the investment can be achieved. Losses on unsuccessful investments are sometimes realized before gains on successful investments are realized. Although some investments generate current income, the return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. While investments are sold at various times, it is not generally expected that disposition will occur for a number of years after the initial investment.

Project Risks. The Funds invest in a number of projects. Such investments expose the Funds to numerous risks, usually without recourse to the general credit of a project sponsor, including without limitation construction, environmental, regulatory, permitting, commissioning, start-up, operating, economic, commercial, political and financial risks. The Funds also invest in early developmental stage projects, involving risks of failure to obtain or substantial delays in obtaining: (i) regulatory, environmental or other approvals or permits; (ii) financing; and (iii) suitable equipment supply, operating and off take contracts. Further, there is no assurance that these projects will be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested therein.

Construction Risk. The Funds' investments have in the past and may in the future involve significant construction risk, including the risk of substantial delay or increase in cost due to a number of unforeseen factors: political opposition; regulatory and permitting delays; delays in procuring sites; strikes; disputes; environmental issues; force majeure; or failure by one or more of the infrastructure investment participants to perform in a timely manner their contractual, financial or other commitments. A material delay or increase in unabsorbed cost could significantly impair the financial viability of an infrastructure investment project and result in a material adverse effect on a Fund's investment.

Permitting or Approval Risk. The Funds' investment projects are generally subject to statutory and regulatory requirements, including those imposed by zoning, environmental, safety, labor and other regulatory or political authorities. Failure to obtain or a delay in obtaining relevant permits or approvals could hinder construction or operation and could result in fines or additional costs for the project entity, which could have a material adverse effect on a Fund's investment projects.

Changes in Regulatory Schemes. The energy infrastructure sector is highly regulated. The adoption of new laws or regulations, or changes in the interpretation and enforcement of existing laws or regulations, could have a material adverse effect on portfolio companies and thus on a Fund's ability to meet its investment objectives. Such changes could necessitate the creation of new business models and the restructuring of investments in order to meet regulatory requirements, which are likely to be costly and/or time-consuming.

Technical Risk. Investments in the energy infrastructure sector are often subject to technical risks, including the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications and other unanticipated events which adversely affect operations. While a Fund will seek energy industry investments in which creditworthy and appropriately bonded and insured third parties bear much of these risks, there can be no assurance that any or all such risk can be mitigated or that such parties, if present, will perform their obligations.

Market Disruption, Terrorism and Geopolitical Risk. A Fund is subject to the risk that war, terrorism and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Fund's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events as well as other changes in world economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Fund's investments. At such times, a Fund's exposure to a number of other risks described elsewhere in this section can increase.

Cyber Security Risk. ArcLight, a Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Fund and its investors, despite the efforts of ArcLight and a Fund's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a 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 ArcLight, a Fund's 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 ArcLight's systems to disclose sensitive information in order to gain access to ArcLight's data or that of a Fund's investors. A successful penetration or circumvention of the security of ArcLight's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Fund, ArcLight 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 a Fund invests, which could have material adverse consequences for such companies, and may cause a Fund's investments to lose value.

Proposed Tax Legislation Adversely Affecting Manager Employees and Other Service Providers. ArcLight's ability to achieve the investment objectives of a Fund depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. ArcLight's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation. While it is inherently uncertain what position the current administration or future administration will take going forward, the newly passed, broad-based reform of the Internal Revenue Code of 1986, as amended (such reform, the "Tax Act") provides that, if certain holding requirements are not met, carried interest and gain on the sale of investment services partnership interests will be subject to higher rates of U.S. federal income tax than was the case under prior law. This new holding period requirement could affect investment decisions, including the timing of dispositions, and could adversely impact returns for investors. The Tax Act and any additional new legislation could cause ArcLight's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for ArcLight to incentivize, attract and retain these professionals, which may have an adverse effect on ArcLight's ability to achieve the investment objectives of a Fund.

Catastrophic and Force Majeure Events. Industry investments will likely be adversely affected by catastrophic and other force majeure events, both in the construction, technical and operational phases, such as fires, earthquakes, adverse weather conditions, changes in law, eminent domain and similar risks.

Co-Investment Risk. The Funds may invest alongside strategic, financial or other third party co-investors. A Fund's ability to achieve certain co-investment objectives assumes that the Fund will be able to negotiate and execute mutually acceptable terms and conditions in respect thereof. Such investments will involve additional risks which are not present in investments which do not involve a co-investor, including the risks that a co-investor or co-investors have interests contrary to a Fund's investment objective or will default on their obligations.

Risk of Investor Misrepresentation. In connection with its subscription for limited partner interests in a Fund, a limited partner will be required to represent that (i) the limited partner and its affiliates do not own or operate, directly or indirectly, any electric facilities or are engaged in the

generation, transmission, or distribution of electric power, except solely from “qualifying facilities (“QFs”) within the meaning of the federal Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”), eligible facilities of “exempt wholesale generators” (“EWGs”), facilities of foreign utility companies under the Public Utility Holding Company Act of 205 (“PUHCA”), or through the books and records of power marketers; (ii) the limited partner and its affiliates do not collectively own or control 5 percent or more of the generating capacity available in any U.S. market whether through ownership of electric generating facilities or contractual arrangements that confer control over the facilities; (iii) the limited partner and its affiliates do not own or control unique land sites, fuel supplies, or other inputs to electric power generation that could be used to prevent other competitors from entering any U.S. market; (iv) the limited partner is not subject to regulation as a “public utility” under section 201(e) of the Federal Power Act, as amended (“FPA”) (16 U.S.C. § 824(e)); and (v) the limited partner is not subject to regulation under the laws of any state concerning regulation as an electric utility, public utility or public serviced corporation or company, or the rates of electric utilities or the financial and organizational regulation of electric utilities. If such representation proves to have been incorrect, a Fund could lose the benefit of certain regulatory exemptions benefiting certain investments that such Fund has made or intends to make. Such loss of regulatory exemption benefits could result in the imposition of regulation under PUHCA upon that Fund, any joint venture or other entities in which it will invest or has invested. This also could adversely affect the economic performance of such investments and could result in the incurring of substantial liabilities by such Fund and any investor making such misrepresentations. The general partner of a Fund has the authority to require a limited partner to withdraw from such Fund if the continued participation of such limited partner could materially adversely affect such Fund.

Non-U.S. Securities and Currencies. Investments in non-U.S. securities entail certain risks in addition to the risks of investing in U.S. equities due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, the need for approval by government or other authorities to make investments, possible difficulty in obtaining and enforcing judgments against non-U.S. entities, capital repatriation regulations (as such regulations could take effect during the term of the Fund) and the application of complex tax rules to cross-border investments. In addition, nationalization or expropriation of assets, confiscatory taxation, political or financial instability, or adverse diplomatic developments could adversely affect the value of a Fund’s investments in certain non-U.S. securities. As non-U.S. securities normally are denominated and traded in non-U.S. currencies, the value of a Fund’s non-U.S. assets will be affected favorably or unfavorably by currency exchange rates, currency exchange control regulations, non-U.S. withholding taxes and restrictions or prohibitions on the repatriation of non-U.S. currencies. There is often less information publicly available concerning non-U.S. issuers than about U.S. issuers and non-U.S. issuers are not generally subject to accounting, auditing and financial reporting standards and practices comparable to those in the United States. The securities of some non-U.S. issuers are less liquid and at times more volatile than securities of comparable U.S. issuers. Non-U.S. brokerage commissions and other fees are also generally higher than in the United States. Non-U.S. settlement procedures and trade regulations involve risks (such as delay in payment or delivery of securities or in the recovery of a Fund’s assets held abroad) and expenses not present in the settlement of domestic investments. In addition, legal remedies available to investors in certain foreign countries are more limited than those available to investors in the United States or in other foreign countries.

If a Fund purchases securities denominated in non-U.S. currencies, a change in the value of any such currency against the U.S. dollar will result in a change in the U.S. dollar value of the Fund’s assets. Officials in foreign countries, from time to time, take actions in respect of their currencies that could significantly affect the value of a Fund’s assets denominated in those currencies or the

liquidity of such investments. For example, a foreign government could unilaterally devalue its currency against other currencies, which would typically have the effect of reducing the U.S. dollar value of investments denominated in that currency. A foreign government could also limit the convertibility or repatriation of its currency or assets denominated in that currency. Although not required to do so, Funds often buy or sell non-U.S. currencies and options and futures contracts on non-U.S. currencies for hedging purposes in connection with its non-U.S. investments.

Special tax considerations apply to non-U.S. securities. Income and/or gains received by a Fund from sources within foreign countries will be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a Fund will reduce amounts available to it for distribution.

Derivatives. The Funds occasionally invest some of their assets in, or otherwise make use of, derivative instruments such as swaps. Derivatives involve significant transaction costs and are subject to a number of risks, such as interest rate risk, market risk and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative will not correlate with the underlying asset, rate, or index. Derivatives are generally highly illiquid. Due to risks associated with derivatives, including without limitation, interest rate fluctuation, market instability, credit mispricing or improper valuation, a Fund could lose more than the principal amount invested in any derivative transaction and, thereby, suffer a material adverse effect.

Commodities. Commodities are assets that have tangible properties, such as oil, natural gas, coal and their related products. The value of certain investments made by portfolio companies or by a Fund will be affected by the prices of the commodity they produce, transport, or are otherwise involved with.

The value of commodity-related companies may be affected by changes in overall market movements, volatility of the underlying commodity benchmark, changes in interest rates or factors affecting a particular industry or commodity, such as droughts, floods, weather, embargoes, tariffs and international economic, political and regulatory developments. The value of commodity-related companies will rise or fall in response to changes in the underlying commodity. Investments in commodity-related companies may be subject to greater volatility than non-commodity-based companies.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various limited liabilities companies that are under common control with the Adviser serve as general partners of the Funds, and are related persons of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners and the investment activities of the Adviser and its related entities, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its partners, officers, directors (or other persons occupying a similar status or performing similar functions) and employees who are covered persons, and may also apply to certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. To supervise compliance with its Code of Ethics, ArcLight requires Adviser Personnel to submit certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act. Approval of the CCO is required prior to any Adviser Personnel’s investment in any initial public offering or private placement.

Adviser Personnel are also required to act in accordance with applicable U.S. securities law at all times, promptly report any violation of the Code of Ethics of which they become aware to the CCO and annually certify that he or she received, read, understands and is in compliance with the Code of Ethics. Adviser Personnel who violate the Code of Ethics are 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: Sascha Rosebush, Chief Compliance Officer, 617-531-6300 / compliance@arclightcapital.com.

Participation or Interest in Client Transactions

Certain employees and affiliates of the Adviser invest in the Funds, either through the Funds’ general partner entities, as limited partners or otherwise. A Fund or its general partner, as applicable, often reduces all or a portion of the Advisory Fee 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.

Conflicts of Interest

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

Due in part to the fact that actual and/or potential investors in a Fund often ask different questions and request different information, the Adviser will provide certain information to one or more

actual and/or prospective investors that it does not necessarily provide to all prospective investors or limited partners.

Addressing Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the manner in which such conflicts are addressed, will be made subject to the relevant Governing Documents and using the Adviser's best judgment, but in its sole discretion. In seeking to resolve conflicts, the Adviser considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for addressing specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is consistent with the Fund's investment objectives, strategy and structure;
- Many important conflicts of interest will generally be addressed by set procedures, restrictions or other provisions contained in the Governing Documents of the Funds;
- Generally, each Main Fund has established an advisory committee (each a "Board of Advisers"), consisting of representatives of investors not affiliated with the Adviser. The Boards of Advisers meet at least annually or more frequently (as required) to, among other things, consult with the Adviser as to certain potential conflicts of interest;
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help alleviate conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- Prior to subscribing for interests in a Main Fund or Feeder Vehicle, 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 Governing 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.

Material Conflicts

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Fund will potentially encounter. Other conflicts are generally disclosed in the Governing Documents, the offering documents and throughout this Brochure. The Brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients

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

- the Funds;
- Co-Investors or Co-Investment Vehicles;
- Fund investors and/or third parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Fund investors and/or third parties 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”). Investment Allocation Requirements, if any, are generally set forth in each Fund’s Governing Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the written policies and procedures relating to the allocation of investment opportunities which are summarized below.

The Adviser must first determine which Fund(s) will potentially participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on, among other things, such Fund’s investment objectives, diversification requirements, strategies and structure, as well as various investment restrictions negotiated with that Fund’s investors as detailed in such Fund’s Governing Documents. A Fund’s investment objectives, strategies and structure, together with its investment restrictions, typically are reflected in the Fund’s Governing Documents. Prior to allocating an investment opportunity to a Fund, the Adviser determines what additional factors restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser could be required to offer an investment opportunity to one or more Funds. This obligation to offer appropriate investment opportunities will typically be set forth in a Fund’s Governing Documents.
- **Related Investments:** the Adviser could offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** the Adviser could 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.

- Other restrictions: Other restrictions result in a determination that the Fund should not participate in an investment opportunity, including its size, nature or stage of the business, or geographic location.

Once the Fund(s) that will participate in a particular investment have been identified, the Adviser, in its discretion, will allocate such investment opportunity among the identified Fund(s) based on various criteria, including unreserved and uncalled capital, or as specified in a Fund's Governing Documents. In making this determination, the Adviser may consider some or all of a wide range of factors, which generally include, but are not necessarily limited to, one or more of the following:

- Each Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each Fund's liquidity and reserves;
- Each Fund's investment diversification requirements (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Any "ramp-up" period for a newly-established Fund;
- Each Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Supply or demand of an investment opportunity at a given price level;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Whether an investment opportunity requires additional consents or authorizations from the Fund, investors or third parties;

- Whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable Governing Documents of each Fund.

The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, or (ii) the profitability of any Fund. 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, principal executive officers and other personnel of the Adviser invest indirectly in, and are permitted to invest directly in, Funds and 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 presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Allocation of Co-Investment Opportunities

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Fund(s) (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Fund(s) or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess will, from time to time, be offered to one or more co-investors pursuant to the procedures included in such Funds' Governing Documents and as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) 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 or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities are typically offered to some and not other investors in the Funds, 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, (iv) certain persons other than investors in the Funds (*e.g.*, consultants, joint venture partners, persons associated with a portfolio company and other third parties), will occasionally be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons; and (v) co-investors often purchase their interests in a portfolio company at the same time as the Funds, but sometimes purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding

acknowledgments of investors' interest in co-investment opportunities do not trigger Investment Allocation Requirements and do not require the Adviser to notify such investors if there is a co-investment opportunity.

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

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns that arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's chemistry with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, competitive, confidentiality, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party will have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment

party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and

- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Adviser.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Fund investors and third parties, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations will likely be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangements with such persons. While the Adviser determines how to allocate investment opportunities using its best 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 applicable Fund or that expenses incurred by the applicable Fund with respect to the syndication of the co-investment will not be substantial. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the applicable Fund, consequently, will likely hold a greater concentration and have greater exposure to the related investment opportunity than was initially intended, which could make the applicable Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

Allocation of Secondary Transactions

To the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, or is asked to identify potential purchasers in secondary

transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationship that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's Governing Documents; and
- Such other facts as it deems appropriated under the circumstances in exercising such discretion.

Conflicts Related to Purchases and Sales

From time to time, conflicts will arise when one Fund makes investments in conjunction with an investment being made by another Fund, or in a transaction where a Fund has already made an investment. Depending on the circumstances, investment opportunities are appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts are likely to arise in determining the terms of investments, particularly where Funds invest in different types of securities in a single portfolio company. Questions are likely to arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring will often raise conflicts of interest. 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. Certain Funds and their affiliates invest in bank debt and securities of companies in which other Funds hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund are likely to be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds will be prohibited from exercising voting or other rights, and are likely to 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, a Fund will occasionally provide the additional capital and, if provided, each such Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict will likely 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 Fund in a portfolio company will also raise the risk of using assets of one Fund to support positions taken by other Fund or that a client may remain passive in a situation in which it is entitled to vote. In addition while the Fund's Governing Documents typically require that investments and divestments occur at the same time and on the same terms and conditions, there may be occasions where there are differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to a Fund. The application of a Fund's Governing Documents and the Adviser's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed. Employees and related persons of the Adviser and its affiliates have made or are likely to make capital investments in or alongside certain Funds, and therefore will 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.

From time to time, the Adviser will, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will likely consider some or all of the factors listed above under "*Allocation of Fees and Expenses; Allocation of Investment Opportunities Among Clients; Allocation of Co-Investment Opportunities and Allocation of Secondary Transactions.*" Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Governing Documents of the applicable Fund(s).

Funds have in the past, and may in the future, sell down their interest in a portfolio company to co-investors. Subject to the applicable organizational documents of the Co-Investment Vehicle, the Adviser typically charges, but could decide not to charge, a co-investor (such as a Fund investor, an Adviser Investor or third party) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable Co-Investment Vehicle.

The Funds will, 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 provide equity and/or debt capital to consummate the

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 committed co-investors would be obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee and their portion of related expenses; if such co-investors are not party to a binding definitive agreement at the time of such sale or at the time such reverse termination fee is due, such co-investors would have no such obligation.

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

Cross-Transactions

From time to time, the Adviser will cause a Fund to purchase investments from another Fund, or 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, there is a chance that a Fund will not receive the best price otherwise possible, or the Adviser will 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) could have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates generally receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and are generally entitled to share in the investment profits of the relevant Funds. The Funds also generally pool their assets in order to create a portfolio to use in a collective financing vehicle. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser will be responsible for (i) considering its respective duties to each Fund, (ii) determining whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm’s length transaction with a third party on commercially reasonable terms, and (iii) obtaining any required approvals of the transaction’s terms and conditions, which typically include approval of the relevant Fund’s Board of Advisers.

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 may engage in principal transactions. The Adviser 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 currently manages a number of Funds that have investment objectives similar to each other and is, or its personnel will, likely to establish one or more additional investment funds in the future with investment objectives substantially similar to, or different from, those of the Funds. Allocation of available investment opportunities between the Funds and any other such investment fund could give rise to conflicts of interest. See “*Allocation of Fees and Expenses; Allocation of Investment Opportunities Among Clients; Allocation of Co-Investment Opportunities and Allocation of Secondary Transactions*” 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 of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

In addition, the Adviser receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund’s investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser 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 or any retained mental impressions 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.

Follow-on Investments

Investments to finance follow-on acquisitions present conflicts of interest, including the 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 will on occasion participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest 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 Transactions with Affiliates

From time to time, the Adviser will, in its discretion, and subject to requisite approvals, (i) recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (x) the Adviser, a related person of the Adviser (including but not limited to a portfolio company of a Fund), or an affiliate of one of the Adviser's direct or indirect owners or (y) an entity or individual with which the Adviser, its affiliates or a member of their personnel has a relationship (including, but not limited to, a third-party service provider utilized by the Adviser) or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit or (ii) contract with any related person of the Adviser or an affiliate of one of the Adviser's direct or indirect owners to perform services for the Adviser in connection with its provision of services to the Funds. When making such a recommendation, the Adviser will generally, because of its financial or other business interest have an incentive to recommend the related entity or other person even if another entity or person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

In particular, certain investment funds or separate accounts managed by Goldman Sachs Asset Management, L.P. ("GSAM") or its subsidiaries collectively own a significant indirect interest in the Adviser. Certain GSAM affiliates may provide various services to the Funds, or portfolio companies thereof, including, without limitation, custody, distribution, transfer agency, administrative, lending or other services, broker, dealer, agent, lender and advisory services. As an example, a portfolio company could hire a GSAM affiliate to provide underwriting, merger advisory, placement agency, foreign currency hedging, research, asset management services, brokerage services or other services to such portfolio company. Given the relationship between the Adviser and GSAM, the Adviser may have an incentive to recommend or utilize a GSAM affiliate rather than a third-party, even if another entity or person may be regarded as more qualified to provide the applicable services and/or may be able to provide such services at a lesser overall cost.

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, there is a chance that the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Fee Structure

The Funds have fixed investment periods after which capital from investors in the Funds is only permitted to be drawn down in limited circumstances, and Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds. This fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the general partner of each Fund (except for the Feeder Vehicles) is entitled to Carried Interest under the terms of such Fund's Governing Documents. The existence of the Carried Interest creates an incentive for the general partner to cause such Fund to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Adviser or its affiliates in a Fund, the clawback obligation of the general partner (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Adviser's personnel.

Pursuant to the Governing Documents, the general partner may be required to return excess amounts of Carried Interest as a "clawback". This clawback obligation may create an incentive for the general partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the general partner.

Fund Level Borrowing

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, 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 limited partners in such Fund on a pro-rata basis, including the general partner.

Borrowings under a Fund's Facility may affect a Fund's investors in a number of ways. To the extent the Fund uses borrowed funds in advance of capital contributions, the 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, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. In all cases, the use of a Facility will reduce the total investment profits distributable to such Fund's limited partners and general partner by the amount of interest and fees paid on such Facility.

Borrowing by the Fund will generally be secured by capital commitments made by the Limited Partners to the Fund, 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.

Providers of Operations Support

The Adviser, the Funds and/or the portfolio companies will from time to time retain other companies and individuals, who have in the past and may be in the future affiliates of the general partner, employees of such affiliates, portfolio companies of other of the Adviser's funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), "operating partners" or "senior advisors" ("Operations Support Providers"). The Operations Support Providers are engaged to provide operational support, due diligence, research, sourcing, specialized operations and consulting services and similar or related services to the Funds, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies ("Operations Support Services"). Operations Support Services may be high level insight, or extensive day-to-day roles, and typically include support to the general partner on behalf of the Funds, or portfolio companies regarding, among other things, construction management services (including developing project execution plans, negotiating contracts, engineering review, risk assessments, administering budgets, schedules, and contract compliance as well as monitoring and overseeing both portfolio companies and contractors), the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters. The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. Certain Operations Support Providers may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operations Support Providers may be offered the ability (or may have a preferred right) to co-invest alongside Funds, including in investments in portfolio companies in which such Operations Support Provider is involved or participates in the management thereof.

Pursuant to the Governing Documents of each respective Fund, fees and expenses associated with Operations Support Services ("Operations Support Expenses") will generally be paid and/or reimbursed by portfolio companies and/or the Funds. Operations Support Expenses (including Operations Support Expenses incurred in connection with an affiliated Operations Support Provider) will typically be determined at the discretion of the general partner of the Fund taking into account the particular Operations Support Services, and can include an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in the Fund and/or portfolio company and/or other incentive-based compensation to the Operations Support Provider, and will otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the general partner of the Fund, in its sole discretion, but will generally be based on whether third parties often provide such services to investment advisers or companies.

Operations Support Expenses will generally also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services may be provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Support Expenses incurred in connection with such services are borne by the Fund. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations Support Expenses will be allocated among the Funds as determined by the general partners or managers of such Funds, as applicable in a fair and equitable manner. To the extent any such Operations Support Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Support Expenses will not reduce any fees otherwise payable to the management company or its affiliates. The general partner's sole determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Support Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors.

Although the use of Operations Support Providers and allocation of Operations Support Expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser believes any such potential conflicts of interest are mitigated by the expected savings to the portfolio companies (and, in turn, the relevant Fund(s)) that will be applied if the cost of the Operation Support Provider is lower than market rates for the services provided, if the services provided by the Operations Support Providers are consistent with the business strategy the Adviser has for the relevant portfolio company and/or if the Operations Support Providers are more responsive, more incentivized, have a portfolio-wide perspective, and require less guidance.

Diverse Investor Base with Conflicting Interests

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

Business with and Among Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, situations arise where the Adviser is in the position to recommend the services of a portfolio company to other portfolio companies of the Funds, which may involve fees, commissions, servicing payments, discounts and/or other benefits to the Adviser, an affiliate or a portfolio company. The Adviser has a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended will not always necessarily be the best available to the portfolio companies held by the Funds. The

benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Adviser will likely 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 will not necessarily be the best available to the Funds or the portfolio companies.

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

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio 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 Adviser and/or its affiliates occasionally 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.

The members of a Main Fund's Board of Advisers are, or in the future could be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner of a Fund will from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

The Adviser and its affiliates may, from time to time hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an

investor, portfolio company, former portfolio company, investment target, 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.

Service Providers

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties in the discretion of the Adviser or its affiliates. The Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, information technology, license software, 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.

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

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser.

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

companies. Notwithstanding the foregoing, the Adviser generally does not negotiate for any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund or a portfolio company for comparable services.

Positions with Portfolio Companies

From time to time, employees of the Adviser 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 conflicts 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' fiduciaries duties among the two portfolio companies may create a conflict of interest.

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 Adviser employee or former employee is not subject to the Advisory Fee offset described above, or otherwise shared with the Funds and/or investors.

Side Letter Agreements; Board of Advisers Rights

The Adviser will often enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different or preferential rights or terms, including but not limited to different 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, liquidity or transfer rights and arrangements with respect to broker's and finder's fees. These side letter arrangements are often subject to contractual "most favored nation" protections in a Fund's partnership agreement. Except as otherwise agreed with an investor, the Adviser (or applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Many of the Funds have established a Board of Advisers, consisting of representatives of certain investors. A conflict of interest may exist when some but not all limited partners are permitted to designate a member to the Board of Advisers. The Board of Advisers 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 Board of Advisers. Representative of the Board of Advisers may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the Board of Advisers.

In addition, members of one Fund's Board of Advisers may also be a member of another Fund's Board of Advisers. In such instances, a conflict of interest exists because the Funds on which such overlapping Board of Advisers members may have conflicting interests and such Board of Advisers members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

Other Potential Conflicts

The Governing 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 Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there are conflicts of interest. Members of the law firms engaged to represent the Funds could be investors in a Fund, and could 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 will at times engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation will occasionally be required. Additionally, the Adviser and the Funds and the portfolio companies of the Funds will at times engage other common service providers.

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

The Adviser 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, any airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points" or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit the Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

The Adviser, in its discretion, has, and could, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser, as disclosed in the Fund's Governing Documents. The Funds and/or their portfolio companies will likely bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there will be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements,

including the possibility that the Adviser will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Funds may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company (“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 Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest from the Fund, the Adviser will benefit from the assets, income and gains of 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 good faith 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, 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.

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

The Governing Documents of certain Funds permit each such Fund’s general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, certain confidential or sensitive information will be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner will at times elect to withhold certain information to such limited partners for reasons relating to the

general partner's overall business strategy, despite the potential benefits to such limited partners of receiving such information.

To the extent permitted by law and each Fund's Governing Documents, the Funds indemnify (including the advancement of expenses) each Fund's Adviser and their respective officers, directors, employees, agents, stockholders, members, partners and other affiliates, and the members of the Funds' Boards of Advisers (or the Limited Partner that any such member represents).

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

Item 12. Brokerage Practices

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

Selection of Brokers and Dealers

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

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's CCO 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 will consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's CCO 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 will often also consider other business a particular broker or dealer has done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser's principals. A broker-dealer providing such brokerage and research services will receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided 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 could be broadly useful and of value to the Adviser in rendering investment advice to all or a significant portion of the Funds, or could be relevant and useful for the management of one or only a few Funds' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. The Adviser will only make securities transactions that it in good faith believes are in the best interest of the Fund. 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 charge lower commissions.

Aggregation of Trades

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

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

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes partners, principals and other investment professionals of the Adviser.

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund as soon as practicable after March 15 of each year, as well as quarterly performance reports within 45 days after each fiscal quarter end. The audited financial statements are audited by a Public Company Accounting Oversight Board (“PCAOB”) registered accounting firm and the quarterly reports generally contain unaudited financial statements. The Adviser and the applicable general partner, will from time to time, in their sole discretion, provide additional information relating to a Fund to one or more investors in such Fund. The Governing Documents of each Fund provide further information on the reports provided by a particular Fund to its investors.

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 the future receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

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

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

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

Co-Investment Vehicles are generally established in order to invest alongside one or more Main Funds in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of the Co-Investment Vehicles independent of the limitations as set forth in the Governing Documents of the Co-Investment Vehicle and applicable Main Fund.

The assets of a Feeder Vehicle are invested in a Main 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 Governing Documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s General Counsel or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant 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 appropriate investment professional for a voting decision. In most cases, the Adviser’s General Counsel or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she will generally rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the 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 investment professional and the General Counsel are unable to arrive at an agreement as to how to vote, then the General Counsel will typically consult with the Adviser’s 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.

The Adviser’s General Counsel has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser’s CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or the Adviser’s affiliates and their clients has an interest in how the Vote is voted that presents 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 will 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.

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: Sascha Rosebush, Chief Compliance Officer, (617) 531-6300 / compliance@arlightcapital.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.