

**Item 1. Cover Page**

**Hellman & Friedman LLC**

**Hellman & Friedman LP**

415 Mission Street, Suite 5700  
San Francisco, CA 94105

(415) 788-5111

[www.hf.com](http://www.hf.com)

Part 2A of Form ADV: Firm Brochure  
Amended & Restated as of March 29, 2022

**This brochure provides information about the qualifications and business practices of Hellman & Friedman LLC and Hellman & Friedman LP. If you have any questions about the contents of this brochure, please contact us at (415) 788-5111 or [compliance@hf.com](mailto:compliance@hf.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 Hellman & Friedman LLC and Hellman & Friedman LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This brochure contains several changes from the last firm brochure dated March 29, 2021 including, but not limited to:

- New disclosures with respect to Other Investment Vehicles;
- Enhanced description of the various fees and expenses H&F may receive;
- Enhanced description of the various fees and expenses H&F may charge;
- New and updated risk factors; and
- Additional and updated conflicts and other information regarding allocation of investment opportunities and co-investment opportunities, allocation of fees and expenses, continuation transactions, management of the Funds, follow-on investments, investments by multiple Funds in the same portfolio company, business and relationships with portfolio companies and investors, service providers, positions with portfolio companies, portfolio company professionals, side letter agreements, conflicts relating to H&F and other potential conflicts.

In addition, H&F routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliances policies and procedures, as well as to respond to evolving industry best practices.

### Item 3. Table of Contents

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#### **Item 4. Advisory Business**

Hellman & Friedman LLC, a Delaware limited liability company (“H&F LLC”), and Hellman & Friedman LP, a Delaware limited partnership (“H&F LP”), together establish and, with various of their affiliates, provide investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (the “Funds” and each, a “Fund”). H&F LP is the manager of such Funds and has engaged H&F LLC, through a subadvisory agreement, to assist H&F LP with certain of such advisory services. The affiliates through which such advisory services are provided include the general partners of the Funds (each, a “General Partner”). Such affiliates are each under common control with H&F LP and H&F LLC, as defined under the 1940 Act. Certain of these affiliates are formed for tax, regulatory or other purposes in connection with the organization of the Funds. H&F LP and H&F LLC, together (where the context permits) with the General Partners, their affiliated management companies and other affiliates that provide advisory services to the Funds, are referred to in this brochure collectively as “H&F.”

H&F was formed in 1984 and raised its first institutionally-sponsored private equity partnership in 1987. H&F is headquartered in San Francisco, with additional offices in New York and London. H&F LP is owned indirectly through holding companies by its partners and H&F LLC is owned by its members, none of whom are principal owners.

H&F is focused on making large-scale private equity-related investments in the developed markets. Across sectors, H&F generally seeks high quality businesses with defensible competitive positions, strong economic growth profiles and an orientation towards higher growth. H&F generally seeks to build a concentrated portfolio of scale investments in its core sectors of expertise, including software; financial services; internet & media; business & information services; insurance & insurance services; healthcare; consumer & retail; and energy & industrials. H&F continually seeks to identify new industries or sub-sectors that meet its investment criteria. Although the primary focus of each Fund is on private equity-related investments, H&F also may from time-to-time recommend other types of investments consistent with the respective Fund’s investment strategy and objectives.

H&F’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing, overseeing and monitoring the performance of such investments and disposing of such investments. H&F serves as the investment adviser, sub-adviser, general partner and/or ultimate general partner to the Funds in order to provide such services.

H&F provides investment advisory services to each Fund in accordance with various investment management or advisory or sub-advisory agreements, as applicable, (each, a “Management Agreement”), the limited partnership agreement (or analogous organizational document) of such Fund (each, an “Organizational Document”) and/or side letters with Limited Partners of the Funds (the Limited Partners with the General Partners, “Partners”) (“Side Letters,” and together with the Management Agreements and the Organizational Documents, the “Governing Documents”). Investment advice is provided directly to the Funds and not individually to the Limited Partners.

Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

For purposes of this brochure, a “Fund Family” means a group of Funds that is raised simultaneously and contractually required to invest together, such as Hellman & Friedman Capital Partners VII, L.P. and its affiliated parallel funds, Hellman & Friedman Capital Partners VIII, L.P. and its affiliated parallel funds, Hellman & Friedman Capital Partners IX, L.P. and its affiliated parallel funds or Hellman & Friedman Capital Partners X, L.P. and its affiliated parallel funds. The Fund entities that comprise a “Fund Family” are referred to herein as “Main Fund” entities. H&F from time-to-time also establishes other investment vehicles, including dedicated or “standing” vehicles through which one or more limited partners of the Funds (“Limited Partners”) and/or third-parties may invest alongside one or more Fund Family(ies) in a single transaction or in multiple transactions (any co-investment vehicles established by H&F, “Co-Investment Vehicles”). The term “Co-Investment Vehicles” includes deal specific entities formed to invest alongside one or more Fund Families in a specifically identified portfolio company or companies; and co-investment Funds formed to invest together with one or more Fund Families. In addition, from time-to-time, H&F also establishes certain investment vehicles for the purpose of purchasing one or more investments from a Fund and/or for the purpose of purchasing one or more investments from one Fund (often where the selling Fund is approaching the end of its term) in connection with or alongside another Fund making an investment (such transactions, “Continuation Transactions” and such Other Vehicle a “Continuation Transaction Vehicle”). As part of a Continuation Transaction, the selling Fund’s Partners from time-to-time may be, and have in the past been, given an election to rollover their existing Fund investment into a new investment vehicle through which they continue to invest in the underlying portfolio company or companies together with the purchasing Continuation Vehicle and, where applicable, Funds (an “Extended Duration Vehicle”). For purposes of this brochure, Co-Investment Vehicles, Continuation Funds and Extended Duration Vehicles are collectively referred to as “Other Investment Vehicles”. For purposes of this brochure, certain Other Investment Vehicles are deemed to be “Funds” because they are advisory clients of H&F under the Advisers Act and for purposes of the Securities Act and certain Other Investment Vehicles are not “Funds” for these purposes. Certain of the Fund entities are comprised primarily of current and former employees and/or friends or family of H&F and are referred to herein as “Associates Funds”.

As of December 31, 2021, H&F managed a total of \$86,653,000,000 of client assets (calculated as “Regulatory Assets Under Management” as defined in the Form ADV General Instructions), all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

H&F charges certain Funds (including, without limitation, certain Other Investment Vehicles) various fees and compensation, including management fees, carried interest (as described in Item 6 below) and/or profits interests, in each case as set forth in the applicable Governing Documents. For the Main Funds, management fees are either calculated based on Limited Partner commitments to the applicable Fund, costs of investments or capital contributions in respect of investments then held.

With respect to profits interests, for certain Funds (including, without limitation, certain Other Investment Vehicles) H&F has, or may in the future have, the ability to receive a profits interest as the result of waiving all or a portion of the management fee otherwise payable by a Fund (on a voluntary basis pursuant to H&F's election). Such profits interest entitles H&F to share in net profits, if any, of the applicable Funds. In addition, for certain other Funds (including, without limitation, certain Other Investment Vehicles), H&F receives, or may in the future receive, a profits interest that entitles H&F to share in net profits, if any, of the applicable Funds up to a fixed percentage of the capital commitments of the Fund's limited partners.

Please see Item 6 below regarding "carried interest" that certain Funds pay.

Certain Fund and certain other vehicles are not required to pay management fees, profits interests and/or carried interest, or pay reduced management fees, profits interests and/or carried interest, including the Associates Funds and certain Other Investment Vehicles.

In addition to the management fee, carried interest (as described in Item 6 below) and profits interests, break-up, consulting, merger and acquisition, financial advisory, investment banking, commitment, transaction, monitoring, directors' or other similar fees, whether paid in cash, in-kind or other equity, are from time-to-time charged by H&F and/or its senior advisors, which, for the avoidance of doubt, include Senior Operating Advisors and Operating Partners (collectively, "Senior Advisors"), with respect to an investment or proposed investment by a Fund (such fees net of all related expenses, collectively, "Other Fees"). The amount and timing of Other Fees received by H&F, its personnel and/or its Senior Advisors are generally specified in the agreement or other documentation governing the applicable transaction. Notwithstanding the foregoing and other than as set forth in the applicable Governing Documents, Other Fees do not include (i) amounts paid to any individual Partner of H&F LLC and/or H&F LP (collectively, "H&F Executives") or other H&F personnel, including Senior Advisors (collectively, such H&F Executives, Senior Advisors and other H&F personnel being "H&F Personnel") in his or her capacity as director (including advisory boards or similar positions) or trustee of any concern that is not a portfolio company of the applicable Fund, (ii) the value of any stock options or other similar rights received by any H&F Personnel prior to an investment by such Fund or acquired by any such H&F Personnel after the disposition of an investment by such Fund, (iii) any amounts paid by a former portfolio company, such as directors' fees a former portfolio company pays to H&F Personnel who remain on the company's board of directors following the Fund's disposition of its investment in the portfolio company and (iv) any fees and other amounts paid to any consultants, operating advisors, operating executives (which, for the avoidance of doubt, exclude any Senior Advisors) and other individuals or service providers retained by or on behalf of such Fund or and/or its portfolio companies to provide services (which, among other things, may include operational and industry expertise and serving on the board of directors of one or more portfolio companies or relating to deal-sourcing and investment opportunities), in each case, who are not then current H&F Personnel (provided, that they may be former H&F Personnel, or current or former employees, directors, executives, chairpersons or similar positions with current or former portfolio companies of such Fund, prior Funds or successor funds) and are not bound to provide services on an exclusive basis to H&F (collectively, "External Advisors") (which may include profits interest, equity or equity-related interests in the Funds and/or portfolio company or other incentive-based compensation).

These Other Fees may be substantial and may be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. In addition, agreements have in the past and may in the future be in place with portfolio companies that provide that upon the sale of such portfolio company, an IPO or other partial disposition, Other Fees are accelerated and the present discounted value of such fees are paid to one or more investors, including H&F, at such time. Since the monitoring agreements may have prolonged terms (often exceeding ten years and/or subject to automatic extensions and renewal), the financial effect of such acceleration may be substantial, particularly in the event such circumstances occur early in the life of the Fund's investment in such portfolio company. Notwithstanding the foregoing, in the event of an initial public offering or other partial disposition, monitoring fees may continue to be paid so long as the applicable Fund continues to hold an other than de minimis position in such portfolio company and H&F continues to provide the monitoring services.

In the event H&F receives Other Fees, unless otherwise set forth in the applicable Governing Documents, H&F will reduce the amount of management fees paid by, or in some cases the profits allocable by, the applicable Fund in an amount equal to 100% of Other Fees attributable to each such Fund. The manner of such reduction, if any, is set forth in the Governing Documents of the applicable Fund. To the extent any Other Fee is attributable to a portfolio company held by more than one Fund and/or Other Investment Vehicle, for purposes of calculating any management fee reduction, such Other Fee is allocated among the applicable Fund(s) and Other Investment Vehicle(s) in proportion to their interest (or prospective interest) in the portfolio company. As described above, certain Funds (e.g., Associates Funds) or certain Other Investment Vehicles pay reduced or no management fees. If a Fund or Other Investment Vehicle does not pay management fees, any reduction in management fees in respect of Other Fees will not benefit such Fund or Other Investment Vehicle. The portion of such Other Fees allocable to Other Investment Vehicles or Funds that do not pay, or pay reduced, management fees may, at H&F's sole election, be retained by H&F or offset management fees paid by the Funds in the applicable Fund Family that do pay management fees.

For the avoidance of doubt, any fees paid to H&F or H&F Personnel after a Fund has exited an investment are not considered "Other Fees" and do not reduce management fees.

From time-to-time, H&F will disclose to a Limited Partner the amount of Other Fees allocated to the Fund in which such Limited Partner has invested in account statements or other similar periodic reports delivered to Limited Partners.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third party involved on behalf of the relevant portfolio company and therefore such fees are not subject to a market check. In such circumstances, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company by virtue of H&F acting on behalf of both parties.

Consistent with the Funds' Governing Documents, a portfolio company generally will reimburse H&F for out of pocket expenses (including without limitation, expenses for certain entertainment, meals, travel, deal, search firm, legal expenses (including legal costs associated with reviewing

financing documents and agreements, whether on behalf of a portfolio company borrower or a lender), transaction expenses and other consultancy expenses) incurred by H&F in connection with its monitoring of, or performance of services for, such portfolio company, including services as a board member or observer of such portfolio company or services of H&F Personnel. In addition, the terms of the applicable Governing Documents generally provide that the Funds will reimburse H&F for out-of-pocket costs and expenses (excluding unreimbursed travel and entertainment) incurred by H&F in connection with consummated or unconsummated transactions. All such reimbursements are different from Other Fees and thus are not subject to the management fee offset arrangements described above. As used throughout this brochure, “travel” and “travel-related” expenses shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including first class or business class travel, chartered or private planes; *provided*, that any air travel paid for by the Funds shall not exceed commercial first-class equivalent rates, and private car travel), lodging and accommodations.

H&F also, from time-to-time, engages and retains External Advisors who include, among other persons, former H&F Personnel or current or former employees, directors, chairpersons, executives or similar persons of portfolio companies, and who, from time-to-time, receive fees, allocations, reimbursements of expenses and other amounts (which may include a profits interest, equity or equity-related interests in the Funds and/or portfolio company or other incentive-based compensation) for providing services to or on behalf of the Funds and/or their portfolio companies (which, among other things, may include operational and industry expertise and/or serving on the board of directors of one or more portfolio companies or relating to deal-sourcing and investment opportunities). Such fees, expense allocations and other amounts are generally paid and/or reimbursed by the applicable portfolio company and/or the applicable Fund (although in certain limited circumstances, H&F may elect to pay the fees and compensation of such External Advisors). Such amounts, fees, allocations, reimbursement of expenses or other compensation received by External Advisors are generally retained by such External Advisors and are not deemed paid to or received by H&F and such amounts will not be subject to the management fee offset arrangements described above or otherwise reduce the management fee. The nature of the relationship with each such External Advisor and the time devotion requirements of each such External Advisor may vary significantly. These arrangements are negotiated individually, depending on the anticipated services to be provided. In certain cases, External Advisors have attributes of H&F Personnel (for instance, they may have some of the following: office space, receive H&F administrative support services, participate in general meetings or events for H&F Personnel, have an H&F email address, be listed on the H&F website or receive H&F business cards), even though they are not employees, affiliates or personnel of H&F. Additionally, and notwithstanding the foregoing, these External Advisors may from time-to-time be (or have the right to be) investors in the Funds’ portfolio companies (which, in some cases, may involve agreements to pay performance fees or equity-based compensation to such persons in connection with a Fund’s investment therein, which will reduce the Fund’s returns and will not be subordinated to the return of Limited Partners’ capital contributions). In certain instances, H&F has formal arrangements with External Advisors (which may or may not be terminable upon notice by any party) and in other cases the relationships are more informal.

Subject to the applicable Governing Documents, the Funds and/or, for the benefit of the Funds, H&F has in the past, and may from time-to-time in the future, in its sole discretion determine to



charge a co-investor or a Co-Investment Vehicle financing fees and/or interest costs for borrowings on their behalf or 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. However, subject to the applicable Governing Documents, the applicable Funds (and not co-investors or Co-Investment Vehicles) generally bear all financing facility costs, other than financing fees or interest with respect to specific transactions. In addition, H&F may charge a co-investor or an Other Investment Vehicle monitoring, transaction, consulting, merger and acquisition, financial advisory, investment banking, commitment, monitoring, directors' or other fees. In each case, subject to the applicable Governing Documents, such fees and/or costs do not constitute Other Fees and thus are not subject to the management fee offset arrangements described above.

From time-to-time, H&F (in its sole discretion) agrees that all or a portion of a transaction, consulting, merger and acquisition, financial advisory, investment banking, commitment, monitoring, directors' or other fees payable by an actual or prospective portfolio company or a Fund be paid to an unaffiliated third party ("Third Party Fee"), such as a consultant, advisor, External Advisor, finder, broker, co-investor and/or investment bank. In such event, as the Third Party Fee is not a fee received by H&F, H&F is not required under the terms of the applicable Governing Documents to offset management fees payable by a Fund in respect of such Third Party Fee.

For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

The precise amount of, and the manner and calculation of, the management fees for a Fund, if any, are set forth in the applicable Governing Documents of the applicable Fund. The fee structures may only be modified pursuant to an amendment to the Governing Documents. Fees differ from one Fund to another, as well as among Limited Partners in the same Fund (including, for instance, reduced management fees or fee breaks for Limited Partners with capital commitments in excess of certain thresholds).

Management fees are generally payable on a quarterly basis by the Funds generally in advance in equal installments on each quarterly fee date, as set forth in the applicable Governing Documents. Management fees are paid by the Funds out of called capital, borrowings from a Fund's credit facility or undistributed proceeds, all of which (other than as provided in a Fund's Governing Documents, such as with respect to certain Other Investment Vehicles) shall reduce remaining capital commitments.

To the extent that a Governing Document of a Fund providing for the payment of management fees is terminated and not otherwise replaced, management fees that have been prepaid will generally be returned on a prorated basis.

To the extent set forth in the applicable Governing Document of a Fund, management fees paid by a Fund will be reduced by the amount of fees incurred by the Funds in connection with the organization of such Fund that exceed a limit specified in such Fund's Governing Documents ("Organizational Expenses Cap"). As some Funds do not pay management fees and some Funds do not have an Organizational Expenses Cap, any such reduction will not benefit such Funds.

To the extent provided in the Governing Documents of the Funds, H&F will pay out of management fees its own operating expenses incurred in connection with the management of the Funds (which, for the avoidance of doubt, exclude those expenses borne directly by the Funds as described below). Such operating expenses to be borne by H&F are described in the applicable Governing Documents and generally include, without limitation, expenditures on account of salaries, wages, benefits and other expenses of H&F's partners, members, employees and Senior Advisors (which, for the avoidance of doubt, does not include carried interest described in Item 6 below), rentals payable for office space used by H&F or the Funds, bookkeeping services, equipment, unreimbursed travel and entertainment and any out-of-pocket costs and expenses incurred in causing H&F to register as an investment adviser under the Investment Advisers Act of 1940 (as amended, the "Advisers Act") and the maintenance of such registration (including costs and expenses relating to the preparation and filing of Form ADV and Form PF).

To the extent provided in the Governing Documents of the applicable Fund, each Fund will bear all fees, costs, expenses, liabilities and obligations related or attributable to its operations, business or actual or prospective investments (to the extent not borne or reimbursed by its portfolio companies or prospective portfolio companies), including without limitation: (i) real property or personal property taxes on investments; (ii) taxes, fees, penalties, interests, or other governmental charges applicable to the Fund on account of its operations, including, without limitation, in connection with any tax audit, investigation, settlement or review of the Fund; (iii) borrowings, other indebtedness of or guarantees made by the Fund or the General Partner on behalf of the Fund or in furtherance of an investment, including, without limitation, principal, interest and any fees and expenses with respect thereto and the arranging or attempted arranging thereof; (iv) fees and expenses incurred in connection with financing sources and the maintenance of bank, brokerage, depository (including any depository appointed pursuant to the Alternative Investment Fund Managers Directive (the "AIFMD")), local paying agent (including any Swiss representative and paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended) and the implementation thereof), trustee or custodian accounts; (v) all expenses incurred in connection with the resolution of the Fund's existing, prior or potential portfolio companies' claims, disputes, litigation, governmental inquiries, investigations or proceedings (including, without limitation, any actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including, without limitation, any judgment, other award, settlement or fines entered into in connection therewith; provided that the indemnified parties shall not be entitled to payment by the Fund of any such expenses related to resolution of claims, disputes, litigation, governmental inquiries, investigations or proceedings involving existing or potential portfolio companies if they would not be entitled to indemnification pursuant to the applicable Governing Documents); (vi) expenses incurred by H&F in serving as the partnership representative; (vii) activities or proceedings of the members or observers of the Advisory Board (including, without limitation, any reasonable costs and expenses incurred by members or observers in attending or otherwise participating in meetings of the Advisory Board, as well as certain costs and expenses of legal counsel as provided for in the Governing Documents); (viii) any third-party fees, costs or expenses incurred in connection with the preparation, distribution or filing of Fund-related or investment-related financial statements, books and records, tax returns or other reports, tax estimates, Schedule K-1s or other administrative, informational or similar reports, or other information, including, without limitation, fees and costs of the independent

certified public accountant incurred in connection with the annual audit of the Fund's books and any other third-party service providers and professionals related to the foregoing; (ix) directors and officers liability, errors and omissions liability, general partner liability, cybersecurity liability, professional and other insurance premiums and expenses for the Fund and H&F; (x) any annual Limited Partner meeting or other periodic or special meetings of Limited Partners or the Advisory Boards (including, without limitation, reasonable travel expenses of the senior operating advisors and H&F's or any portfolio company's partners, members and employees to attend such meetings); (xi) any third-party fees, costs or expenses incurred in connection with legal, tax, accounting, audit, advisory, consulting, administration (including, without limitation, fees and expenses associated with the Fund's third-party administrators, if any, and expenses relating to maintaining the books and records of the Fund), insurance, appraisal, investment banking, broker, dealer, finder, underwriting, loan administration, private placement, agent, valuation, certification, research (including, without limitation, data and information service subscriptions, related systems whether maintained on-site or otherwise and services from data providers and data management software), information, anti-money laundering, custodial, depository, trustee, record-keeping, public relations and other professionals and services, including the legal fees and expenses incurred in connection with prosecuting or defending administrative or legal proceedings relating to the Fund brought by or against the Fund or H&F or their partners or members (provided that the indemnified parties shall not be entitled to such legal fees and expenses if they would not be entitled to indemnification pursuant to the applicable Governing Documents); (xii) any out-of-pocket expenses incurred in connection with the Fund's legal, tax, regulatory and statutory compliance with United States federal, state, local, non-U.S. or other law and regulation related to the activities of the Fund (including regulatory expenses of H&F in connection with the operation of the Fund and legal fees and expenses), including, without limitation, reports, disclosures, filings and notifications prepared, distributed or filed in connection therewith, including without limitation expenses relating to filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including without limitation Form 13F, Form 13H, Section 16 filings, Schedule 13D filings and Schedule 13G filings), reports to be filed with the United States Commodity Futures Trading Commission, reports, disclosures, filings and notifications prepared, distributed or filed, and service providers appointed, in connection with the laws, rules, regulations or similar requirements of jurisdictions (including the AIFMD in which a Fund engages in activities (or in which any actual or potential Limited Partner is resident or established) and any forms, schedules, filings, information or other documents prepared with respect to the Foreign Account Tax Compliance Act (and any comparable legislation or regulations published by any other relevant jurisdiction), in each case relating to the Fund's activities; (xiii) the Fund's compliance with applicable laws and regulations; (xiv) all costs and expenses relating to the Fund's registered office and agent; (xv) all costs and expenses arising out of the Fund's indemnification obligations pursuant to the Governing Documents of the applicable Fund; (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data of the Fund; (xvii) except as otherwise provided in the Governing Documents of the applicable Fund, amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund; (xviii) compliance with the provisions in side letters entered into with Limited Partners that are not affiliates of the General Partner, other than "most favored nations" provisions; (xix) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of any Limited Partner's interest in the Fund; (xx) expenses (other than unreimbursed travel and entertainment expenses) of H&F related to attending trade association meetings, conferences or similar meetings in connection with

the evaluation of specific investment opportunities; (xxi) risk management assessments; (xxii) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board; (xxiii) all advisory, consulting, brokerage, interest, custodial, accounting, legal, financing, regulatory, tax (other than any corporation expenses) and other similar fees, costs, expenses, liabilities and obligations relating or attributable to the sourcing, development, investigation, structuring, organization, negotiation, financing, refinancing, bidding, acquisition, holding, managing, operating, hedging, restructuring, trading, settling, taking public or private, selling, valuation, winding up, liquidation or disposition of actual investments or potential investments or any investments considered by the Fund or seeking to do any of the foregoing, whether or not such activities are successful (including, without limitation, all amounts attributable to co-investments (or incurred in connection with the formation and negotiation of Co-Investment Vehicles), whether or not the applicable transactions are consummated, and any reverse breakup, termination and other similar fees), in each such case to the extent not borne or reimbursed by a portfolio company or prospective portfolio company; (xxiv) all organizational costs, fees and expenses incurred by or on behalf of H&F in connection with the raising, formation and organization of the relevant Fund Family, the General Partner and other related affiliates, including, without limitation, legal, accounting, registration, filing and other fees and expenses incident thereto, travel expenses (which from time-to-time includes private air travel, provided, that any air travel paid for by the Funds shall not exceed commercial first-class equivalent rates) and meals incurred by H&F and the costs of establishing and maintaining any web-based portal used to disseminate information to prospective Limited Partners (“Organizational Expenses”), up to any applicable Organizational Expenses Cap, as well as all Organizational Expenses in excess of the applicable Organizational Expenses Cap; provided that the management fees will be reduced by 100% of any Organizational Expenses paid by the Fund in excess of the applicable Organizational Expenses Cap; (xxv) a Fund’s allocable share of any fees, costs and expenses related to the organization or maintenance of any intermediate entities used to acquire, hold, manage or dispose of Investments or otherwise facilitating the Fund’s investment activities, including without limitation any travel expenses (which may include private air travel; *provided*, that any air travel paid for by a Fund shall not exceed commercial first-class equivalent rates) and meals, including for personnel of H&F or its affiliates related to such entity or structure as well as the salary and benefits of any personnel of such entities or structure (other than salary and benefits that should be borne by the General Partner and the Management Company), in each case, reasonably necessary and/or advisable for the maintenance and operation of such entity or structure, or other overhead expenses in connection therewith; (xxvi) the out-of-pocket costs and expenses of any External Advisors; and (xxvii) all extraordinary expenses, expenses of forming, organizing and operating any alternative investment vehicle and any general partner or management entity related thereto and all costs, fees, and expenses incurred by the General Partner (or its designee) in connection with the terminating, winding up and dissolving the Fund, any alternative investment vehicle and their respective general partner or management entities at the end of the Fund’s or such alternative investment vehicle’s term and the liquidation of the assets of the Fund, such alternative investment vehicle and their respective general partner or management entities, specifically including but not limited to legal and accounting fees and expenses.

In addition, H&F, from time-to-time, engages one or more fund administrators or similar service providers to perform certain functions in relation to the Funds’ legal entity, which services may include, but are not limited to, coordination of management function, preparation and maintenance

of accounting books and records, preparation and review of capital calls and distributions, management of investor data and contacts, response to investor inquiries, support for the financial statement audits, cash management support, financial reporting for investors as required under the Funds' partnership agreements, side letters and credit agreements, and reporting for various regulatory reporting with which the Funds are required to comply. In certain instances, employees of such service providers may dedicate substantially all their time to the Funds. These expenses related to such service provider employees are borne by the Funds.

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 Partners or the transaction ("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 the organization, formation, maintenance and other expenses incurred solely for the benefit of the SPV.

In the event that H&F chooses to use a broker-dealer to effect portfolio transactions 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**

With respect to the Funds (including certain Other Investment Vehicles), a portion of the profits of such Fund is allocated to its General Partner as "carried interest." Each General Partner is a Related Person (as defined in the 1940 Act) of H&F LP and H&F LLC.

Certain Funds and other vehicles are not required to pay carried interest, management fees and/or profits interests or pay reduced carried interest, management fees and/or profits interests, including certain Associates Funds and certain Other Investment Vehicles. In addition, certain Funds may not pay carried interest due to the underperformance of such Funds' underlying portfolio investments. The payment by some, but not all, Funds or Co-Investment Vehicles of carried interest or payment of different carried interest rates may create an incentive for H&F to disproportionately allocate time, services or functions to Funds or Co-Investment Vehicles paying carried interest or higher carried interest rates. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated, at least in part, by (i) certain limitations on the ability of H&F to establish new investment funds, (ii) contractual provisions generally requiring Funds within the same Fund Family and related Co-Investment Vehicles to purchase and sell investments contemporaneously, (iii) each investing Fund within the same Fund Family generally being required to invest pro-rata based on commitments and/or (iv) contractual provisions and procedures setting forth investment allocation requirements.

Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by H&F.

## **Item 7. Types of Clients**

H&F currently provides investment advisory services to the Funds, and the Funds are H&F's only clients. Investment advice is provided directly to the Funds and not individually to Limited Partners in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act.

H&F does not have a minimum size for a Fund, but minimum investment commitments are established for Limited Partners in certain Funds, subject to waiver by H&F in its sole discretion.

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

### **Methods of Analysis and Investment Strategies**

H&F has developed a focused strategy that seeks to align both the organization and its investment philosophy and investment process around the objectives described at Item 4 above. The foundation of H&F's investment philosophy stems from a rigorous focus on the fundamental quality of the underlying business as the primary driver of investment results. Across sectors, H&F generally seeks high quality businesses with defensible competitive positions, strong economic growth profiles and an orientation towards higher growth. H&F generally seeks to build a concentrated portfolio of scale investments in its core sectors of expertise, including software; financial services; internet & media; business & information services; insurance & insurance services; healthcare; consumer & retail; and energy & industrials. H&F continually seeks to identify new industries or sub-sectors that meet its investment criteria.

Since its inception, H&F has developed and continually refined its internal processes to help apply its investment philosophy. Importantly, these processes are incorporated into the evaluation of new opportunities, the value creation at existing investments and the management of the overall portfolio. H&F believes that there are a limited number of businesses and opportunities that fit within its investment parameters and has therefore designed its investment process to concentrate and dedicate resources when it identifies a situation that may be attractive.

### **Risks**

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 (but are not limited to) the following:

**No Assurance of Investment Return.** H&F cannot provide assurance that it will be able to choose, make or realize investments in any particular company or portfolio of companies. There is no assurance that H&F will be able to generate returns for its Funds or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that expected returns for the Funds will be achieved, that a Fund will receive a return of its capital or that H&F will otherwise be able to carry out its investment program. There can be no assurance that H&F's assessment of the short-term, intermediate-term

or long-term prospects of investments will prove accurate or that the Funds will achieve their investment objective or avoid loss of capital.

**Competition for Investments.** The activity of identifying, completing and realizing on attractive investments that fall within a Fund's objective is highly competitive, involves a high degree of uncertainty and will be subject to market conditions. The Funds encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers, Limited Partners, financial institutions and other institutional investors, including hedge funds, private investment funds and sovereign wealth funds investing directly or through affiliates. New competitors continually enter the market, and in some cases existing competitors combine in a way that increases their strength in the market. Further, over the past several years, an ever-increasing number of private equity funds have been formed and many existing funds have grown considerably in size. Additional funds with similar investment objectives can be expected to be formed in the future by other unrelated parties. Additionally, competition for investment opportunities from other investment vehicles has increased on a global scale. Private equity and other alternative asset management vehicles, whether located in the U.S., Europe, Asia, or other emerging market regions, are making global competition increasingly intense. Such competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than H&F. H&F expects that competition for appropriate investment opportunities could increase further, which may also require the Funds to participate in more auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which investments can be made. Participating in auctions will also increase the pressure on the Funds with respect to pricing of a transaction. For example, given the increasingly more competitive environment, H&F has found it more difficult to obtain buyer-favorable terms in a transaction, such as receiving indemnification from the seller for breaches of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund, or the ability to terminate the transaction if there has been a material adverse change in the company's business prior to closing of the investment. In addition, H&F has found competitors for investment opportunities are willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund-level guarantees. In the event a financing-related closing condition is not available to a Fund or if a Fund is required to provide a reverse break-up fee or guarantee in connection with a potential investment, a Fund may become obligated to consummate a transaction on less favorable terms or may be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made. There can be no assurance that a Fund will be able to identify or consummate investments satisfying its investment criteria or that if such investments are made, that such investments will be realized upon at favorable valuations or that the objectives of the Fund will be achieved. Likewise, there can be no assurance that a Fund will be able to locate, complete and exit investments that satisfy a Fund's rate of return objectives, realize the values of its investments or be able to fully invest its committed capital. To the extent that H&F encounters increased competition for investments, returns to the Funds may decrease.

In addition, H&F's investment strategies in certain sectors depends on its ability to enter into satisfactory relationships with joint venture partners or operating executives. There can be no assurance that H&F's current relationship with any such partner or operating executive will

continue (whether on currently applicable terms or otherwise) with respect to a Fund or that any relationship with other such persons will be able to be established in the future as desired with respect to any sector or geographic market and on terms favorable to such Fund.

**Risk of Investment Concentration.** Concentration of investments may involve risks greater than those generally associated with more diversified funds, including significant fluctuations in returns. The Funds participate in a limited number of investments and, in addition, certain of these investments may require equity investments that are larger than were required in H&F's historical transactions. A significant portion of the Funds' portfolio companies may be concentrated in a few industries, particularly software; financial services; internet & media; business & information services; insurance & insurance services; healthcare; consumer & retail; and energy & industrials. As a consequence, the aggregate return of a Fund may be adversely affected by the unfavorable performance of any single investment or industry. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. The aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single geographic market. To the extent the Funds concentrate their investments in a limited number of geographic areas, the Funds will be subject to risks of adverse events or conditions which particularly affect the Funds' areas of concentration, and the Funds could be more adversely affected than if their investments were more diverse as to geographic location. Furthermore, if a Fund co-invests with other private equity funds, Limited Partners may have exposure to investments through more than one fund. In circumstances where H&F intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

**Broad Investment Mandate.** Except as described in the Governing Documents, there are no material limitations on the instruments, markets or countries in which the Funds may invest or the specific investment strategies that may be employed on behalf of the Funds. In light of the Funds' broad investment mandate, the Funds may opportunistically make equity and/or debt investments that do not involve control or influence over the underlying portfolio company. Additionally, and while the Funds generally intend to focus on investments within the industries referenced herein and in the applicable private placement memorandum for such Fund, the Funds will be permitted to invest (and may actually invest) in any number of companies operating in a wide range of industries or activities. A Fund's portfolio may be concentrated at various moments in time, including, for example, with respect to the number of investments included in the portfolio (which will be particularly limited when such Fund commences and ends its investing activities), the nature of such investments and the geographies or industry sectors represented by the companies in which such Fund invests.

**Role of Investment and Operating Professionals.** The success of the Funds will depend in part upon the skill and expertise of H&F's investment and operating professionals. Should one or more of these individuals become incapacitated or in some other way cease to participate in the Funds, Fund performance could be adversely affected. There can be no assurance that such professionals will continue to be associated with H&F throughout the life of the Funds.



H&F's ability to achieve the investment objectives of the Funds depends to a substantial degree on its ability to retain and motivate its investment and operating professionals and other key personnel, and to recruit talented new personnel. H&F's ability to recruit, retain, and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation.

Separately, there is ever-increasing competition among private equity firms, financial institutions, investment managers and other industry participants for hiring and retaining qualified investment advisory professionals and operating professionals, and there can be no assurance that such personnel will not be solicited by and join competitors or other firms and/or that H&F will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of professionals. A loss of the service of one or more of such professionals could impair H&F's ability to provide services to the Funds and therefore could have a negative effect on such Fund.

**Reliance on Portfolio Company Management Teams.** Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although H&F will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor team, will be able to operate the portfolio company successfully. The success of many of the Funds' portfolio companies is heavily dependent on the management of such companies. There can be no assurance that the management of a portfolio company on the date an investment is made will continue to be affiliated with the company throughout the period the investment is held or that H&F and/or the portfolio company will be able to recruit and retain successor management teams capable of operating the portfolio company successfully. In addition, H&F will generally establish the capital structure of a portfolio company in which a Fund invests on the basis of financial projections for such company. Projected operating results will normally be based primarily on the judgment of the management of the portfolio company. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

**Risks in Effecting Operating Improvements.** In some cases, the success of H&F's investment strategy will depend, in part, on the ability of H&F to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that H&F will be able to successfully identify and/or implement such improvements or that such improvements, if made, will result in improved financial performance.

**Investments in Debt.** The Funds may invest in certain debt investments (subject to certain limitations in the applicable Governing Documents), which can create various risks for the Funds. For example, debt investments will typically not provide the holders with any governance rights so a Fund's ability to influence the success of such investment may be significantly limited; further, H&F typically would not be able to implement a value creation plan for a company in which H&F solely invests debt. The effect of these investments will vary from jurisdiction to jurisdiction. For example, 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. In addition, the market for selling debt may not be as liquid as the market for selling public equity securities, which may impair the ability of a Fund to sell the investment at the opportune time. A Fund's investment may be in debt that is subordinate to other outstanding indebtedness of a portfolio company, which exacerbates the risk that the value of the investment will be impaired if the portfolio company does not perform. Finally, one of the fundamental risks associated with the Funds' debt investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. A Fund's return to its Limited Partners would be adversely impacted if an issuer of debt securities in which such Fund invests becomes unable to make such payments when due.

**Investments in Distressed Debt.** The Funds may invest in distressed debt securities and instruments. Investments in distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage. Distressed companies may have further inability to service their debt obligations during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. In addition, such companies may not have ready access to the traditional capital markets and investments in such companies may be premised on a turnaround strategy. If turnarounds are not achieved, these companies could experience failures or substantial declines in value and the applicable Fund may not be able to divest itself of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons. Investments in companies operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks.

The value of distressed debt securities and instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities and instruments. Distressed debt securities and instruments are often more sensitive to company-specific developments and changes in economic conditions than other securities and instruments. Furthermore, distressed debt securities and instruments are often unsecured and may be subordinated to senior debt.

**Stressed or Distressed Companies; Companies Subsequently Subject to Bankruptcy.** The Funds may invest from time-to-time in companies, including portfolio companies, undergoing debt restructurings or recapitalizations and/or are otherwise stressed or distressed, each of which involve a high degree of business and financial risk. Such companies may require substantial additional capital to support current operations, to support expansion, or to achieve or maintain a competitive position and may produce substantial variations in operating results from period to period or may operate at a loss. Such companies also may face intense competition, including

competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses to such Fund.

In addition, these financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject such Funds to certain additional potential liabilities that may exceed the value of such Fund's original investments therein. For example, under certain circumstances, if a Fund is also a lender to a portfolio company, and is deemed to have inappropriately exercised control over the management and policies of a debtor, it may have its claims subordinated or disallowed or it may be found liable for damages suffered by parties as a result of such actions. Even if a restructuring were successfully accomplished, a risk exists that, upon maturity of the applicable loan, replacement "takeout" financing will not be available. It is possible that the applicable Fund may find it necessary or desirable to foreclose on collateral securing one or more loans purchased by such Fund. In addition, under certain circumstances, payments to a Fund and distribution by such Fund to its Partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

**Need for Follow-On Investments.** Following its initial investment in a given portfolio company, a Fund may decide to invest additional amounts in such portfolio company or may have the opportunity to increase its investment in a portfolio company. There is no assurance that such Fund will make follow-on investments or that such Fund will have sufficient capital to make all or any of such investments. In addition, as described in "*Conflicts of Interest - Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" below, some or all of a follow-on investment opportunity may, in certain circumstances, be allocated to a successor Fund Family. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment, may result in a lost opportunity for such Fund to increase its participation in a successful operation, may result in the Fund's investment in the relevant portfolio company becoming diluted and, in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for the Fund.

**Non-U.S. Investments Generally.** H&F expects to invest a portion of the Funds' aggregate commitments outside of the United States. In addition, the Funds from time-to-time invest in companies that are organized, headquartered or principally operated in the United States and have material subsidiaries or operations in, material sales to, or other material exposure to, foreign countries. Investments in and/or other material exposure to foreign countries involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price

volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (iv) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, political hostility to investments by foreign or private equity investors, risks relating to trade wars involving the U.S. and/or other countries (including any rules, regulations, taxes and/or import duties that arise as a result of such disputes), the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (v) differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts) and conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (vi) the possible imposition of foreign taxes on income, gains and gross sale or other proceeds relating to such securities, including as a result of the loss of tax treaty benefits that were expected at the time of investment; (vii) differing and potentially less well-developed corporate laws regarding the rights of creditors and other stakeholders (including the rights of secured parties), fiduciary duties and the protection of investors; and (viii) less publicly available information.

**Foreign Investment Controls.** Foreign investment in securities of companies in certain of the countries in which the Funds invest from time-to-time are restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in many countries in recent years, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities or other assets held by the Funds, and income on such securities or other assets or gains from the disposition of such securities is from time-to-time subject to withholding taxes imposed by certain jurisdictions.

**Trade Policy.** Political leaders in the United States and certain European nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The United States government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries. In addition, the United States government has in recent years imposed tariffs on certain foreign goods, including steel and aluminum and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain United States goods and have indicated a willingness to impose additional tariffs on United States products. Global trade disruption, significant introductions of trade barriers, and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of the Funds and their investments.

**Convertible Securities.** The Funds may invest in convertible securities, which are bonds, debentures, notes, preferred stock or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. The ability of a portfolio company to pay a dividend is limited to the extent that the portfolio company does not have sufficient legally available funds for distribution. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is largely determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a Fund is called for redemption, such Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on such Fund’s ability to achieve its investment objective.

**Warrants.** The Funds may receive or invest in warrants or rights. Warrants and rights generally give the holder the right to receive, upon exercise, a security of the issuer at a stated price. Risks associated with the use of warrants and rights are generally similar to risks associated with the use of options. Unlike most options, however, warrants and rights are issued in specific amounts, and warrants generally have longer terms than options. Warrants and rights are not likely to be as liquid as exchange-traded options backed by a recognized clearing agency. In addition, the terms of warrants or rights may limit a Fund’s ability to exercise the warrants or rights at such time, or in such quantities, as a Fund would otherwise wish.

**Special Purpose Acquisition Companies.** A special purpose acquisition company (a “SPAC”) is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses believed by the SPAC to be undervalued. Following the acquisition of a target company, a SPAC typically would exercise

control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a pre-determined period of time elapses. Investors in a SPAC would typically receive a return on their investment in the event that a target company identified and is acquired and such target company's value increases. In the event that a SPAC is unable to identify and acquire a target company by the deadline (and the deadline is not otherwise extended), the SPAC will be required to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to identify or successfully complete an initial business combination ("IBC") by the deadline or any extension thereof and may be required to liquidate and return any remaining proceeds in the trust account to stockholders, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC for any number of reasons, (vi) the value of the proceeds held in the trust account may decline, (vii) the inability of SPAC investors to have their SPAC interests redeemed to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition, (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made, (ix) warrants or other rights with respect to the SPAC held by a Fund may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price, (x) an investment in a SPAC may be diluted in connection with the business combination or by additional financings, (xi) no or only a thinly traded market for shares of or interests in a SPAC may develop, leaving a Fund unable to sell its interest in the SPAC or to sell its interest only at a price below what such Fund believes is the SPAC's interest intrinsic value, (xii) such SPAC's due diligence may not uncover all material risks and uncertainties associated with a particular target business, and (xiii) a SPAC investment may be subject to an extended lock-up period and other restrictions on resale and redemption, including those in connection with a private placement voting and support agreement. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be composed of hedge funds (at least at inception).

Any SPAC in which a Fund directly or indirectly invests will be a newly formed company with no operating results that may not commence formal operations until obtaining funding through an initial public offering. Some SPACs may pursue acquisitions only within certain industries or regions, and may encounter substantial competition for attractive targets, particularly given the substantial increase in SPACs in recent years. In addition, the SPAC industry has recently received heightened regulatory attention and scrutiny, in particular from the SEC, and it is possible that SPACs may become subject to different or heightened rules or requirements that could have a material adverse effect on the SPAC's ability to identify and complete a successful business combination and the results of its operations. In addition, the plaintiffs' bar has been increasingly targeting SPACs, which increases the likelihood of shareholder litigation, particularly in connection with any proposed IBC.

To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. In connection with a business combination, a SPAC will generally not be required to obtain an opinion from an independent investment banking firm or from an independent accounting firm that the price the SPAC is paying is fair to the company from a financial point of view. There is no guarantee that the SPAC's board will properly assess the value of the company and thus there is no guarantee that the price the SPAC pays in connection with its business combination will be fair. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

At the time a Fund invests directly or indirectly in a SPAC, it will typically not be provided with an opportunity to evaluate the specific merits or risks of any IBC and the SPAC's board may in certain circumstances complete an IBC without seeking stockholder approval. As a result, if the SPAC does not seek stockholder approval of an IBC, a Fund's only opportunity to affect the investment decision regarding a potential IBC may be limited to exercising its redemption rights in connection with the IBC. Other public stockholders may opt to redeem their shares in the SPAC, which may result in a Fund directly or indirectly providing additional capital and thereby increasing its exposure to such transaction.

A SPAC may seek to enter into an IBC agreement with a target company that requires as a closing condition that the SPAC have a minimum net worth or a certain amount of cash. If too many public stockholders exercise their redemption rights, the SPAC may not be able to meet such closing condition and, as a result, would not be able to complete the business combination. Prospective targets will be aware of these risks, which may make a business combination with the SPAC less attractive.

A description of the conflicts of interest related to SPACs are described in more detail below under the caption – “*Conflicts of Interest – Conflicts Relating to Special Purpose Acquisition Companies*”.

**Investments with Third Parties; Syndication of Co-Investment Opportunities.** The Funds from time-to-time co-invest with third parties, including through partnerships, joint ventures, or other entities, thereby acquiring shared or non-controlling interests in certain portfolio companies. As a co-investor, such Funds may have interests or objectives that are inconsistent with those of the third-party partners or co-venturers. The Funds may not have control over these companies and, in such a case, would have a limited ability to protect their positions therein, although where appropriate H&F expects to seek to negotiate rights in an effort to protect the interests of such Funds. Such investments involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action contrary to the Funds' investment objectives or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. Also, third-party partners or co-venturers may opt to liquidate an investment at a time during which such liquidation is not optimal for such Funds. The Funds may in certain circumstances be liable for the actions of its third party partners or co-investors. Furthermore, if a co-investor defaults on its funding obligations, the Funds may be required to make up the shortfall. Investments made with third parties through consortiums of private equity investors,

partnerships, joint ventures or other similar arrangements may involve incentive compensation and/or other fees payable to such third-party partners or co-investor. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

In addition, the Funds have from time-to-time made, pursued investments and/or bore costs as Fund expenses in connection therewith with the expectation of offering a portion of its interests therein as a co-investment opportunity to Limited Partners and/or other third parties. This may include bridge financing to fund anticipated investments by co-investors. In the event that a Fund is not successful in effecting such co-investment, in whole or in part, such Fund will consequently hold a greater concentration and have more exposure in the related investment than initially was intended, which could make such Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Further, a co-investment syndication from time-to-time will not be concurrent with the closing of a transaction. In such cases, such co-investors will be investing at a price determined at the transaction closing or commencement of the syndication, which value of the investment may not be the value of such investment on the date of the closing of such syndication. Where the value of the investment has increased between the transaction closing and syndication closing, the investment return for the applicable Fund will not reflect any profits for the syndicated portion of the transaction because the current price paid by the syndication co-investors to the Funds to make such investment would be the previously determined price, not the value as of the time of the syndication closing.

**Non-Controlling or Minority Investments.** The Funds from time-to-time invest in non-controlling or minority positions of companies and make small scale investments in companies for which the Funds have fewer or no rights to exert any influence and/or that may be passive in nature (including the absence of any voting rights). The Funds will generally hold a non-controlling interest in such companies and, therefore, will generally have a limited, or no, ability to protect its position in such investments. Although it is expected that the Funds generally will seek appropriate rights to protect such Fund's interests in connection with an investment by such Funds (including board representation, negative controls, veto rights on major decisions, priority cash flows, and/or liquidity preference), there can be no assurance that such rights or board representation will be available, that such rights will provide sufficient protection of such Funds' interests, or that such Funds will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value. In such cases, such Funds will typically be significantly reliant on the existing management, board of directors and other equity holders of such companies, who may not be affiliated with the Funds and whose interests may conflict with the interests of the Funds.

**Investments in Public Companies.** The Funds may hold or make investments in the securities or instruments of portfolio companies that have gone public and in the securities of other publicly traded companies. Such investments will subject such Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Funds to dispose of such securities or instruments at certain times, increased likelihood of shareholder litigation against



such companies' board members and/or insider trading allegations against such companies' executives and board members, and increased costs associated with each of the aforementioned risks.

The securities or instruments of public portfolio companies may be thinly traded, relatively illiquid, or may cease to be publicly traded after such Funds invest. In addition, the Funds may be involved in "PIPEs" or private financing of public companies. PIPE transactions may involve the sale of equity-like securities of an already public company. In a PIPE transaction, the Funds may bear the price risk from the time of pricing until the time of closing. In addition, the Funds may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC's preparedness to declare effective a resale registration statement covering the resale, from time-to-time, of the shares sold in the private financing. In addition, since the Funds may take large ownership positions as part of PIPE transactions or as part of taking a portfolio company public, even after the securities are saleable, it may take a significant period of time for them to be sold or distributed in an orderly manner during which time profit could have otherwise been realized or loss avoided, and in some cases the Funds may be prohibited by securities laws or by contract from selling such public company securities for a period of time. In addition, the sales of thinly traded securities by the Funds could depress the market value of such securities. These circumstances or events could reduce the returns of such Funds.

Disposition of public company investments held by a Fund may result in distributions in-kind to Limited Partners. If the market price of the distributed securities declines rapidly after such distribution, Limited Partners may not be able to realize the full value of the securities at the time of distribution. General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in Funds' investments.

**Risk Relating to Derivatives Instruments.** Derivative instruments, or "derivatives," include futures, options, swaps (including credit default, total return, equity, interest rate, currency and index swaps), structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, commodities, currencies, indices, or other assets. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with investments in derivatives. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may result in the loss of the entire investment and also expose the applicable Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Derivatives also involve the risk that changes in their value may not correlate perfectly with the assets, rates or indices they are designed to track. The risk may be more pronounced when outstanding notional amounts in the market exceed the amounts of the referenced assets. Derivatives are also subject to currency and other risks. Suitable derivatives are not available in all circumstances. Derivatives are also subject to the risk of non-performance by the derivatives counterparty (for over-the-counter derivatives, "Counterparty Risk") or the clearing house and

broker or futures commission merchant through which the Fund hold the derivative (with respect to exchange traded or centrally cleared derivatives).

Further, the United States government has enacted legislation that provides for new regulation of the derivatives market, including clearing, margin, reporting, and registration requirements. The European Union (the “EU”), the United Kingdom (the “UK”) and some other countries are implementing similar requirements, which will affect market participants when they enter into derivatives transactions with a counterparty organized in that country or otherwise subject to that country’s derivatives regulations. Clearing rules and other new rules and regulations could, among other things, restrict an account’s ability to engage in, or increase the cost of, derivatives transactions, for example, by making some types of derivatives no longer available, increasing margin or capital requirements, or otherwise limiting liquidity or increasing transaction costs. While the new rules and regulations and central clearing of some derivatives transactions are designed to reduce systemic risk (i.e., the risk that the interdependence of large derivatives dealers could cause them to suffer liquidity, solvency or other challenges simultaneously), there is no assurance that they will achieve that result, and in the meantime central clearing and related requirements create exposure to new kinds of costs and risks.

**Fund and Portfolio Company Leverage and Borrowing.** Funds from time-to-time borrow cash or enter into other financing arrangements (including revolving credit facilities the collateral for which can be committed capital or one or more assets of the Funds) for various reasons, including, depending on the Fund, to pay Fund expenses and liabilities, organizational expenses, transaction expenses and/or management fees, to make or facilitate new or follow-on investments, to make payments under hedging transactions, to cover any shortfall resulting from a Partner’s default or exclusion or to fund capital contributions at the closing of an investment. This may include significant credit facilities as well as holding and operating company debt for which the Funds provide a guarantee or equity support agreement, each of which may be subject to the below risks. Such Fund-level indebtedness may result in the use of the applicable Fund’s cash flow (including capital contributions, which the applicable General Partner may decide to call from the Limited Partners in its discretion subject to the limitations set forth in the applicable Governing Documents) for debt service, distributions, or other purposes. Required repayments of debt and related interest can adversely affect the Fund’s operating performance. In the event that the applicable Fund is unable to repay any credit facility borrowings from its cash flows (i.e., from a default by a Limited Partner unable to fund its capital call), the applicable Fund may dispose of investments to repay the lender(s). If the applicable Fund disposes of investments in order to repay lender(s) at an inopportune time or on an expedited basis, it may not realize as much value upon such disposition as it would receive in connection with an orderly disposition or it may be required to dispose of investments at a loss on unattractive terms. To the extent that Fund revenues are required to meet principal and interest payments, the Partners may be allocated income (and therefore tax liability) in excess of cash distributed. The documentation relating to Fund-level borrowings provides that during the continuance of a default under such borrowings, the payments made to Partners by the Fund may be subordinated to such Fund-level borrowing. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all Partners in such Fund on a pro-rata basis (including the General Partner). The Funds from time-to-time also utilize subscription facilities to benefit Co-Investment Vehicles. For example, Funds have in the past, and may in the future, borrow to fund a Co-Investment Vehicle’s pro rata share of an investment or expense related to an investment. While H&F expects that all

parties (including the General Partner and any Other Investment Vehicles) will bear its pro rata share of the interest expenses but not necessarily origination and other costs allocable to the extension of credit, the Fund will bear a disproportionate amount of the credit risk in incurring the debt on behalf of the other parties. As a general matter, use of leverage in lieu of drawing down capital commitments amplifies returns (either negative or positive) to Limited Partners. The Funds from time-to-time incur indebtedness and guarantee obligations together with their Parallel Funds and/or other Funds. While such arrangements may be joint and several with respect to such Fund, such arrangements may not necessarily impose reciprocal joint and several obligations on such Parallel Funds and such other Funds. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, such Fund may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such other Funds are unable to repay their pro rata share of such indebtedness.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by Limited Partners as a result of there being fewer but larger capital calls. To the extent a subscription facility becomes due upon a demand by the lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, such as when the Fund is facing financial difficulties or when Limited Partners are facing similar capital calls in multiple funds, potentially resulting in greater defaults by Limited Partners. Moreover, the existence of a subscription facility may impair a Limited Partner's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

Fund revolving credit facilities are available to provide borrowed amounts directly to the portfolio companies of such Funds, in which case such borrowed amounts would be guaranteed by such Funds. In such instances such Funds would bear liability for the borrowed funds in the event of a default, and as a result, such portfolio company and any of its other investors (including any Other Investment Vehicle) benefit from the credit risk taken by such Funds' guarantee. In addition, such other investors also benefit where the Fund bears all financing facility costs, other than financing fees or interest with respect to the specific transaction. Where a portfolio company borrows amounts directly through the Fund's revolving credit facility, the applicable Fund may charge the portfolio company borrower higher interest rates than the interest rate the Fund pays pursuant to such financing facility to effect arm's length cost of capital, as determined by H&F. Tax-exempt Limited Partners should note that the use of leverage at the Fund level may cause unrelated business taxable income ("UBTI") or losses, but such debt-financed UBTI will not be treated as UBTI for purposes of the applicable Governing Documents. Finally, to the extent a Fund uses borrowed amounts in advance or in lieu of capital contributions or a portfolio company borrows amounts directly through the Fund revolving credit facility, the borrowing would be used for all Partners on a pro rata basis, including the General Partner and such Fund's Partners generally make correspondingly later capital contributions. As a result, the use of borrowed amounts at the Fund level can impact calculations of returns (e.g., IRR and MoM) as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed amounts are borrowed or deployed.

In addition to financing at the Fund level, most Fund portfolio companies employ leverage at the portfolio company level as well, including acquisition financing at the time of the Fund's investment in the portfolio company. While investments in leveraged companies offer greater

opportunity for capital appreciation than investments in unleveraged companies, such investments also involve a higher degree of risk. As a result of the use of such leverage, recessions, operating problems and other general business and economic risks (as well as particular risks associated with investing in the industries targeted by the Funds) may have a more pronounced effect on the profitability or solvency of such portfolio companies. Moreover, any rise in interest rates may significantly increase portfolio companies' interest expense, causing losses and/or the inability to service debt levels. In addition, cash flows from operations or investment that could otherwise be available to a leveraged portfolio company to fund growth may instead be diverted to repay or service the company's debt obligations. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds will likely suffer a partial or total loss of capital invested in the portfolio company. A portfolio company's obligations to these lenders will likely be senior to the applicable Fund's; investment in the company and may also be secured by the assets of the company. The Fund's junior status could result in a loss of investment by the Fund in liquidations or sale transactions. It may also be necessary from time-to-time for a leveraged portfolio company to seek refinancing or restructuring of its debt financing, and there can be no assurance that any needed refinancing or restructuring may be available on terms that are favorable to the Fund's investment in the portfolio company.

The use of such borrowed amounts may be subject to certain conflicts of interest, as described in Item 11 below. See also the risks described at "*Risks – Deployment of Capital; Fund-level Borrowings*" below.

**Risks Associated with Margin Loans.** From time-to-time the Funds engage in margin lending, which is the practice of borrowing against the value of securities owned by a Fund in order to purchase additional securities in the public market. Funds that use margin loans are subject to a number of risks, including the risk that the securities serving as collateral for the loan will decrease in value, requiring additional collateral to be posted, which can decrease such Fund's liquidity. Such a decline can result in a Fund owing more on a margin loan than the purchased securities are worth. Further, a failure to post additional collateral when called can result in the lender accelerating the loan and selling the collateral, generally at a discount, to cover any outstanding balances under the original loan, with such Fund remaining liable for any further remaining balance. Margin loans are also subject to Counterparty Risk, which is the risk that the lending counterparty will default or become insolvent, and any margin posted to them will be tied up in a bankruptcy or similar proceeding.

**Bridge Loans; Bridge Investments.** From time-to-time the Funds lend to portfolio companies on a short-term, secured or unsecured, basis or otherwise invest on an interim basis in portfolio companies, including in anticipation of a future issuance of equity or long-term loans and/or debt securities, a purchase of securities by portfolio company management and/or employees or funding by co-investors. Such bridge loans and bridge investments are typically excluded from the calculations of returns (e.g., IRR and MoM) as they would typically be refinanced into more permanent, long-term loans and/or securities; however, for reasons not always within the Funds' control, such long-term loans and/or securities or other refinancing or syndication may not be issued and such bridge loans and bridge investments may remain outstanding. In such event, the interest rate on such loans or the terms of such bridge investments may not adequately reflect the risk associated with the position taken by the Funds. In addition, such bridge investments may

result in greater concentration to a particular company and sector than anticipated. Further, performance returns (e.g., IRR and MoM) will be higher to the extent bridge loans or bridge investments are excluded from such calculations.

**Control Position Risk.** A Fund may own a significant portion of the securities of its portfolio companies, including ownership positions which may represent a majority of a portfolio company's voting securities. These investments may entitle a Fund to elect substantially all of a portfolio company's directors and exert significant influence over a portfolio company's business, operations, affairs, and transactions. These capabilities could lead such Fund to be viewed as controlling a portfolio company or being considered a controlling stockholder and, as a result, could (i) expose the assets of such Fund to claims, lawsuits, or investigations by such portfolio company, its security holders, creditors, government, or regulatory authorities or other persons or (ii) impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations, and other types of liability in which the limited liability generally characteristic of business operations may be ignored. In the event any such claims are successful, such Fund may be held liable for any damages that are awarded or be required to fund any settlement with such parties. Even if such claims, lawsuits or investigations prove to be without merit, such Fund may be required to expend significant resources defending itself and its affiliates. In addition, such Fund's reputation and goodwill may be harmed if it is considered a controlling stockholder of a portfolio company that is subject to negative publicity.

**Financial Market Fluctuations and Increased Regulation of Financial Markets.** Fluctuations in the global financial markets may reduce the availability of attractive investment opportunities and could affect the Funds' ability to make investments and the value of the investments held by the Funds. In particular, the value of investments may be adversely affected by fluctuations in interest rates or by declines in the capital markets. Volatility in interest rates and the securities markets also increase the risks inherent in the Funds' investments. Volatility in the capital markets, and dislocations in the credit markets specifically, may impact the ability of companies to obtain financing for ongoing operations. It is unclear what the repercussions of any market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) would have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, have adequate liquidity for efficient capital markets transactions. The ability of portfolio companies to refinance debt securities will depend on their ability to sell new loans or securities in the credit markets and/or to private investors. Additionally, significant dislocation in the global credit markets in the aftermath of the financial crisis made it more difficult than it had been for financial sponsors like H&F to obtain favorable financing for investments. A reduction in liquidity, coupled with the deterioration of the global debt markets, led to reduced investor demand for leveraged credit, which in turn led some investment banks and other lenders to be less willing or unwilling to finance new investments, or to only offer committed financing for these investments on less favorable terms than had previously been available. This phenomenon could occur and or be more pronounced. In addition, increased and/or emerging regulations applicable to banks and other lending institutions have limited the ability of the Funds to obtain leverage in amounts, and/or on terms, historically available to the Funds. Moreover, to the extent that such marketplace events occur, they will have an adverse impact on the availability of credit to businesses generally, and could lead to an overall weakening of the United States and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Funds

have invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Funds would suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Funds' returns. Such marketplace events also may restrict the ability of the Funds to sell or liquidate investments at favorable times or for favorable prices. Additionally, the Funds may be required to pay break-up, termination or other fees or expenses even if H&F is willing to close on an investment if it is ultimately unable to close on such investment due to a lender's unwillingness to provide previously committed financing. In addition, a downturn in the performance of the public equity markets may limit the ability to exit portfolio company investments through initial public offerings, subsequent follow-on offerings, and/or block trades. 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 of a Fund's portfolio companies. The ability of portfolio companies to refinance debt depends on their ability to sell new loans and/or securities in the public or private credit markets.

**Increased or Changing Regulatory Scrutiny; Tax Reform Bill.** The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") has resulted in extensive rulemaking and regulatory changes that will continue to affect private fund managers, the funds that they manage and the financial industry as a whole. Those changes include, among others, new recordkeeping and reporting requirements that have and will continue to add costs to the legal, operations, and compliance obligations of H&F and increase the amount of time that H&F professionals spend on non-investment related activities. The Dodd-Frank Act affects a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Legal, tax and regulatory changes could also occur during the term of a Fund that may adversely affect such Fund, its portfolio companies, or Limited Partners. In addition, from time-to-time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. Regulatory changes that affect other market participants are also likely to change the way in which H&F conducts business with counterparties. It is difficult to anticipate the effect of these and other regulatory changes on H&F and the Funds.

Furthermore, former President Trump signed into law the Tax Cuts and Jobs Act of 2017 (the "Tax Reform Bill"), a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 and legislation known as the "Coronavirus Aid, Relief and, Economic Security Act" (the "CARES Act") that was enacted in March 2020. Despite the proposed and in some cases finalized regulations on certain aspects, there are significant uncertainties regarding the interpretation and application of the Tax Reform Bill and CARES Act. While additional guidance is expected, the timing, scope and content of such guidance are not known. In addition, the current administration has announced that it is contemplating further legislation that may result in significant changes to the Code, the United States treasury has introduced various regulations and rulings, and various countries or administrative agencies have

introduced various international tax reforms. Changes to the tax laws or interpretation of such laws may be adverse to the Funds and their Limited Partners.

The current regulatory environment in the United States may be impacted by future legislative developments. On January 20, 2021, former Vice President Joe Biden became President of the United States. The full scope of President Biden's legislative agenda is not yet fully known, but it has already and/or may include additional certain regulatory measures for the United States financial services industry, an increase in tax rates and other changes to tax policies. The Democrats control Congress as of January 20, 2021. A Democrat-controlled Congress may adopt a more progressive platform, which may adversely affect the private equity industry. Such platform may include legislation that would restrict the Funds ability to invest in specific industries, including one or more of the current core sectors, such as healthcare. The uncertainty of future legislation could adversely impact the Funds and their ability to achieve their investment objectives.

**General Economic and Market Conditions.** The private equity industry generally, and the success of the Funds' investment activities, is subject to general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. While current market conditions may create opportunities for the Funds to make investments at prices that H&F believes are attractive, there remain a number of risks. There can be no assurance that the market will, in the future, be liquid, and it may experience periods of volatility in the future. H&F's financial condition may be adversely affected by a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on H&F's business and operations and thereby could impact the Funds. Further, the Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and the Funds may find themselves unable to dispose of an investment at a price that H&F believes reflects the investment's fair value. A sustained downturn in the United States or global economy (or any particular segment thereof) or an adverse development in prevailing market trends could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively exit their investment on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated or accelerated by the presence of leverage in a portfolio company's capital structure.

**Regional Risk; Interdependence of Markets.** Economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could result in problems in one country adversely affecting regional and even global economic conditions and markets. The market and the economy of a particular country in which the Funds invest is influenced by economic and market conditions in other countries in the same region or elsewhere in the world. For example, financial turmoil in certain countries in the Asia Pacific region in the late 1990's adversely affected Asian economies generally. Similarly, concerns about the fiscal stability and growth prospects of certain European countries in the last economic downturn had a negative impact on most economies of the Eurozone and global markets. A repeat of either of

these crises or the occurrence of similar crises in the future could cause increased volatility in the economies and financial markets of countries throughout a region, or even globally.

**Russian Invasion of Ukraine.** On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions). The following day, the United States, UK and European Union announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the United States, UK, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. Further sanctions may be forthcoming, and the United States and allied countries have recently announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally (including in the countries in which the Funds invest), and therefore could adversely affect the performance of the Funds' investments. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

**Market Disruption, Terrorism and Geopolitical Risk.** A Fund is subject to the risk that war, terrorism, climate change, social unrest and related and unrelated geopolitical and other new or novel market disrupting events as well as outbreaks of infectious disease, pandemics or any other serious public concerns (cumulatively, "Market Disruption 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. Market Disruption Events as well as other changes in world economic, social and political conditions are likely to 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. H&F's financial condition is likely to be adversely affected in the event of a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that are likely to have a material adverse effect on H&F's business and operations and thereby are likely to impact a Fund. Moreover, a sustained downturn in the United States or global economy (or any particular segment thereof) or weakening of credit markets would likely adversely affect a Fund's profitability, impede the ability of a Fund's portfolio companies to perform under or refinance their existing obligations, and impair a Fund's ability to effectively exit its investments on favorable terms. Any of the foregoing events are likely to result in substantial or total losses to a Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a particular portfolio company's capital structure.



Market Disruption Events, as well as other events beyond the control of a Fund's portfolio companies (such as acts of God and natural disasters) may cause portfolio companies to be effected by force majeure events, which could adversely affect the ability of a portfolio company or a contractual counterparty to a portfolio company to perform certain contractual obligations until the force majeure event is remedied. The cost to a portfolio company or a Fund of repairing or replacing assets damaged by a force majeure event could be substantial. Repeated or prolonged interruptions of contractual obligations resulting from a force majeure event may result in permanent loss of portfolio company customers, litigation, or penalties from regulatory or contractual non-compliance. Additionally, major regulatory intervention of an industry, including the assertion of control over a portfolio company or its assets, may result in a loss to a Fund. Therefore, any effects of force majeure events, including any of the foregoing, may adversely effect the performance of a Fund. Certain catastrophic losses, such as those caused by war, terrorist attacks, natural disasters and other acts of God may be uninsurable, or insurable only at such high rates that to have such coverage would adversely affect profitability of the portfolio companies or a Fund. In particular, it has become harder and more expensive to obtain coverage against losses incurred by terrorist attacks, and some insurers exclude losses caused by terrorist attacks from their all-risk policies altogether. Insurance proceeds from covered risks may be inadequate to completely or even partially cover resulting losses in revenues or increases in expenses. The occurrence of a significant loss for which a Fund or its portfolio companies are not insured, or where the cost of such loss significantly exceeds the insurance coverage, may adversely affect a Fund and cause it to lose both invested capital and returns from an investment.

**Coronavirus Outbreak Risks.** The global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting voluntary and United States federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel, shelter in place orders and quarantines, has meaningfully disrupted the global economy and markets. The long-term economic fallout of COVID-19 continues to be difficult to predict and it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already, and will continue to, adversely affect the Funds' investments and the industries in which they operate. Furthermore, H&F's ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the Funds' investment strategies and objectives and H&F's business and to satisfy its obligations to the Funds, the Limited Partners, and pursuant to applicable law, has been, and may continue to be, impaired.

H&F, the Funds or the portfolio companies cannot make any prediction of specific scenarios with respect to the COVID-19 pandemic, and risk management and contingency plans that H&F, the Funds or the portfolio companies have implemented may not adequately protect their respective businesses from such events. An extended period of remote work arrangements could strain H&F's, the Funds' or the portfolio companies' business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair H&F's, the Funds' or the portfolio companies' ability to manage their respective business. The business operations of H&F, the Funds or the portfolio companies could be significantly disrupted if their critical workforce, key vendors, third-party suppliers or counterparties with whom H&F or the Funds, as applicable, transact are unable to work effectively, including because of illness, quarantines, government

actions in response to COVID-19, disruptions in access to remote working capabilities, including as a result of internet service outages, or other reasons. H&F, the Funds or the portfolio companies may outsource certain critical business activities to third parties. As a result, H&F, the Funds or the portfolio companies may rely upon the successful implementation and execution of the business continuity planning of such entities in the current environment. Successful implementation and execution of business continuity strategies by these third parties are largely outside the control of H&F, the Funds or the portfolio companies. If one or more of the third parties to whom H&F, or the Funds or their portfolio companies outsource certain critical business activities experience operational failures as a result of the impacts from the spread of COVID-19, or claim that they cannot perform due to a force majeure, it could cause a material adverse effect on the business, financial condition, results of operations and cash flows of H&F and the Funds.

**Additional information about LIBOR; SOFR; Other Reference Rates.** Payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may be tied to floating rates, such as the London Interbank Offered Rate (“LIBOR”). In 2017, the UK Financial Conduct Authority (“FCA”) announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies (e.g., the Secured Overnight Financing Rate for U.S. dollar LIBOR and the Sterling Overnight Interbank Average Rate for GBP LIBOR). Various financial industry groups have been planning for the transition away from LIBOR and markets are developing in response to these new rates, but questions around the liquidity of the new rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on the Funds. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR. The transition may also result in a reduction in the value of certain LIBOR-based investments held by the Funds or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses for the Funds. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time.

**Environmental, Social and Governance Matters.** While environmental, social and governance (“ESG”) matters are one of many factors H&F considers when making investments, there is no guarantee that ESG investment strategies implemented by the Funds will create a positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that H&F engages with potential or current portfolio companies on ESG-related practices and potential enhancements, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful implementation of ESG factors in an investment strategy and any engagement efforts on the part of H&F will depend on H&F’s skill in properly identifying and analyzing material ESG factors and their impact-related value, and there can be no assurance that the strategy or techniques

employed will be successful. Applying ESG factors in an investment strategy, which may result in the selection or exclusion of certain target companies based on H&F's view of certain ESG-related and other factors, and carries the risk that H&F may underperform funds that do not take ESG-related factors into account, because the market may ultimately have a different view of a particular company's performance than that anticipated by H&F.

H&F may be unable to successfully execute ESG initiatives in the event that H&F's assessment of the value of a particular issue and the relevant time horizon related thereto differ from that of society or the market. Furthermore, the application of ESG initiatives may affect H&F's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact H&F's performance depending on whether such investments are in or out of favor. Applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by H&F or any judgment exercised by H&F will reflect the beliefs or values of any particular Limited Partner, regulator, acquisition target or potential portfolio company acquirer. In addition, in evaluating a company, H&F is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause H&F to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or H&F's assessment of such practices may change over time.

**Assumption of Contingent Liabilities.** In connection with an investment, a Fund may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if a Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of such Fund, including the remaining commitments of Limited Partners.

**Contingent Liabilities Upon Disposition.** In connection with the disposition of an investment, the Funds, from time-to-time, are required to make representations about the business, financial affairs and other aspects (such as property, tax, insurance and litigation) of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate or continue to be liable for tax obligations for pre-closing periods. These arrangements may result in contingent liabilities, which shall be borne by the Funds and Partners may be required to return amounts distributed to them to pay for the Funds' obligations, subject to certain limitations set forth in the Governing Documents.

**U.S. Dollar Denomination of Interests; Foreign Currency and Exchange Rate Risks; Hedging Policies/Risks.** Because the Funds are U.S. dollar denominated funds, the return realized on investments by the Funds where the functional currency of such investment is not U.S. dollars, as well as movements in currency exchange rates, costs of conversion and exchange control regulation, may adversely affect the performance of such investment. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions which

also may adversely affect such performance. The Funds also incur costs when converting one currency to another. In addition, fluctuations in interest rates may adversely affect the returns of investments that employ financing. H&F from time-to-time employs hedging techniques designed to reduce the risks of adverse movements in interest rates and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks or costs. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions. In addition, H&F may determine not to employ such hedging techniques with respect to certain investments and in such cases, unanticipated changes in interest rates or currency exchanges may also result in poorer overall performance for the Funds than if they had entered into such hedging transactions.

**Counterparty Risk.** The Funds are exposed to the risk that third parties that owe the Funds or the portfolio companies services, money, securities, or other assets will not perform their obligations. These parties include trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators, and other financial intermediaries. These parties may default on their obligations to the Funds or the portfolio companies, due to bankruptcy, lack of liquidity, operational failure, or other reasons. This risk may arise, for example, from entering into revolving credit lines or swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Funds or the portfolio companies, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Also, any practice of rehypothecation of securities of the Funds or the investments held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency, or failure of such counterparties.

**Cryptocurrencies.** Without the consent of the Advisory Board, the Funds will not make an investment in any Cryptocurrency (as defined below) for speculative purposes. Certain Funds may invest in a person or entity that holds Cryptocurrencies, uses Cryptocurrencies as a currency in which business is transacted, is a cryptocurrency market maker or otherwise provides crypto currency-related services, utilizes blockchain technology to further part of its operations or acts as an investment adviser, investment manager or in a similar capacity to investment vehicles or clients that make such investments, which investments may represent a speculative investment and involve a high degree of risk. “Cryptocurrency” means an unregulated digital representation of money, which is neither issued by a central bank or a public authority, nor necessarily attached to a fiat currency, but is used and accepted among the members of a specific virtual community as a means of payment that can be transferred, stored or traded electronically. As relatively new products and technologies, Cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Cryptocurrencies is generated by speculators and investors seeking to profit from the short or long-term holding of Cryptocurrencies. Many Cryptocurrencies will derive their speculative value from the perceived usefulness of the blockchain networks they are attached to as many are designed to be consumed in transactions that record data or provide access to certain functionality on these networks. The relative lack of acceptance of Cryptocurrencies beyond their own blockchain network in the retail and commercial marketplace limits the ability of end-users to pay for other goods and services with Cryptocurrencies. A lack of expansion by

Cryptocurrencies or use of their underlying blockchain networks into retail and commercial markets, or a contraction of such use, may result in increased volatility. Several factors may affect the price of Cryptocurrencies, including, but not limited to, supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Cryptocurrencies or the use of Cryptocurrencies as a form of payment. There is no assurance that Cryptocurrencies will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Cryptocurrency payments by mainstream retail merchants and commercial businesses will grow. A Cryptocurrency is usually an asset attached to a blockchain network secured by cryptographic authentication, and are created, issued, transmitted and stored according to protocols run by computers in a blockchain network. Some blockchain networks are further interdependent on other blockchain networks whose attached Cryptocurrency may have limited to no interoperability but where changes to the protocol may adversely affect some or all interdependent blockchain networks. It is possible these protocols have undiscovered flaws which could result in the loss of some or all assets held by the Funds. There may also be network scale attacks against these protocols which result in the loss of some or all of assets held by the Funds or the portfolio companies. Some assets held by the Funds may be created, issued or transmitted using experimental cryptography which could have underlying flaws. There is no guarantee of the reliability of the cryptography used to create, issue, or transmit assets held by the applicable Fund or its portfolio companies. It may be illegal, now or in the future, to own, hold, sell or use Cryptocurrencies in one or more countries, including the United States. Although currently some uses of Cryptocurrencies, and the operation of the underlying blockchain networks, may not be regulated or may be lightly regulated in most countries, including the United States, one or more countries may take further regulatory action in the future to severely restrict the right to acquire, own, hold, sell or use Cryptocurrencies or to exchange Cryptocurrencies for fiat currency.

**Change of Law Risks.** In addition to the risks regarding regulatory approvals, government counterparties or agencies have the discretion to change or increase regulation of a portfolio company's operations, or implement laws or regulations affecting such portfolio company's operations, separate from any contractual rights it may have. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations, including, for example, the possible imposition or increase of taxes on income earned by or from a portfolio company or gains recognized by a Fund on its investment in such portfolio company, which could impact a portfolio company's business.

**Litigation.** In connection with ordinary course investing activities, H&F, the Funds and their respective affiliates as well as the portfolio companies have from time-to-time become involved in litigation either as a plaintiff or a defendant. There can be no assurance that any such litigation, once begun, would be resolved in favor of H&F, such Fund, such affiliate or such portfolio company. Any such litigation could be prolonged and expensive. In addition, it is by no means unusual for participants in reorganizations to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds or the applicable portfolio company and would reduce net assets or could require Limited Partners to

return to the Funds distributed capital and earnings. In addition, past or current H&F or portfolio company personnel may disagree with H&F and/or its management from time-to-time over terms related to separation or other issues. If not resolved, such disputes could lead to litigation or arbitration, which could be costly, distracting and/or time consuming for H&F management.

**Taxation in Certain Jurisdictions.** Each Fund, its portfolio companies and/or its Partners from time-to-time become subject to income or other tax in jurisdictions in which such Fund's portfolio companies operate. Additionally, withholding taxes or branch taxes from time-to-time are imposed on earnings of the Funds or their portfolio companies with respect to such jurisdictions. Local tax incurred in a jurisdiction by the Funds, legal entities through which they invest or the portfolio companies may not entitle Partners to (i) a credit against tax that may be owed in their respective home tax jurisdictions, (ii) a deduction against income taxable in such home jurisdictions by the Partners or (iii) benefits of tax treaties that may otherwise be available to such Partner. Where payments are remitted to applicable taxing jurisdictions due to withholding taxes applicable to the Funds or the Partners, for purposes of calculating Partner returns, the General Partner of such Fund will deem such payments withheld to have been distributed to the applicable Fund's Partners.

**Effect of Carried Interest.** The existence of a General Partner's carried interest may create an incentive for the General Partners to make more speculative investments on behalf of the Funds that pay carried interest than they would otherwise make in the absence of such performance-based arrangement. In addition, the manner in which such General Partner's entitlement to carried interest is determined may result in a conflict between its interests and the interests of Limited Partners with respect to the sequence and timing of disposing of investments. Also, the ultimate beneficial owners of the General Partners are generally subject to United States federal and local income tax (unlike certain of the Limited Partners). A General Partner may be incentivized to operate a Fund, including to hold and/or sell investments, in a manner that takes into account the tax treatment of carried interest (or other proceeds distributable to such General Partner). In addition, under current law, gains in respect of a General Partner's right to carried interest will be subject to a three year "holding period" in order to be classified as "long term capital gains," while the corresponding holding period requirement with respect to Limited Partners is one year. This holding period requirement could affect investment decisions, including the timing and structure of dispositions, and could adversely impact returns for Limited Partners. For example, the holding period requirement may incentivize the General Partner to cause a Fund to hold an investment for longer than three years in order for the General Partner to obtain a preferential tax rate on carried interest, even if there are attractive realization opportunities prior to that time. Further, there are currently administrative and legislative proposals to further change the tax treatment of "carried interest" in ways that may be adverse to partners in the General Partner. In addressing these adverse consequences, the interests of the General Partner and H&F, on the one hand, may diverge from the interests of the Limited Partners on the other hand. In addition, if distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the applicable Governing Documents. An independent appraisal generally will not be required and is not expected to be obtained.

Pursuant to the applicable Governing Documents, the General Partner may be required to return excess amounts of carried interest as a clawback. This clawback obligation creates an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of the Funds if the disposition and/or liquidation would result in a realized loss to the Funds or would otherwise result in a clawback situation for the General Partner.

In addition, the General Partner is incentivized to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees in the interim and, potentially, a more likely or larger carried interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the General Partner.

**Asset Valuations.** There is no actively traded market for most of the securities owned by the Funds nationally-recognized, valuation firm to assist with certain valuations. This firm and H&F apply methodologies based on best practices in the valuation industry that are appropriate in light of the nature, facts and circumstances of each of the investments. Valuations are subject to review and approval and all portfolio investments are valued in accordance with the procedures set forth in H&F's Valuation Policy. However, the process of valuing securities for which reliable market quotations are not available – even if performed by a qualified third party – is based on assumptions and inherent uncertainties. The resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Further, third-party pricing information for publicly traded or registered securities may at times not be available regarding certain of a Fund's assets. Valuations of investments will be determined primarily by a Fund's General Partner as described above, subject to review by such Fund's or Fund Family's Advisory Board, as applicable and to the extent required by the applicable Governing Documents, and generally will be final and conclusive. There can be no assurances that the projected results will be obtained, and actual results may vary significantly from the valuations. General economic, political, regulatory and market conditions and the actual operations of the portfolio companies, which are not predictable, can have a material impact on the accuracy of such valuations.

**Material Non-Public Information.** By reason of its responsibilities in connection with its other activities, H&F (or its personnel) from time-to-time acquires confidential or material non-public information or is restricted from initiating transactions in certain securities. In addition, the information provided to Limited Partners by the Funds may include material non-public information about a portfolio company. The Funds will not be free to act upon any such material non-public information that they acquire, and Limited Partners may be restricted in their ability to buy or sell securities or bank debt of companies about which they have received material non-public information. Due to these restrictions, the Funds and Limited Partners may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

**Deployment of Capital; Fund-level Borrowings.** In light of a Fund's investment strategy and the need to be able to deploy capital quickly to capitalize on potential investment opportunities, the Funds from time-to-time maintain cash at the Fund level pending deployment into portfolio investments, which could at times be significant. Such cash may be held in an account of a Fund or may be invested in money market accounts or other similar temporary investments. In the event

the Funds are unable to find suitable portfolio investments, such cash may be maintained at the Fund level for longer periods, which would be dilutive to overall investment returns. It is not anticipated that the temporary investment of such cash into money market accounts or other similar temporary investments pending deployment into portfolio investments will generate significant interest, if any, and Limited Partners should understand that such low interest payments (if any) on the temporarily invested cash may adversely affect overall Fund returns.

In addition, as described above at “*Risks – Fund and Portfolio Company Leverage and Borrowing*” a Fund may deploy capital into portfolio investments using proceeds derived through Fund-level borrowings (e.g., a secured revolving credit facility) on a short-term or long-term basis, which may be on a joint, several, joint and several, or cross-collateralized basis or otherwise with such Fund’s parallel investment entities (“Parallel Funds”) and/or other Funds or Co-Investment Vehicles. The costs and expenses of any such borrowings will generally be allocated among such Fund, such Parallel Funds, such other Funds and such Co-Investment Vehicles pro rata (or, in the case of any such Co-Investment Vehicle, at least pro rata) and to all Partners pro rata, which will increase the expenses borne by Partners and would be expected to diminish net investment returns (e.g., net IRR and net MoM), possibly substantially. General financing costs or expenses arising out of such borrowing facilities not related to a specific transaction are generally allocated among the Funds and Parallel Funds and not allocated to Co-Investment Vehicles. Moreover, in such instances when investments are funded using proceeds derived through Fund-level borrowings, Limited Partners may not be notified that the Fund has made an investment until the Fund calls capital to repay such borrowing. As a result, in the intervening period, Limited Partners may have notional exposure to such investment while not receiving the same level of information regarding such investment they otherwise would have received had a payment notice been issued at the time the investment was consummated.

**Investments in the Technology Sector.** The Funds have invested in portfolio companies that operate in the technology sector. In some cases, investments in the technology sector involve risks greater than those in other sectors and may experience significant fluctuations in returns. The technology sector is challenged by various factors, including rapidly changing market conditions and participants, new competing products and services, improvements in existing products and services, and evolving global trade and other regulations and restrictions. Some of the Funds’ portfolio companies compete in this volatile environment. There is no assurance that products or services sold by such portfolio companies will not be rendered obsolete or adversely affected by competing products and services or other challenges, including from the global macro-environment, increased regulatory focus, and/or other changes of law, rule or regulation related to companies doing business in the technology sector. Instability, fluctuation or an overall decline within the technology sector may not be balanced by investments in other sectors not so affected. In the event that the technology sector declines, returns to Limited Partners may decrease.

**Healthcare Sector.** Investments in the healthcare-related companies are generally subject to greater governmental regulation than other companies at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for, or costs of, certain products and services. Finally, because the products and services of healthcare-related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability and other lawsuits. The share price of a healthcare-related company can drop dramatically



not only as a reaction to an adverse judicial ruling or change in regulations or policies, but also from the adverse publicity accompanying threatened litigation.

**Investments in Less Established Companies.** While not its primary strategy, H&F expects to invest in growth-oriented companies that have inherently greater risk than more established companies. To the extent there is any public market for the securities held by the Funds, such securities generally are subject to more abrupt and erratic market price movements than those of larger, more established companies. Growth-oriented companies tend to have lower capitalizations and fewer resources, often do not have securities that trade publicly or easy access to the capital markets or other traditional funding sources, and therefore, often are more vulnerable to macroeconomic effects, industry downturns, and financial failure. Interests in such companies are often also subject to transfer limitations and other restrictions. To the extent there is any market for the securities or instruments of less-established companies held by the Funds, such securities or instruments may be subject to more abrupt and erratic market price movements than those of larger, more-established companies. Oftentimes, such companies also have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Certain growth-oriented companies may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of the Funds' entire investment therein. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Funds invest, the Funds may suffer a partial or total loss of capital invested in that company. Growth companies may also be more susceptible to macroeconomic effects and industry downturns, including those resulting from acts of terrorism and war. The foregoing factors increase the difficulty of valuing such investments. There can be no assurance that any such losses will be offset by gains (if any) realized on the Funds' other investments.

**Illiquid and Long-Term Investments.** Investment in the Funds requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to the Limited Partners. Many of the investments will be highly illiquid and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the Limited Partners. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a portfolio company is made. The Funds will generally acquire securities that at least initially cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Funds hold freely tradable publicly traded securities, the Funds' positions may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Funds wish to dispose of or reduce their position in such company by selling shares into the market.

**Investments in Regulated Industries or Companies.** The Funds from time-to-time make investments in portfolio companies operating in industries that are subject to greater amounts of regulation than other industries generally. These more highly regulated industries include healthcare, financial services and insurance. Investments in portfolio companies that are subject

to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures and/or regulatory capital requirements. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. A portfolio company also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business and governments may be influenced by political considerations and may make decisions that adversely affect a portfolio company's business.

Certain portfolio companies from time-to-time have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. A portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any of such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Additionally, any such problems may bring scrutiny and attention to the Funds themselves, which could adversely affect the Funds' ability to implement their investment objectives.

**Local Company Expenses.** To the extent not paid for by a portfolio company, the Funds will from time-to-time bear the costs and expenses related to the organization or maintenance of any intermediate entity used to directly or indirectly acquire, hold or dispose of any investment or otherwise facilitating such Fund's investment activities (including, without limitation, the salary and benefits of any personnel reasonably necessary and/or advisable for the maintenance and operation of such intermediate entity). The Funds from time-to-time use the services of and/or hold an ownership interest in entities formed in a particular jurisdiction, such as Luxembourg, or other jurisdictions, that manage a group of similar jurisdiction-based companies through which such Funds structure some of their investments in a relevant jurisdiction (a "Local Company"). Such a Local Company could be entirely owned by one Fund Family, by more than one Fund Family or by one or more Fund Families and one or more Other Investment Vehicles. Key service functions provided by a Local Company include, without limitation, domiciliation, compliance, accounting and regulatory and tax reporting and. All costs associated with a Local Company's services and operations (including any Local Company employee compensation and other general overhead) is generally, to the extent not paid for by a portfolio company, ultimately borne by the applicable Funds. These shared costs are intended to be allocated and charged on a cost sharing basis to the individual Fund related entities utilizing the services of such Local Company based on the type and level of services provided and may include a mark-up. H&F endeavors to allocate fees and expenses associated with Local Companies fairly and equitably, which allocation involves certain methodologies based on actual data pertaining to the services provided.

**Systems and Operational Risks; Risks of Third-Party Service Providers.** The Funds will depend on H&F to develop and implement appropriate systems for the Funds' activities. Certain of the Funds' and H&F's activities will be dependent upon systems operated by third parties, and H&F may not be in a position to adequately verify the risks or reliability of such third-party systems. Disruption to third-party critical service providers, such as a Fund's auditors, external counsel, banks and custodian, may result in other disruptions in such Fund's operations. Disruptions in such Fund's operations may cause such Fund to suffer, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Funds and the Limited Partners' investments therein. In addition, the Funds may suffer adverse consequences from actions, errors or failure to act by such third parties and will have obligations, including indemnity obligations, and limited recourse against them. The costs, fees, and expenses associated with the provision of such services by third-party service providers will generally be borne by the Funds instead of H&F, thereby increasing the expenses borne by the Limited Partners.

**Possibility of Fraud and Other Misconduct of Employees and Service Providers.** Misconduct by H&F Personnel, service providers to H&F or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. H&F has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that H&F will be able to identify or prevent such misconduct.

**Cybersecurity Risk; Business Disruption.** H&F, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and the Partners, despite the efforts of H&F and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the security, confidentiality, integrity, and availability of information belonging to the Funds and the Partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of H&F, the Funds' service providers and counterparties, as well as data stored by these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers, or other users of H&F's systems to disclose sensitive information in order to gain access to H&F's data or that of the Partners. A successful penetration or circumvention of the security of H&F's systems by unauthorized third parties could result in a loss of capital, the loss, theft, or corruption of a Partner's data or of personal data for which H&F or the Funds are responsible (under applicable privacy and data protection laws), a loss of Fund data, the inability to access electronic systems, overall disruption in operations systems, loss, theft, or corruption of proprietary information or corporate data, physical damage to a computer or network system, or costs

associated with system repairs. Given the size of deals and the volume of dollars transferred in connection with deals, the risk is significant. These threats may also indirectly affect the Funds through cyber incidents with third-party service providers or counterparties. Data taken in such breaches may be used by criminals in identity theft, obtaining loans or payments under false identities, and other crimes that could affect the Partners directly as well as affect the value of assets in which the Funds invest.

These risks can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage, lead to violations of applicable laws related to data and privacy protection and consumer protection, or incur regulatory penalties, all or part of which may not be covered by insurance. Cybersecurity risks also result in ongoing prevention and compliance costs. In addition, H&F and/or the Funds may incur substantial costs related to investigation of the origin and scope of a cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse Limited Partner reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks.

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

**Data Protection.** Privacy and data protection are receiving increased amounts of attention and scrutiny from regulators globally. Among other privacy regimes, the legislation at a European Union ("EU") level with respect to data protection is the General Data Protection Regulation ("GDPR"), which came into effect on May 25, 2018 replacing Directive 95/46/EC (the "Data Protection Directive"). Other privacy laws that have recently come into force in other jurisdictions, including, in California, the Cayman Islands and in the UK. The purpose of these laws is broadly to increase the protection of individuals' rights and freedoms in relation to their privacy and with respect to the processing of their personal data.

New data protection laws, like the GDPR and other similar laws often require more stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, in the case of GDPR, requiring formal records of processing, expanded disclosures inter alia about how, why and by whom personal data is to be used, limitations on retention of personal data, implementation of appropriate technical and organizational security measures to protect personal data, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent or have another relevant legal basis in place to justify their data processing activities. These laws also include data subject rights, such as the rights to access personal data about them and the right to have such data deleted. These rights are not absolute; however, they will require that H&F have in place the necessary mechanisms to allow individuals to exercise them.

While H&F and the Funds intend to comply with their privacy and data protection obligations under applicable data privacy laws and data protection laws, they may not be able to accurately anticipate the ways in which regulators and the courts will apply or interpret the law. In addition, because privacy and data protection laws are constantly changing and there are new laws in

different jurisdictions constantly being implemented, it is difficult for H&F and the Funds to understand all laws applicable to them at any given time. The failure by H&F or the Funds to comply with applicable privacy and data protection laws could result in negative publicity and may subject them to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities, or (actual or contingent) fines and penalties. For example, under the GDPR, fines of up to the higher of €20 million or 4% of the total worldwide annual turnover of the preceding financial year, may be imposed for non-compliance.

These new laws also could cause H&F's, the Funds' and their investments' costs to increase and result in further administrative costs as part of their compliance efforts, which is likely to reduce capital that can be deployed for making investments. If the current trend in the development of such laws continues in other relevant jurisdictions, such costs may be exacerbated further as new or different compliance obligations arise. Similarly, if privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with H&F's or the Funds' expectations, that may result in business practices changing in a manner that adversely impacts H&F or the Funds. Moreover, if H&F or the Funds suffer a security breach impacting personal data, there may be obligations to notify government authorities or data subjects, which may divert H&F's or the Funds' time and effort and entail substantial expense.

The provisions of the GDPR and other existing or new privacy and data protection laws may also apply to the portfolio companies. On the basis that global data protection laws are constantly evolving, the portfolio companies may be continually subject to new laws, regulations or standards or new interpretations of existing laws, regulations, or standards. These laws could affect the value of the portfolio companies if they incur additional costs and restrict business operations. Similarly to the above, failure by the portfolio companies to comply with applicable requirements may result in governmental enforcement actions, litigation, (actual or contingent) fines and penalties or adverse publicity, which could have an adverse effect on their and the Funds' reputation and adversely affect the business and the value of the Funds' investments.

**Force Majeure and Expropriation Risk.** Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, labor strikes, outbreaks of infectious diseases, pandemics, or any other serious public health concerns. Some force majeure events may adversely affect a party's ability (including a company or a counterparty to the Funds) to perform its obligations, under a contract or otherwise, until it is able to remedy the force majeure event. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Certain force majeure events (such as for example only, war or an outbreak of infectious disease), are incapable of or costly to cure and could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more companies or assets, could result in a loss to the Funds, including if an investment in such company or asset is canceled, unwound, or acquired (which could be without what the

Funds consider to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Funds and their portfolio companies.

**Terrorist Activities.** United States activities in the Middle East, Central Asia, and elsewhere outside the United States, and terrorist attacks of unprecedented scope may cause instability in the world financial markets and may generate global economic instability. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for commodities and could affect the Funds' financial results.

**CFIUS & National Security/Investment Clearance.** Certain investments by the Fund that involve a business connected with or related to national security (including, without limitation, critical technology, critical infrastructure, or sensitive data) may be subject to review and approval by the Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators. In the event that CFIUS or another regulator reviews one or more of the Fund's proposed or existing investments, it is possible that CFIUS or another regulator will seek to impose limitations on or prohibit one or more of the Fund's investments or unwind a transaction. Such limitations or restrictions may prevent the Fund from pursuing certain investments, cause delays with respect to consummating such investments or require the Fund to consummate an investment on terms that are less advantageous than would be the case absent such restrictions. Where the Fund is required to unwind a transaction, in addition to incurring additional legal, administrative and other costs, the Fund may have to dispose of the investment at a price that is less than it would have received had the Fund exited the investment at a different time or under different circumstances. Any of these outcomes could adversely affect the Fund's performance with respect to such investments, and thus the Fund's performance as a whole.

**Changes to the European Union.** The UK left the EU on January 31, 2020 (commonly referred to as "Brexit"). During an 11-month transition period, the UK and the EU agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the EU and the UK as of January 1, 2021. The Trade and Cooperation Agreement does not provide the UK with the same level of rights or access to all goods and services in the EU as the UK previously maintained as a member of the EU and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services, which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the UK and the EU.

From January 1, 2021, EU laws ceased to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the UK on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Funds and their portfolio investments. Such changes could be materially detrimental to Limited Partners.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the UK, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or

having service or other significant relationships in, the UK or the EU, including current or prospective portfolio companies or other Fund assets.

The future application of EU-based legislation to the private fund industry in the UK and the EU will ultimately depend on how the UK renegotiates the regulation of the provision of financial services within and to persons in the EU. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Funds and their portfolio investments, including the ability of the Funds to achieve their investment objectives. Brexit may result in significant market dislocation, heightened Counterparty Risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the General Partner and its affiliates to manage, operate and invest the Funds and increased legal, regulatory or compliance burden for the General Partner, its affiliates and/or the Funds, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Funds.

Relevant areas where uncertainty is created by the UK's withdrawal from the EU include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within EU countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of the Funds' portfolio investments and the ability to achieve the investment objective of the Fund.

**EU Alternative Investment Fund Managers Directive and the United Kingdom Alternative Investment Fund Managers Regulations.** The Alternative Investment Fund Managers Directive including any implementing national laws, rules or regulations (the "AIFMD") and the UK Alternative Investment Fund Managers Regulations 2013 as amended (the "AIFM Law") regulate the activities of fund managers undertaking fund management activities in the EEA or the UK or marketing fund interests to investors in the EEA or the UK. H&F is not a UK or EEA authorized alternative investment fund manager under the AIFMD or the AIFM Law but may be required to comply with certain provisions of the AIFMD or the AIFM Law if it markets interests or shares in certain Funds in the EEA or the UK under national private placement regimes established therein. Compliance with the provisions of the AIFMD or the AIFM Law by H&F may impose: (i) reporting, disclosure and other compliance obligations on H&F with respect to such Funds; (ii) restrictions on certain activities of such Funds in relation to EEA and / or UK portfolio companies, including, in some circumstances, the Funds' ability to recapitalize, refinance or potentially restructure such portfolio companies within the first two years of ownership; and (iii) in certain circumstances a requirement to appoint a depositary or paying agent over the Funds. Each of the aforementioned compliance obligations may result in additional costs being incurred by such Funds.

The AIFMD is also subject to on-going review and potential reform. In November 2021, the European Commission published its draft proposal for amendments to be made to the AIFMD. The proposal focused in particular on delegation arrangements, liquidity risk management, supervisory reporting and loan origination by alternative investment funds. While the final

outcome of this proposal remains unclear, additional costs may be incurred by the Funds in order to ensure compliance with the amendments to the AIFMD.

**Investments Longer than Term.** A Fund may make investments that may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that such Fund is expected to be dissolved, either by expiration of such Fund's term or otherwise. Although at the time a Fund makes an investment H&F will expect that the investment will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution there may be situations in which H&F determines that the best economic benefit will occur by holding the investment for a longer period of time. In such circumstances, the General Partner of such Fund has the ability to seek an extension to the term of such Fund or may, subject to applicable Advisory Board consents, effectuate a transaction to sell the investment to a successor Fund or to an Other Investment Vehicle or Other Investment Vehicles in order to effect a Continuation Transaction (as defined below). See "*Conflicts of Interest – Conflicts Related to Continuation Transactions*" below for further information. While the General Partner will only take such actions if it believes it is in the best interest of the Fund, such actions may be inconsistent with a Limited Partner's desire for liquidity, or for a Limited Partner's desire to continue to invest in such an investment. See "*Conflicts of Interest – Cross Transactions*" below for additional information. Alternatively, the General Partner may be required to dispose of such investments due to the expiration of the applicable Funds' term even though the General Partner believes such disposition is not the best economic benefit of the Limited Partners.

In the event that investments remain in the Fund at the time of dissolution, the Fund may have to sell, distribute or otherwise dispose of such investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of the expiration of the Fund's term and the resulting dissolution. At the time of such dissolution the General Partner of such Fund will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as the General Partner shall deem advisable to sell (such as where the General Partner determines that an in-kind distribution of such assets is not feasible or in the best interests of the Limited Partners), subject to obtaining fair value for such assets and any tax or other legal considerations (including legal restrictions on the ability of a Limited Partner to hold any assets to be distributed in-kind). There can be no assurance, however, with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur and in which the Funds will distribute all investments or proceeds in accordance with a Fund's applicable Governing Documents.

**Risk Arising from Potential Controlled Group Liability Generally.** Certain portfolio companies controlled by one or more Funds have in the past, and may, from time-to-time in the future engage in activities that could adversely affect another Fund and/or its portfolio companies, 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.



**Risk Arising from Potential Controlled Group Liability for Certain Pension Obligations.**

Under ERISA, upon the termination of a tax-qualified single employer defined benefit pension plan, the sponsoring employer and all members of its “controlled group” will be jointly and severally liable for 100% of the plan’s unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In addition, the Pension Benefit Guaranty Corporation (the “PBGC”) may assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group.

A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidiary groups” and “brother-sister groups” applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that a Fund holds in one or more of its portfolio companies, the Fund itself cannot be considered part of an ERISA controlled group unless the Fund is considered to be a “trade or business”.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Court of Appeals has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements.

If a Fund were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by such Fund and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such Fund, with a resulting need for additional capital contributions, the appropriation of Fund assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Fund assets. Moreover, regardless of whether or not the Fund was determined to be a trade or business for purposes of ERISA, a court might hold that one of the Fund’s portfolio companies could become jointly and severally liable for another portfolio company’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.

**Pay-to-Play Laws, Regulations and Policies.** In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict, or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a governmental plan investor for two years after the

adviser or certain of its personnel make a contribution to certain elected officials or candidates. If H&F fails to comply with such pay-to-play laws, regulations or policies such non-compliance could have an adverse effect on the Funds by, for example, providing the basis for the withdrawal of the affected governmental plan investor.

#### **Item 9. Disciplinary Information**

Not applicable.

#### **Item 10. Other Financial Industry Activities and Affiliations**

##### **Affiliated Adviser**

H&F includes two foreign affiliated advisers, Hellman & Friedman LLP, a limited liability partnership organized under the laws of England (“H&F LLP”) and Maritime Plaza Services LLP, also a limited liability partnership organized under the laws of England (“MPS”). H&F LLP is authorized to act as an arranger, and has applied to act as an advisor, by the UK Financial Conduct Authority. H&F LLP provides sub-advisory services to H&F LLC pursuant to a sub-advisory agreement in respect of investments by the Funds in companies with principal operations outside the United States. MPS provides advisory services to H&F LLP pursuant to a personnel services agreement. Neither H&F LLP nor MPS has registered with the Securities and Exchange Commission (“SEC”) under the Advisers Act, both in reliance on SEC no-action positions and the foreign private adviser exemption.

To the extent H&F LLP or MPS are involved (directly or indirectly) in advising H&F with respect to the Funds, they are considered a “Participating Affiliate” and comply with the required record keeping and inspection provisions of the Advisers Act set forth in the *Uniao de Bancos de Brasileiros S.A.* (July 28, 1992) no-action letter and similar SEC staff no-action positions. Personnel of H&F LLP or MPS who are involved in providing advice (directly or indirectly) to H&F with respect to the Funds are considered “associated persons” of H&F LP and H&F LLC. In addition, consistent with SEC guidance, each of H&F LLP and MPS have entered into “Participating Affiliate Agreements” that govern the relationship between H&F LLP, MPS and H&F LLC.

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

##### **Code of Ethics**

H&F LLC has adopted a written Code of Ethics that is applicable to all H&F Personnel and any other person who the H&F Chief Compliance Officer determines provides advice on behalf of H&F and is subject to H&F’s supervision and control (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and certain family and household members are generally precluded from purchasing publicly traded securities or trading in securities of the

Funds' portfolio companies, subject to certain limited exceptions set forth in the Governing Documents of the Funds (including with respect to securities received as a distribution-in-kind from the Funds). In addition, the Code of Ethics generally permits other transactions if (i) the transaction is "pre-cleared" by a compliance officer or (ii) the transaction is exempt from pre-clearance under the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with H&F's compliance personnel as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps H&F detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Hellman & Friedman LLC, 415 Mission Street, Suite 5700, San Francisco, CA 94105, Attention: Chief Compliance Officer.

### **Participation or Interest in Client Transactions**

Certain Adviser Personnel invest in and alongside the Funds, either through H&F (including through a General Partner), as direct Partners in the Funds, or otherwise. In particular, Associates Funds are comprised primarily of current and former personnel and/or other friends and family of H&F. All or a portion of the management fee and carried interest related to investments held by such Funds are in certain cases reduced or eliminated. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "*Conflicts of Interest*" immediately below.

Due in part to the fact that Limited Partners and potential Limited Partners in a Fund request different information, H&F provides certain information to one or more Limited Partners or prospective Limited Partners that it does not provide to all Limited Partners or prospective Limited Partners. In addition, the Governing Documents of certain Funds permit each such Fund's General Partner to withhold information from certain Limited Partners in such Fund in certain circumstances. H&F may elect to withhold certain information to such Limited Partners for reasons including relating to H&F's public reputation or overall business strategy or to certain confidentiality concerns despite the potential benefits to such Limited Partners of receiving such information.

### **Conflicts of Interest**

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

In general, H&F invests in one Fund Family at a time except with respect to follow-on investments (which are typically made by the Fund Family that invested in the original investment (except as described below)), reserved investments and potentially in connection with the first and/or last investments in a Fund Family. In addition, H&F from time-to-time establishes Other Investment Vehicles, including on a transaction-by-transaction basis or for the purpose of investing in multiple portfolio companies and/or multiple transactions, to enable the investing Fund Family to satisfy any shortfall in the required equity commitment necessary for an investment that exceeds the amount that H&F determines, in its sole discretion, is prudent for such Fund Family. Subject to the applicable Governing Documents, such Other Investment Vehicles generally are contractually required, as a condition to investment, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund Family that is invested in that investment opportunity. Certain Other Investment Vehicles pay management fees, profits interests and/or carried interest as determined by H&F in its sole discretion and certain Other Investment Vehicles pay reduced or no management fees, profits interests and/or carried interest.

### *Resolution of Conflicts*

Prior to subscribing for interests in a Fund, each prospective Limited Partner receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund. In the case of all such conflicts of interest, H&F's determination as to which factors are relevant, and the resolution of such conflicts, will be made using H&F's best judgment and in H&F's good faith discretion. In resolving conflicts, H&F 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 resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- H&F has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- A Fund will not make an investment unless H&F believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or Governing Documents for the applicable Funds; and
- Each Fund Family, as well as certain Other Investment Vehicles, has an Advisory Board, consisting of representatives of Limited Partners not affiliated with H&F. The Advisory Boards meet as required to consult with H&F as to certain potential conflicts of interest. H&F seeks Advisory Board approval with respect to issues involving actual conflicts of interest as required pursuant to the Governing Documents of the applicable Fund. If no Advisory Board or Limited Partner approval is required, H&F will be guided by its good faith discretion.

As discussed above, certain provisions of a Fund's Governing Documents are designed to protect the interests of Limited Partners in situations where conflicts may exist. However, these provisions do not eliminate such conflicts. In addition, even when such Governing Document provisions are followed, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

### *Conflicts*

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

### *Allocation of Investment Opportunities Among Funds and Allocation of Co-Investment Opportunities*

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

- One or more Funds Families;
- Other Investment Vehicles;
- Co-investors that wish to make direct investments (i.e., not through an Other Investment Vehicle) side-by-side with a Fund Family in a specific portfolio company investment, which from time-to-time include persons that are also Limited Partners in one more Funds and/or persons that are not Limited Partners in any Funds; and
- Co-investors acting as "co-sponsors" with H&F with respect to a specific transaction, which from time-to-time include persons that are also Limited Partners in one more Funds and/or persons that are not Limited Partners in any Funds.

The Funds are generally subject to investment allocation limitations (collectively, "Investment Allocation Requirements"). Investment Allocation Requirements are typically set forth in Governing Documents. To the extent the Investment Allocation Requirements of a Fund either (1) do not include applicable allocation procedures and/or (2) allow H&F discretion in making allocation decisions between Fund Families or among Funds within a Fund Family, H&F has adopted written policies and procedures regarding the factors it would consider in the allocation of such investment opportunities, including to Other Investment Vehicles and other co-investors. Such policies and procedures provide that H&F would take into account such factors that it determines in its good faith discretion to be relevant, which from time-to-time include, among others, a Fund's investment objectives, the diversification and composition of a Fund Family's portfolio (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio and investment concentration parameters), the amount of required capital for the investment, minimum and maximum investment size requirements, the stage of development of a prospective investment, regulatory, legal or contractual restrictions

limiting the ability of a Fund to make such investment, the remaining capital commitments of the particular Fund Family, the size, liquidity and duration of the investment, the anticipated future capital needs of a Fund Family and/or a portfolio company (whether for follow-on investment opportunities, management fees or partnership expenses), a Fund Family's liquidity and reserves (including whether a Fund Family is able to commit to invest all capital required to consummate a particular investment opportunity), the seniority of an investment within the target company's capital structure and other capital structuring criteria, whether an investment opportunity requires additional consents or authorizations from the Fund, Limited Partners or other third parties, lender covenants and other limitations, risk considerations, cash flow considerations, asset class and other investment restrictions, industry and other allocation targets, tax and accounting implications and 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 as well as other relevant investment factors. H&F makes allocation determinations based solely on H&F's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund Family in hindsight.

H&F will determine if the amount of an investment opportunity exceeds the amount H&F determines would be appropriate for the applicable Fund Family (after taking into account, if known, any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisors to H&F and/or the applicable Funds or management teams of the applicable portfolio company, certain strategic investors and other investors (some of which may or may not be Limited Partners) whose allocation is determined by H&F to be in the best interests of the applicable Funds), and any such excess is from time-to-time offered to one or more co-investors as set forth in the following paragraphs. Such allocation may be offered through an Other Investment Vehicle or through a direct investment into such portfolio company.

The amount and frequency of co-investments is at the discretion of H&F. Also, H&F from time-to-time may agree with Limited Partners or third parties (including, without limitation, service providers to H&F, the Funds and/or portfolio companies) to more favorable rights or pre-negotiated terms with respect to co-investment opportunities, including with respect to discounts or rebates of, or no, performance-based compensation or management fees, which would not be made available to Limited Partners. To the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to the Limited Partners. In addition, there may be circumstances where H&F determines, for strategic or other reasons, an amount that otherwise could have been invested by a particular Fund is instead allocated to one or more co-investors (including Other Investment Vehicles) or H&F may agree to allocate certain Limited Partners' co-investment opportunities in consideration for them paying fees, performance based compensation or other compensation or economic benefits.

In the case of Other Investment Vehicles that are formed specifically for an investment opportunity, such Other Investment Vehicles are typically formed after the allocation of such investment opportunity is made to such Other Investment Vehicle, and therefore no further investment opportunities will be allocated to that Other Investment Vehicle other than potentially

follow-on investments. In addition, certain Other Investment Vehicles will in certain situations have a priority right to make follow-on investments in some or all of the investments made by such Other Investment Vehicle. The existence of such a priority right will reduce or eliminate co-investment opportunities available to the Limited Partners with respect to such follow-on investment opportunities.

Subject to any applicable co-investment allocation requirements set forth in the Governing Documents of the applicable Fund and/or any specific agreement with a Limited Partner, in general, (i) no Limited Partner in a Fund has a right to participate in any co-investment opportunity, and investing in a Fund does not give a Limited Partner any rights, entitlements or priority, to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, the terms on which a co-investment opportunity is made and the amount of such opportunities, are made in the sole discretion of H&F or other participants in the applicable transaction, such as co-sponsors, (iii) co-investment opportunities will be offered to some and not other Limited Partners in the applicable Funds or in other Funds, in the sole discretion of H&F, and Limited Partners are often offered a smaller amount of co-investment opportunities than originally requested, (iv) some Limited Partners are offered fewer co-investment opportunities than other Limited Partners in the same Fund or in other Funds, with the same, larger or smaller capital commitments to such Fund, (v) certain persons other than Limited Partners in the applicable Funds or other Funds (e.g., consultants, potential business partners, and/or service providers to H&F, the Funds and/or a portfolio company, persons associated with a portfolio company and other third-parties including persons who H&F believes will provide a benefit to H&F, a Fund and/or one or more portfolio companies or who provide a strategic sourcing or other benefit to H&F or a Fund) are offered co-investment opportunities, in the sole discretion of H&F, and (vi) co-investors either purchase their interests in a portfolio company at the same time as the applicable Funds or 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). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances applicable to that unique situation (e.g., timing, industry, size, geography, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require H&F to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, H&F may agree to give particular co-investors, Funds, Other Investment Vehicles or other third parties priority access to co-investment opportunities. The existence of such priority or other contractual co-investment access rights could affect H&F's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their Limited Partners to be offered certain co-investment opportunities. Funds from time-to-time also sell down interests in their portfolio companies to co-investors, which could include Limited Partners and/or other third parties.

In exercising its discretion to allocate co-investment opportunities among potential co-investors, H&F considers some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following:

- H&F's estimate of the expected additional equity commitment (or range of equity commitments) such investing Funds require from one or more co-investors to execute upon or consummate a potential investment opportunity;
- H&F's evaluation of the size and financial resources of the potential co-investor, including their commitment to the relevant Funds considering the investment, and H&F's perception of the ability of that potential co-investor (in terms of, for example, staffing, expertise, and other resources or similar synergies) 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-investor has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- H&F's desire to limit or minimize the number of potential co-investors approached on any investment opportunity in order to (a) reduce the chances of an inadvertent disclosure of the existence of an investment opportunity and/or other confidential information, (b) reduce the amount of additional due diligence burden or post-closing administrative burden on the potential investment, and (c) reduce any delay in timing caused by the inclusion of a new potential co-investor;
- Whether a potential co-investment party has a history of participating in co-investment opportunities and H&F's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of the potential co-investor to respond promptly and/or affirmatively to potential investment opportunities previously offered by H&F;
- H&F's evaluation of 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;
- Whether a potential co-investor would require any governance rights that would complicate the transactions (or alternatively, whether a potential co-investor would be willing to defer to H&F and assume a passive role in governing a portfolio company);
- The ability of a potential co-investor to aid in operating or monitoring a proposed investment opportunity or the possession of certain expertise by a potential co-investor and the potential co-investor's chemistry with the management team of the proposed investment opportunity and whether the potential co-investor has any existing positions in the proposed investment opportunity;
- Any interest a potential co-investor has in any competitors of the proposed investment opportunity and whether there are competitive dynamics with the potential co-investor itself;
- H&F's evaluation of whether the investment opportunity may subject the potential co-investor to legal, regulatory, confidentiality, competitive, reporting, public relations, media or other burdens that make it less likely that the potential co-investor would act upon the investment opportunity if offered;



- H&F's evaluation of whether the profile or characteristics of the potential co-investor may 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-investor is involved in the same industry as a target company in which such Funds wish to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the likelihood or timing of such Funds being able to capitalize on a potential investment opportunity);
- Economics interests of H&F and/or the applicable General Partner (including, for example, entitlement to additional management fees, profits interests and/or carried interest);
- Whether the potential co-investor will make commitments to invest in other Funds (including concurrently with the applicable co-investment);
- H&F's assessment of the likelihood of a successful syndication of the co-investment opportunity;
- The sourcing of the potential investment opportunity; and
- Whether H&F believes, in its sole discretion, that allocating investment opportunities to a potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that may provide, directly or indirectly, longer-term benefits (including strategic, sourcing or similar benefits) to current Funds or successor funds and/or whether the potential co-investor has demonstrated a long-term continuing commitment to the success of current Funds or successor funds or whether such potential co-investor would hinder the same.

The factors above are not listed in order of importance or priority and H&F 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. H&F's exercise of its discretion in allocating investment opportunities among the Funds and the potential co-investors, and in the manner discussed above will not result in proportional allocations among such persons, and such allocations from time-to-time will be more or less advantageous to some such persons relative to other such persons. For example, H&F may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons (including, for example, whether H&F and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investors, to additional management fees, profits interests and/or carried interest based on the availability of co-investment opportunities offered to such parties). While H&F 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 H&F is subject, discussed herein, did not exist.

In the event H&F determines to offer an investment opportunity to co-investors the investing Funds bear the risk that any or all excess portion of an investment being offered to co-investors is not sold or is sold on unattractive terms. Moreover, an investment by the applicable Funds that is not syndicated to co-investors as originally anticipated could significantly reduce such Funds'

overall investment returns. There can be no assurance that (a) H&F will be successful in offering a co-investment opportunity to potential co-investors generally or to specific co-investors, whether in whole or in part, (b) the closing of such co-investment will be consummated in a timely manner, (c) the co-investment will take place on the terms and conditions that will be preferable for the Fund or (d) expenses incurred by the investing Funds 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 H&F 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 H&F is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the applicable Funds will consequently hold a greater concentration in such investment and have exposure in the related investment opportunity greater than was initially intended, which could make the applicable Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. In addition, a Fund may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

Where the investment by a co-investor closes after a Fund's initial investment, subject to the Governing Documents, H&F has in the past, and may in the future, charge such co-investor, which may include a Limited Partner or a Co-Investment Vehicle, financing fees, borrowing fees and/or interest costs for borrowings on its behalf or 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. Such fees and/or costs do not constitute Other Fees and thus are not subject to the management fee offset arrangements described in Item 5 above.

### *Secondary Transfers*

Pursuant to each Fund's Governing Documents, H&F, in its sole discretion, will determine whether or not to consent to a secondary transfer of an interest in a Fund by its Limited Partners, whether such transfer is to an existing Limited Partner, thus increasing such Limited Partner's ownership of that Fund or a related Fund, or to a new Limited Partner. In exercising such discretion H&F considers some or all of the factors listed above under "*Conflicts of Interest – Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" as well as the following factors:

- H&F's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- H&F's perception of its past experiences and relationships with the potential purchaser;
- H&F's perception of potential benefits to the Funds or future funds, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer term benefits to Funds or future funds or whether such potential purchaser would hinder the same;

- H&F's perception of whether the potential purchaser is a competitor to H&F, a Fund, a portfolio company or any future fund or portfolio company;
- Requirements in such Fund's Governing Documents;
- The maturity of the applicable Fund, including the proximity to activation of such Fund and whether and to what extent such Fund was oversubscribed;
- Whether the potential purchaser would subject H&F, the applicable Fund, or their affiliates to legal, regulatory, contractual, administrative, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any potential commitment to a future fund);
- The impact such transfer would have on such Fund's credit facilities, if any; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

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

#### *Provision of Debt by Limited Partners*

From time-to-time the Funds, their affiliated entities or their portfolio companies require debt financing in connection with their operations or acquisition transactions, and from time-to-time Limited Partners provide such debt. To the extent H&F exercises discretion over such debt terms and the providers of such debt, in exercising its discretion to select Limited Partners as providers of such debt, H&F considers some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following factors:

- The commitment and/or debt terms offered by such potential lender;
- H&F's estimate of the expected commitment quantum needs and debt needs, as well as the expected financing timing;
- H&F's evaluation of the size, financial resources and creditworthiness of the potential lender considering the financing, including their commitment to the relevant Funds and their direct or indirect interest in the applicable portfolio company, as well as H&F's perception of the ability of that lender (in terms of, for example, staffing, expertise and other resources or similar synergies as well as the anticipated amount of negotiations required) to efficiently and expeditiously participate in the debt opportunity without harming or otherwise prejudicing such financing, in particular when the financing opportunity is time-sensitive in nature, as is typically the case;
- H&F's desire to limit or minimize the number of potential lenders approached on any financing opportunity in order to (a) reduce the chances of an inadvertent disclosure of the existence of the financing opportunity or related transaction and/or other confidential

information, (b) reduce the amount of additional due diligence burden on the potential financing, and (c) reduce any delay in timing caused by the inclusion of a new potential lender;

- Whether a potential lender has a history of participating in financing opportunities and H&F's evaluation of its past experiences and relationships with the potential lender, such as the willingness or ability of such lender to respond promptly and/or affirmatively to potential financing opportunities previously offered;
- Lender concentration and lender composition within the debt tranche or syndication and ease of administering debt going forward;
- H&F's evaluation of whether the financing may subject the potential lender to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the potential lender would act upon the financing opportunity if offered or more likely that the portfolio company will be adversely affected;
- H&F's evaluation of whether the profile or characteristics of the potential lender may have a negative impact on the borrower (for example, if the potential lender is involved in the same industry as the borrower or is invested in other companies as the same industry as the borrower, or if the identity of the lender, or the jurisdiction in which the lender is based, may affect the financing or the borrower);
- The sourcing of the potential investment opportunity;
- H&F's assessment of the prevailing market conditions and likelihood of a successful syndication of the financing; and
- Whether H&F believes, in its sole discretion, that allocating financing opportunities to a potential lender will help establish, recognize, strengthen and/or cultivate relationships that may provide, directly or indirectly, longer-term benefits (including strategic, sourcing or similar benefits) to the Funds or successor funds.

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

#### *Certain Transactions with Limited Partners*

From time-to-time H&F, in its discretion, has entered into, and may in the future enter into, transactions with Limited Partners 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, H&F considers some or all of the factors listed above under "*Conflicts of Interest – Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*", "*Conflicts of Interest – Secondary Transfers*" or "*Conflicts of Interest – Provision of Debt by Limited Partners*". The sales price for such transactions will be mutually agreed to by H&F and such purchaser(s) (and perhaps by third-party investors as well); however, determinations of sales prices involve a significant degree of judgment by H&F. Although H&F 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 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).

#### *Allocation of Fees and Expenses*

From time-to-time H&F will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or H&F 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 are the obligation of one particular Fund and will be borne by such Fund or certain expenses are allocated among multiple Funds and entities. In exercising its discretion to allocate fees and expenses, H&F is faced with a variety of potential conflicts of interest. Any such conflict will be resolved as required by the Governing Documents, H&F's allocation policies or, if not addressed therein, otherwise in a fair and equitable manner as determined by H&F in its sole discretion. This includes the allocation of fees and expenses incurred in connection with the management of a Fund between H&F and the applicable Fund as well as the allocation of fees and expenses among particular Fund Families, among particular Funds within a Fund Family or among Main Funds and Other Investment Vehicles. H&F will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to inherent biases in the process.

The appropriate allocation among Funds and co-investors of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees, accounting, advisory and consulting fees, any travel and travel-related accommodation expenses, all fees, costs and expenses of lenders, investment banks and other financing sources, any reverse termination fees, termination or other similar fees, extraordinary expenses such as litigation costs and judgments, any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated, and the fees of other professionals ("dead deal costs"), will be determined by H&F in its good faith discretion, consistent with the Governing Documents of the Funds, as applicable.

If multiple Funds evaluate a potential investment that is not consummated, H&F generally allocates the dead deal costs among the Funds based on the anticipated investment of each Fund. Where an Other Investment Vehicle is created on a deal-by-deal basis or is created to invest in several transactions simultaneously or in a series of related transactions and would generally not have been established were an investment not consummated, such fees and expenses would not generally be allocated to such an Other Investment Vehicle. However, if the potential investment is not consummated and co-investors have entered into binding commitments to invest in the potential transaction (either directly or indirectly through an Other Investment Vehicle), dead deal costs (including any break fees) may, subject to negotiation with the co-investors, be borne solely by the Funds anticipated to participate in such investment or borne by such Funds as well as such Other Investment Vehicle and/or co-investors based on their anticipated investment in the potential transaction. In addition, certain expenses of an Other Investment Vehicle or co-investor (including those related to its organization and formation and other expenses incurred solely for the benefit

of the Other Investment Vehicle or co-investor, as well as expenses incurred in connection with making and holding an investment) have in the past, and may from time-to-time in the future, subject to negotiations with the co-investors, be borne by the Funds participating in such investment (and not the co-investors or investors in such Other Investment Vehicle). If a co-sponsor participates in an unconsummated potential investment opportunity, typically such co-sponsor would, subject to negotiation with such co-sponsor, bear its share of such fees and expenses based on the anticipated investment by such co-sponsor.

Where a potential investment, if consummated, would have been made by a successor fund family that has not yet been activated, such expenses and fees are generally allocated to such successor fund family to be paid by it upon activation. There are also occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds or payable by other Funds or successor funds and/or Other Investment Vehicles (each, an “Allocated Vehicle”) (e.g., legal expenses for a transaction in which such Allocated Vehicles participate or are expected to participate). In any such case, each Allocated Vehicle will reimburse the Payor Fund for its share of such expenses, without interest charged on such reimbursed amount by the Payor Fund to the Allocated Vehicle. Where the Allocated Vehicles are successor funds, the Allocated Vehicles will reimburse the Payor Fund following activation of the Allocated Vehicles. While highly unlikely, it is possible that one of the Allocated Vehicles could default on its obligation to reimburse the Payor Fund.

With respect to allocating other expenses among Fund(s) and/or Other Investment Vehicles or third parties, as appropriate, to the extent not addressed in the Governing Documents of a Fund or H&F’s allocation policy, H&F will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation, which may include pro-rata allocation based on the respective investment (or anticipated investment) in a transaction, pro-rata allocation based on capital commitments or remaining cost of a Fund and/or Other Investment Vehicle, allocation based on the relative benefit received by a party, per Fund, entity or Partner allocation, allocation based on complexity or such other reasonable or equitable method as determined by H&F. Generally, certain fees and expenses that are not specifically related to an Other Investment Vehicle or to an investment made by an Other Investment Vehicle are payable by the Funds and not the Other Investment Vehicles themselves. H&F 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 and a Fund will bear more or less of a particular expense based on the methodology used.

H&F and/or the Funds from time-to-time enter into arrangements with External Advisors who provide services (which, among other things, may include operational and industry expertise, serving on the board of directors of one or more portfolio companies or relating to deal-sourcing and investment opportunities), for which such External Advisors are paid compensation or other fees (which from time-to-time includes profits interest, equity or equity-related interests in the Funds and/or portfolio company or other incentive-based compensation) and/or are reimbursed for certain expenses. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

H&F may, from time-to-time, consider and reject an investment opportunity on behalf of one Fund and H&F may subsequently determine to have another Fund consider or make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by H&F on behalf of the original Fund considering the investment. In such circumstances, the benefiting Fund or Funds will not generally be required to reimburse the original Fund for expenses incurred in connection with such investment, even if H&F determines, in good faith, that the investing Fund benefited from the initial researching Fund's research and diligence. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Fund and an investment by one or more other Funds in such portfolio company may dilute the original Fund's interest in such portfolio company.

#### *Conflicts Related to Continuation Transactions*

H&F has in the past established, and may, from time-to-time in the future, establish Continuation Vehicles to effectuate Continuation Transactions (as defined above) to facilitate the purchase of one or more investments from a Fund, either separately or in connection with or alongside another Fund also investing in such investment (often where the selling Fund is approaching the end of its term), and/or as part of such Continuation Transactions, Extended Duration Vehicle(s) (as defined above) in connection with elections provided from time-to-time to the selling Fund's Partners to rollover their existing Fund investment into a new investment vehicle. The affiliated nature of these transactions and H&F's involvement with both the selling and purchasing entities give rise to conflicts of interests, including those discussed below under "*Conflicts of Interest – Cross Transactions.*" In addition, H&F has an incentive to maximize the purchase price for the investments on behalf of the selling Fund which would benefit H&F by potentially making it more likely that H&F will earn carried interest (or will earn more carried interest) with respect to the selling Fund to the detriment of a purchasing Fund and/or Other Investment Vehicle. Furthermore, following a Continuation Transaction, H&F will from time-to-time be entitled to receive management fees, profits interest and potentially a carried interest with respect to the purchasing Continuation Vehicles and where applicable Rollover Vehicle(s) and/or Fund(s), which it would not receive if the investments were sold to an unrelated third-party. Accordingly, a Continuation Transaction benefits H&F because H&F may receive an aggregate amount of fees and carried interest greater than it otherwise would have received in a sale transaction to an unrelated third-party.

A Continuation Transaction also gives rise to conflicts relating to the initial allocation of the transferred investments. A Continuation Vehicle and/or purchasing Fund's investment may be subject to allocations elected by Rollover Vehicle Limited Partners which will reduce the portion of an investment available to such Continuation Vehicle and/or purchasing Fund(s). Where the purchaser is a Continuation Vehicle made together with another Fund(s), the Continuation Vehicle may be subject to certain minimum allocation requirements, which would reduce the portion of the investment available to such other purchasing Fund(s). As a result, in each case the Continuation Vehicle and, where applicable, purchasing Fund(s) may be allocated a smaller or larger amount of an investment than H&F originally anticipated.

Further, there may not be other third-party market check or bidding process involved in a Continuation Transaction. In such case, the consideration paid by an Other Investment Vehicle and, where applicable, such other purchasing Fund(s), may be more or less than what the transferred investments are ultimately worth had they been sold to one or more other buyers in one or more separate transactions, including an outright sale to a third party.

Following a Continuation Transaction, a Continuation Vehicle and/or Extended Duration Vehicle will often be invested in the same portfolio company as other Fund(s). Investments in the same portfolio company give rise to the conflicts of interest discussed below in “*Conflicts of Interest – Investments made by more than one Fund or Fund Family*.” Furthermore, as part of a Continuation Transaction, one or more Other Investment Vehicles (whether Continuation Vehicles or Rollover Vehicles) and/or Fund(s) may be required to exit an investment at the same time and on the same terms. A conflict of interest exists because one Other Investment Vehicle or Fund(s) will from time-to-time have differences in strategy, existing portfolio, maturity of investments or liquidity needs and may be forced to exit an investment based on the strategy, existing portfolio, or liquidity needs of another Other Investment Vehicle or Fund(s) which can be to the detriment of the first Other Investment Vehicle and/or Fund(s). As a result, liquidity decisions may not be made in the best interest of each Other Investment Vehicle and/or Fund and there can be no assurance that the return of an Other Investment Vehicle and/or Fund would be equal to and not less than another Other Investment Vehicle and/or Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. Additionally, with Advisory Board consent, certain entities, such as Other Investment Vehicles and/or Extended Duration Vehicles, may be given the opportunity to exit prior to additional Other Investment Vehicles, Extended Duration Vehicles and/or Fund(s).

### *Cross Transactions*

H&F has in the past, and may in the future, 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 such buy and sell transactions may not fully expose such transactions to market forces and a Fund may therefore not receive the best price otherwise possible. Additionally, in connection with such transactions, H&F and/or its professionals (i) may have significant and perhaps not evenly balanced 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). H&F will generally receive management or other fees in connection with their management of the relevant Funds involved in such a transaction and will generally be entitled to share in the investment profits of the relevant Funds. The payment by Funds of management fees and carried interest at varying rates may create an incentive to transfer certain investments to Funds that pay management fees or carried interest or pay such fees at a higher rate. To address these conflicts of interest, in connection with effecting such transactions, H&F will follow the conflict of interest provisions of the relevant Fund’s Governing Documents. To the extent such matters are not addressed in such conflict of interest provisions, H&F shall consider its duties to, and use its discretion to act in the best interests of, each Fund. H&F will not directly or indirectly receive any commission or other transaction based fees with respect to a Fund for effecting any such transaction unless such fees are subject to the 100% management fee offset described above with respect to such Funds that pay management fees or such transaction complies with the requirements of H&F’s principal transactions policy, as



described below. In addition, the Governing Documents also provide for approval of certain transactions (including of the type referred to above), such as approvals of the Advisory Board where one Fund sells an investment to another Fund.

### *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”), H&F 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 H&F’s management of the Funds, H&F has in the past, and may in the future, engage in principal transactions. H&F has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including 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.

### *Warehousing*

H&F may use one or more warehousing methods to acquire investments for a Fund prior to the admission of investors. For example, H&F or one or more of its affiliates (including special purpose vehicles organized by H&F) may warehouse certain investments on behalf of a Fund and prior to the admission of investors the Fund may also acquire investments directly or indirectly through one or more holding vehicles. In such instances, such Fund will bear the costs and expenses of any warehousing methods. Any investments warehoused on behalf of the Fund will be conveyed to the Fund after the first closing of the Fund in exchange for an amount determined by H&F, consistent with the Governing Documents of the applicable Fund.

### *Management of the Funds*

H&F manages a number of Funds that have investment objectives similar to each other. Subject to the restrictions set forth in the Fund’s Governing Documents, H&F anticipates that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Conflicts of Interest – Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*” above. H&F from time-to-time gives advice or takes action with respect to the investments of one or more Funds that is not given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will 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 personnel of H&F responsible for managing a particular Fund will be involved in other investment activities of H&F, such as responsibilities with respect to other Funds managed by H&F, including prior Funds as well as funds that are raised in the future or to proprietary investments made by H&F and/or its personnel of the type made by a Fund (provided, that the Governing Documents provide that any investment opportunity consistent with a Fund's purpose and available to such Fund or Funds must be first offered to such Funds), and they would be involved in other activities permitted under the applicable Governing Documents. Conflicts of interest would arise in allocating time, services or functions of these personnel and H&F Personnel have an incentive to allocate more time, services or functions to the Fund or Funds from which such personnel derive a higher economic benefit and/or to better-performing Funds.

In addition, H&F receives, generates and aggregates various kinds of portfolio company data, other information and/or data analytics, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information, in certain instances, includes 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. In furtherance of the foregoing, H&F from time-to-time enters into formal or informal information sharing arrangements with portfolio companies. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow H&F, the Funds and the portfolio companies to better discern economic or other trends and developments. H&F has in the past and is likely in the future to utilize such information to benefit H&F, certain Funds or their portfolio companies in a manner that may otherwise present a conflict of interest but does not intend to disclose such specific conflicts to the relevant Funds or portfolio companies. By receiving this information, H&F may be better able to anticipate macroeconomic and other trends and financial opportunities, develop investment strategies, and identify opportunities for operational improvements or enhancement across portfolio companies. H&F also intends to utilize such data for purposes of identifying new investments opportunities for the Funds. Information from a portfolio company owned by a Fund may enable H&F to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for H&F and other Funds that do not own an interest in such portfolio company, without compensation or benefit to such Fund or its portfolio companies. H&F believes that its Funds and portfolio companies benefit from these arrangements in ways that would be difficult without the ability to aggregate data across the Funds and portfolio companies. Data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by H&F, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Portfolio companies may incur incremental expenses in collecting and organizing information requested or required to be furnished to H&F (which expenses are indirectly borne by the Funds). H&F has already and is likely in the future in certain instances to use this information in a manner that provides a material benefit to H&F, the Funds or their portfolio companies without compensating or otherwise benefiting the Fund (through a management fee offset or otherwise), Funds or such portfolio companies from which such information was obtained. In addition, H&F may have an incentive to pursue investments in potential portfolio companies based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain

confidentiality of certain information, (b) policies, practices and procedures designed to ensure confidentiality and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, H&F is generally free to use data and information from a Fund's activities in its sole discretion for the benefit of H&F and other Funds.

#### *Follow-on Investments*

Follow-on investments by one Fund into a portfolio company in another Fund presents conflicts of interest, including determination of the equity component and other terms of the new investment or financing as well as the allocation of the investment or financing opportunity in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, Funds from time-to-time 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 Limited Partners are receiving distributions at a price that is higher or lower than market value and whether new Limited Partners 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.

#### *Investments made by more than one Fund or Fund Family*

As discussed above, conflicts will arise with respect to investments by one or more Fund Families and/or Other Investment Vehicles in the same portfolio company, a sale of all or part of an investment from one Fund Family to another (including alongside a Co-Investment Vehicle) or a transaction where one Fund Family and/or Other Investment Vehicle invests in a portfolio company of another Fund Family. Such investments may be made at the same time and on the same or similar terms, or may be at different times and on different terms, subject to the terms of the Governing Documents of the applicable Fund Families and/or Other Investment Vehicles. Conflicts arise in determining the terms of such investments, particularly where these Fund Families invest in different types of securities in, or have different cost basis and/or investment dates in, a single portfolio company. In addition, because each Fund Family will from time-to-time have different characteristics, such as different investment horizons, concentration risks, commitments to Limited Partners, investment objectives and remaining capital, conflicts exist with respect to corporate actions, recapitalization, exit alternatives or other matters brought to the vote of the shareholders of such portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced as well as what actions should be taken in a troubled situation, particularly in Fund Families that have invested in different securities or at different valuations within the same portfolio company. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it may 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 may 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.

If the portfolio company needs additional capital, Fund Families from time-to-time provide, or do not provide, such additional capital. If such additional capital is provided, each Fund Family will supply such additional capital in such amounts, if any, as determined by H&F. In the event one Fund Family is unable to fund its share of additional capital (e.g., in the event such Fund Family does not have sufficient available capital), the other Fund Family may be obligated to fund more than its share of such amount. In such event, one Fund Family will gain greater exposure to such investment than may have been intended and the other Fund Family will be diluted in such investment. The returns of each Fund Family may be negatively impacted as a result of the foregoing. In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either an H&F Fund Family or a portfolio company of another H&F Fund Family. Investments by more than one H&F Fund Family in a portfolio company also raise the risk of using assets of one H&F Fund Family to support positions taken by other H&F Fund Families, or that an H&F Fund Family may remain passive in a situation in which it is entitled to vote. To address these conflicts, H&F will follow the conflict of interest provisions of the relevant Fund's Governing Documents. To the extent such matters are not addressed in such conflict of interest provisions, H&F will consider its duties to, and use its discretion to act in the best interests, of each Fund Family. There can be no assurance that the return of a Fund Family participating in a transaction would be equal to and not less than another Fund Family participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio, maturity of the investment or liquidity needs. In addition, where more than one Fund Family invests in the same portfolio company, there can be no assurance that such Fund Families will dispose of such portfolio company at the same time and on the same terms. For example, because one Fund Family's term may expire before the end of another Fund Family's term, such Fund Families may dispose of the portfolio company at different times. Furthermore, legal, tax, regulatory, accounting, or other considerations or capital market factors (such as trading volume) may restrict more than one Fund Family from disposing of any such shared investment at the same time and/or on the same terms. As such, Fund Families invested in the same portfolio company may dispose of any such shared investment at different times, on different terms and in different proportions. Portfolio companies disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund Family may realize different returns with respect to its investment in the same portfolio company. These variations in timing may be detrimental to a Fund Family. At the same time, if H&F determines it is advisable for a Fund Family (the "Later Fund Family") to exit an investment at the same time as another Fund Family that has a term expiration earlier than the Later Fund Family's term, the Later Fund Family may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

Because the Governing Documents for each Fund vary, there may be a degree of variation and potential inconsistencies in the manner in which potential or actual conflicts are addressed as among the Funds.

From time-to-time Funds invest in opportunities that other Funds have declined, and likewise, Funds have declined to invest in opportunities in which other Funds have invested.

### *Conflicts Relating to H&F*

H&F, in its discretion, from time-to-time, contracts directly with, or recommends 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, a related person of H&F (including but not limited to a portfolio company of a Fund). When making such a recommendation H&F, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. Additionally, H&F Personnel and/or their family members or relatives may have ownership, employment, personal or other economic or other interests in certain service providers. These relationships may create an incentive for H&F to select or recommend such service provider to perform services for a Fund or a portfolio company. Although H&F selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that H&F, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

H&F may compete against, or engage in business with (i.e., through co-investments and joint ventures) another investment adviser with which H&F or its affiliates or a member of their personnel has a relationship or from which H&F or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that H&F makes with respect to the Funds.

H&F and H&F Personnel have had, and may in the future have, an interest in or otherwise buy or sell securities or other instruments that H&F has recommended or recommends to Funds. In addition, Funds from time-to-time invest in securities of companies in which H&F and H&F Personnel and other related persons of H&F and its affiliates have previously invested for their own accounts. While the interests of such persons generally align with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity). While H&F expects these situations to occur infrequently, the Governing Documents of the applicable Funds include provisions to address conflicts, including requiring Advisory Board approval in certain circumstances. In addition, H&F would adopt other procedures as appropriate depending on the circumstances of any such conflict.

H&F Personnel have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family

members have other involvement. In most such circumstances, the Funds' Governing Documents will not preclude Funds from undertaking any of these investment activities or transactions.

From time-to-time, H&F Personnel may invest in funds or other entities managed by Limited Partners of a Fund which could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing portfolio companies.

As described in Item 5 above, H&F from time-to-time charges Other Fees with respect to investments or proposed investments by a Fund. Such fees, if payable, will be in addition to any management fees or carried interest paid by the Funds to H&F but are subject to the 100% management fee offset described at Item 5 above and as otherwise as set forth in the applicable Governing Documents. H&F, together, where applicable, with one or more other investors, determine the amount of Other Fees in their discretion, subject to agreements with the applicable sellers, buyers, and management teams, and/or the board of directors of or lenders to such portfolio companies. Other Fees create a conflict of interest between H&F and the Funds and their Limited Partners because the amounts of such Other Fees may be substantial and the Funds and their Limited Partners generally do not have an interest in such Other Fees. In addition to Other Fees, and consistent with the applicable Fund's Governing Documents, H&F incurs, and portfolio companies reimburse H&F for, expenses (including without limitation, expenses for certain entertainment, meals, travel, deal, search firm and other consultancy expenses) incurred by H&F in connection with its performance of services for such portfolio company. Because such expenses are not Other Fees, such reimbursements are not subject to the management fee offset arrangements described at Item 5 above. Because these expenses are paid for by a Fund and/or its portfolio companies or, if incurred by H&F, are reimbursed by a Fund and/or its portfolio companies, H&F may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. The amount of such expenses and Other Fees are not (except in connection with the 100% management fee offset described above) generally disclosed to Limited Partners in the Funds.

The General Partner, H&F or H&F Personnel from time-to-time borrow cash or enter into other financing arrangements that may be collateralized with the income it receives from management fees and/or carried interest. Any such borrowings would benefit H&F and its personnel and would not benefit the Funds and/or the investors.

#### *Diverse Membership*

The Partners in the Funds include United States taxable and tax exempt persons and persons from jurisdictions outside of the United States. Such Partners often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the Partners often 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 arise in connection with decisions made by H&F, including with respect to the nature or structuring of investments, that from time-to-time are more beneficial for one Partner, including the applicable General Partner, than for another Partner, especially with respect to Partners' individual tax situations. In selecting and structuring investments appropriate for a Fund, H&F will consider the investment and tax objectives of the

applicable Fund and the Partners as a whole, not the investment, tax or other objectives of any Partner individually.

*Business with and Among Portfolio Companies, Limited Partners, Prospective Limited Partners and Other Business Associates*

Given the collaborative nature of H&F's business and the portfolio companies in which the Funds have invested, there are often situations where H&F is in the position of recommending portfolio company services to other portfolio companies or to one or more Funds. A conflict of interest exists in making such recommendations in that H&F has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds while the products or services recommended may not necessarily be the best available, or the most cost effective, to the Funds or the other portfolio companies held by the Funds. The benefits received by a portfolio company providing a service or product may be greater or less than those received by the Fund(s) or its portfolio companies receiving the service or product. In addition, the General Partner of a Fund or H&F may from time-to-time utilize the services of Limited Partners and their affiliates on an arm's length basis, as it deems appropriate.

Portfolio companies controlled by a Fund may provide services to certain Limited Partners or prospective Limited Partners. H&F may have an incentive to cause the portfolio company to favor those Limited Partners or prospective Limited Partners 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.

Current and former officers and executives of portfolio companies may also invest in a Fund. While H&F believes this aligns portfolio company management teams with the best interests of the Fund, H&F may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

From time-to-time the portfolio companies of one Fund compete with, are a customer of, or are a service provider to, portfolio companies of another Fund. In addition, certain portfolio companies of the Funds are, have been, or may be counterparties or participants in agreements, transactions or other arrangements with other portfolio companies or portfolio companies of other Funds or with H&F, which agreements, transactions or other arrangements may not have been entered into but for the association with H&F, and which may involve fees, commissions, discounts, servicing payments and/or other remuneration to the benefit of H&F, such other Funds or portfolio companies which are not subject to offset against management fees paid to H&F. A conflict of interest exists in these instances because advice and recommendations provided by H&F to one portfolio company may have adverse consequences to the other portfolio company. The performance and operations of a competitor, customer or service provider portfolio company could conflict with, and adversely affect, the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities. 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. When providing advice to any such portfolio company that is a competitor of, customer of, or service provider to, another Fund's portfolio company, H&F need not consider the interests of, or potential consequences to, such other portfolio company. Similarly, in such circumstances, H&F may take the interests of the other portfolio company into account in providing such advice and that is a competitor of, customer of, or service provider to another Fund's portfolio company. To the extent a portfolio company is providing a service or product to another portfolio company, another Fund or to H&F, such portfolio company will benefit. These arrangements may result in one (or the other) receiving a greater benefit. Portfolio companies from time-to-time may provide discounts to H&F, its personnel, or other portfolio companies. Further, the benefits received by the particular portfolio company providing the service or product may be greater or less than those received by the entity receiving the service or product, or vice versa, and in some cases, the benefit received by H&F or the Fund may be greater than the benefit received by a portfolio company. In some cases, H&F representatives sit on the board of one or more portfolio companies subject to such arrangements.

In addition, certain portfolio companies controlled by one or more Funds have in the past, and may, from time-to-time in the future, engage in activities that could adversely affect another Fund and/or its portfolio companies, as more fully described in the "*Risks*" section of Item 8 above.

H&F has in the past hired, and may, from time-to-time hire, part-time or full-time personnel (including interns) who are relatives of, or are otherwise associated with, a Limited Partner, portfolio company, former portfolio company, investment target or service provider. Although H&F uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee H&F 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 H&F to the Funds) have in the past, and may from time-to-time in the future, due to certain reasons including efficiency, complexity and economic considerations, be outsourced in whole or in part to third parties or obtained through licensed third party software, in each case at the discretion of H&F. H&F has an incentive to outsource such services or such licensed software at the expense of the Funds to, among other things, leverage the use of H&F's personnel and reduce the expenses of H&F. Such services may include, without limitation, deal sourcing, asset management, information technology, data processing, administrator services, valuation services, accounting, trading, legal services, human resources, client services, compliance services, corporate secretarial services, tax support, director services 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 are not incurred for comparable services by other Funds. The decision by H&F 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, and H&F has no obligation to inform such Funds or Limited Partners of such a change. In addition, certain internal service providers (such as internal accountants) may "shadow" or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the relevant Funds.



Certain service providers (including, without limitation, any accountants, administrators, valuation firms, lenders, brokers, insurance services, custodians, attorneys, consultants and investment or commercial banking firms or their affiliates) of H&F, the Funds, the General Partners, the portfolio companies or any of their affiliates are from time-to-time Limited Partners in the Funds and/or sources of investment opportunities, co-investors or counterparties therewith. In addition, investors have in the past or may from time-to-time in the future be introduced to H&F, or may be brought into a Fund or co-investment, by such service providers from which H&F purchases products or services and to which H&F may make payments, including in connection with conferences sponsored or hosted by such service providers. Such engagement may be concurrent with a Limited Partner's admission to a Fund or co-investment or during the term of such Limited Partner's investment in the Fund or such co-investor's co-investment. For example, the Funds or their portfolio companies will require debt financing in connection with their operations or acquisition transactions, and from time-to-time Limited Partners provide such debt. With respect to the provision of debt by Limited Partners, H&F has adopted written policies and procedures relating to the allocation of such financing opportunities to Limited Partners. This creates a conflict of interest, as H&F may give such Limited Partner or co-investor preferred economics or other terms with respect to its investment in a Fund or co-investment, or may have an incentive to offer such Limited Partner or co-investor co-investment opportunities that it would not otherwise offer to such Limited Partner or co-investor. Certain of such service providers also provide services (including mezzanine and/or lending arrangements) to businesses that are competitors of H&F, its affiliates or the Funds or their portfolio companies.

Additionally, personnel of H&F and/or their family members or relatives may have employment, ownership or other interests in such service providers. H&F Personnel have in the past, and may from time-to-time in the future, also make private investments in entities that are, or are reasonably likely to be, debt or other similar financing sources to a portfolio company (each, a "Debt Entity"). These relationships may influence H&F in deciding whether to select such a service provider or Debt Entity to perform services for a Fund or a portfolio company. In addition, H&F will have a conflict of interest with the Funds in recommending the retention or continuation of such service provider or Debt Entity if such recommendation, for example, is motivated by a belief that the service provider or Debt Entity will provide H&F information about markets and industries in which H&F, the Funds or its portfolio companies operate or is interested or will provide other services that are beneficial to H&F, the Funds or its portfolio companies or will invest in successor funds or co-investment transactions. Although H&F selects service providers and Debt Entities that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that H&F, because of financial, business interest or other reasons, may favor such retention or continuation of such service providers or Debt Entities even if a better price and/or quality of service could be obtained from another person.

In certain circumstances, service providers (including law firms) or their affiliates may charge different rates or have different arrangements for services provided to H&F as compared to services provided to the Funds or their portfolio companies. Although H&F does not intend to benefit, this may result in more favorable rates or arrangements than those payable by the Funds or their portfolio companies. Furthermore, such service providers often charge varying amounts or 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 H&F differ from those required by the Funds and/or its portfolio companies, H&F will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

#### *Positions with Portfolio Companies*

H&F Personnel serve as directors, observers on boards, managers or officers of, or provide consulting services to, portfolio companies. While conflicts of interest arise in the event that such individual's fiduciary duties as a director, manager or officer conflicts with its duties to the Fund, it is expected that the interests will be aligned. Furthermore, H&F Personnel serving as a director to a portfolio company as well as a director of a General Partner owes a fiduciary duty to the portfolio company, on the one hand, and the relevant General Partner, on the other hand. Such positions create conflicts of interest for such H&F Personnel. H&F Personnel serving as directors of a portfolio company may make decisions in their capacity as a member of such board of directors that negatively impact returns received by a Fund investing in such portfolio company. In addition, to the extent H&F Personnel serve as a director on the board of more than one portfolio company, such individual's fiduciary duties among the two portfolio companies may also create a conflict of interest. The portion of any fees, net of related expenses, received by such individual or H&F for such services and attributable to a particular Fund are 100% offset against the management fees payable by such Fund, to the extent such Fund pays a management fee.

Decisions made by H&F Personnel in their capacity as a director, manager or officer of a portfolio company may subject H&F or a Fund to claims they would not otherwise be subject to as a Partner, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify H&F and its personnel from such claims.

In addition, H&F Personnel serving as directors may make decisions for a portfolio company that negatively impacts returns received by a Fund investing in the portfolio company.

H&F or its personnel may continue to receive other fees from a portfolio company after a Fund has fully exited its ownership interest (for instance, in respect of consulting arrangements or board fees). In addition, H&F Personnel have in the past, and may from time-to-time in the future, be asked by H&F or the portfolio company to remain as a director, or observer, on the board of a portfolio company following the termination of such company's relationship with H&F. In such circumstances, any compensation received by such H&F Personnel, or former personnel, is not considered Other Fees and thus is not subject to the management fee offset described above, or otherwise shared with the Funds and/or Limited Partners.

Additionally, former H&F Personnel may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to H&F, the Funds and/or portfolio companies or may become employees or, or consultants to, a portfolio company. While these individuals are personnel of H&F, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by H&F. Where former H&F Personnel become an employee or consultant of a third party that provides services to a Fund or portfolio company, such former H&F Personnel may be assigned by such third party to provide services to a Fund or portfolio company. In such instance, the cost of the third-party service

provider attributable to the former H&F Personnel working on the Fund or portfolio company account will be borne entirely by the Fund or such portfolio company and no such amounts will reduce the management fee paid or the carried interest distributed by such Fund on the basis that such person used to be H&F Personnel. In addition, where former H&F Personnel become an employee or, or consultant to, a portfolio company, the employment or consulting costs attributable to such former H&F Personnel will be borne entirely by such portfolio company and no such amounts will reduce the management fee paid or the carried interest distributed by the applicable Fund on the basis that such person used to be H&F Personnel.

#### *Conflicts Relating to Portfolio Company Professionals*

As described above in Item 5, H&F engages Senior Advisors, External Advisors and other operations professionals to assist the portfolio companies, including to serve as regular or interim employees or officers of portfolio companies (each, a “Portfolio Company Professional”). Some Portfolio Company Professionals are H&F Personnel and others are External Advisors, including, without limitation, former H&F employees or former Senior Advisors. The activities and compensation (including amount and allocation) of Portfolio Company Professionals vary depending on their role at H&F, if any, and their role with the applicable portfolio company. It may be difficult to distinguish services provided by certain Portfolio Company Professionals from the investment advisory services provided to the Funds by H&F and its affiliates.

H&F determines in its discretion whether to place H&F Personnel as Portfolio Company Professionals or alternatively engage External Advisors in such roles. Sometimes, a Portfolio Company Professional is initially engaged as an External Advisor and later transitions to H&F Personnel status. Conversely, sometimes a Portfolio Company Professional is initially H&F Personnel and later becomes an External Advisor or portfolio company employee. H&F’s determination regarding whether to place H&F Personnel or an External Advisor as a Portfolio Company Professional may give rise to conflicts of interest because, in general the compensation costs for H&F Personnel are borne by H&F, whereas compensation costs and expenses for External Advisors are generally paid and/or reimbursed by a Fund or a portfolio company (although in certain unusual circumstances, H&F may elect to pay the fees and compensation of an External Advisor). Any such fees, allocation, compensation or expense reimbursements paid to a Portfolio Company Professional that is not H&F Personnel will not be subject to the management fee offset arrangements described above or otherwise reduce the management fee.

The Fund may also reimburse all fees, costs and other expenses related to certain specialized operational services rendered to the Fund or its portfolio companies, where the portfolio company does not directly or indirectly reimburse such costs. Specialized operational services consist of operational support, regulatory or legal support, specialized operations and consulting services and similar or related services in connection with the identification, acquisition, holding and disposition of investments (including potential investments). These services may include, for

example, support or analysis regarding the company's management (including serving in management positions or participating in the determination of corporate strategy).

### *Conflicts Relating to Special Purpose Acquisition Companies*

In the future, either a Fund or H&F may sponsor a SPAC. Conflicts may arise as a result of such activities, including in allocating the time of H&F Personnel as well as if such SPAC enters into a transaction with a portfolio company of a Fund or a Fund determines to make an investment in or alongside such SPAC. In order to launch a SPAC, it is necessary for the sponsor of such SPAC to commit "at-risk" capital at the time of the initial public offering, which the sponsor loses if an initial business combination (an "IBC") is not consummated. In addition, a sponsor of a SPAC typically receives management shares in such SPAC, which if sponsored by H&F would not reduce the management fees or be for the benefit of a Fund except to the extent provided in the Governing Document of an applicable Fund. A sponsor would, therefore, be incentivized to pursue a deal to avoid losing the "at-risk" capital and to give value to the management shares, which only have value to the extent an IBC is consummated. Additional potential conflicts of interest arise if the IBC is between such a SPAC and a portfolio company of a Fund, especially a Fund that has not sponsored the SPAC. The sponsor of a SPAC is incentivized to find a target for an IBC to avoid loss of "at-risk" capital and for the management shares to have value, and H&F would likely receive carried interest with respect to such other Fund upon the sale of the portfolio company to the SPAC. All of these factors would incentivize H&F to consummate an IBC, including potentially with a Fund portfolio company of another Fund. In addition, the conflicts described under "*Cross Transactions*" above would also be applicable to such a transaction.

### *Side Letter Agreements; Advisory Board Rights*

H&F enters into certain side letter arrangements with certain Limited Partners providing such Limited Partners with different or preferential rights or terms, including but not limited to information rights, co-investment rights, modification of representations, indemnification and/or liability and other obligations, and liquidity or transfer rights. Except as otherwise agreed with a Limited Partner, H&F (or the applicable General Partner) is not required to disclose the terms of side letter arrangements with other Limited Partners in the same Fund. Also, Limited Partners will have no recourse against a Fund, the applicable Fund's General Partner, H&F or their respective affiliates in the event that certain Limited Partners receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or obligations of other Limited Partners.

Each of the Fund Families and at least one Other Investment Vehicle has established their own Advisory Board, consisting of representatives of their respective Limited Partners. A conflict of interest may exist when some but not all Limited Partners of such Fund Family or Other Investment Vehicle are permitted to designate a member to the Advisory Board. The Advisory Boards may have the ability to approve conflicts of interest with respect to H&F and the applicable Fund(s), which could be disadvantageous to the Limited Partners, including those Limited Partners who do not designate a member to such Advisory Board. Advisory Board members may have various business and other relationships with H&F and its personnel and affiliates. These relationships may influence the decisions made by such members of the Advisory Board.

In addition, from time-to-time members of one Advisory Board are also members of another Advisory Board. In such instances, a conflict of interest exists because the Funds on whose behalf such overlapping Advisory Board members serve may have conflicting interests and such Advisory Board members will be requested to provide their consent with respect to such conflicts of interest and will not generally be asked to recuse themselves from any such vote.

#### *Other Potential Conflicts*

H&F and the Funds will generally engage common legal counsel, accounting firms and other advisors in a particular transaction, including from time-to-time transactions in which conflicts of interest exist. Members of the law firms, accounting firms or advisors engaged to represent the Funds also from time-to-time represent one or more portfolio companies or Partners in a Fund, and the same law firm, accounting firm or advisor from time-to-time represent several Funds or Fund Families with respect to the same transaction. In the event of a significant dispute or divergence of interest between Funds, H&F and/or its affiliates, the parties may engage separate counsel in the sole discretion of H&F, and in litigation and other circumstances separate representation may be required. Additionally, H&F and the Funds from time-to-time engage other common service providers. In certain circumstances, the service provider (including law firms) may charge varying rates or engage in different arrangements for services provided to H&F, the Funds, and/or the portfolio companies. Although H&F does not intend to benefit, this may result in H&F receiving a more favorable rate on services provided to it by such a common service provider than the rates payable by the Funds and/or the portfolio company, or H&F receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between H&F and the Funds in determining whether to engage such service providers, including the possibility that H&F may favor the engagement or continued engagement of such service provider if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds. In addition, H&F and its affiliates, in certain instances, may receive discounts on products and services provided by portfolio companies, customers and suppliers of such portfolio companies and/or service providers of Funds.

H&F may engage certain service providers (including law firms) on behalf of the Funds and personnel of such service provider have in the past and may in the future be seconded to H&F on a temporary basis pursuant to various arrangements including at cost or at a discount. The compensation and employment-related expenses for such personnel during the secondment is borne by the service provider and not H&F. While the Funds and their portfolio companies are often the beneficiaries of these types of arrangements, H&F is a beneficiary of these arrangements as well. A conflict of interest exists because H&F has an incentive to select one service provider over another on the basis that H&F receives the benefit of seconded employees from such service provider.

H&F 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 or portfolio company, including benefits and other discounts provided from service providers. For example, airline travel, hotel stays or credit card charges incurred as Fund expenses, or reimbursable by portfolio companies, from time-to-time result in “miles” or “points”

or credit in loyalty/status programs to H&F and/or its personnel, and such benefits, rewards and/or amounts (whether or not de minimis or difficult to value), will exclusively benefit H&F and/or such personnel even though the cost of the underlying service is being borne by the Funds and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its Limited Partners and/or the portfolio companies.

In addition, from time-to-time, H&F recruits a management team to pursue a new “platform” opportunity expected to lead to the formation of a new portfolio company. In other instances, a new platform/portfolio company could be formed to recruit an existing or newly formed management team to build such platform/portfolio company through acquisitions and organic growth. In certain circumstances, such platform/portfolio company employees from time-to-time will include current or former H&F Personnel, or current or former advisors or consultants to H&F and its affiliates. The structure of each such platform/portfolio company and the engagement of personnel will vary, including whether a management team’s services are exclusive to the platform/portfolio company and whether the members of the management team are employed directly by the platform/portfolio company. Platform/portfolio company structures may change during the investments’ hold period, for instance, in connection with restructurings or dispositions. The management team of a platform/portfolio company investment may provide services with respect to other platform/portfolio company investments of more than one Fund, or provide the same or similar services for unaffiliated parties. The services provided by the platform/portfolio company management team could be similar to, and in some cases overlap with, the services provided by H&F to the Funds. The Fund will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, management or other fees, employee compensation (including cash compensation and profits-interest), diligence expenses or other related expenses in connection with backing the management team or the build out of the platform portfolio company. Such expenses may be borne directly by the applicable Fund as Fund expenses or indirectly as the Fund bears the start-up and ongoing expenses through the newly formed platform portfolio company. Such costs and expenses will not offset the management fee and are in addition to management fees and other compensation (e.g., carried interest or profits interest) received by H&F.

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 purchase equity securities in such transaction. Furthermore, in certain instances the Funds will also enter into (a) 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 and (b) full guarantee arrangements where a Fund agrees to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain Co-Investment Vehicles with investments contractually tied to the Fund are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds’ Governing Documents or otherwise), such Co-Investment Vehicles are generally not direct parties to the equity commitment arrangements or guarantees and may not be obligated to pay their proportionate share of any reverse termination fee. Therefore, in the unlikely event that a Co-Investment Vehicle defaults on

an arrangement with the Fund to pay its proportionate share of the equity purchase price (if any) or such an arrangement does not exist, the Fund would be held responsible for the entire equity purchase price or other applicable obligations.

In addition, certain portfolio companies of the Funds participate, have participated or may participate in arrangements to receive favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. H&F is often eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to management fee offsets or otherwise shared with the relevant Funds or portfolio companies.

H&F 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, without limitation, expenses or fees of insurance brokers) for insurance to insure multiple Funds, H&F, their respective personnel, agents and representatives, members of the Advisory Board and other indemnified parties, against liability in connection with the activities of the Funds. This includes a portion of premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by H&F and/or the Funds that cover one or more Funds and/or H&F (including their respective personnel, agents, representatives, members of the Advisory Board and other indemnified parties). H&F will make judgments about the allocation of such premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or H&F, in its reasonable discretion 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. In addition, as such umbrella policies cover all Funds, a single large claim with respect to one Fund would reduce the remaining coverage available for the other Funds under such policies.

H&F may, from time-to-time, invite the Funds and/or a portfolio company to make contributions to charitable initiatives, or other non-profit organizations that H&F believes could, directly or indirectly, enhance the value of the Funds’ investments, assist in completing an acquisition of a portfolio company or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their portfolio company. Such contributions could be designed to benefit employees of a portfolio company, the community in which a portfolio company operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio company. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of H&F, portfolio company management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with H&F, the Funds or the portfolio companies. These relationships could influence H&F’s decision whether to invite the Funds or the portfolio companies to make charitable contributions. Further, from time-to-time, such charitable contributions by the Funds or the portfolio companies could supplement or replace charitable contributions that H&F would have otherwise made. Also, in certain instances, H&F may, from time-to-time, select a service provider or other counterparty to the Funds or their investments based, in part, on the charitable initiatives of such person where H&F believes such charitable initiatives could, directly or indirectly, enhance the value of the Funds’ investments or otherwise be beneficial to the portfolio companies.

The General Partner, or its affiliates, including H&F Executives and other H&F Personnel or Senior Advisors, have in the past and may in the future receive distributions in-kind from an investment disposition. In the event of such a distribution of stock, the recipients may act in their own interest with respect to their share of the distributed securities and may determine to sell such securities, or hold on to such securities for such time as such recipient shall determine. The ability of such recipients to act in their own interest with respect to such distributed shares in situations where the Fund also continues to own such shares creates a conflict of interest between such recipients, on the one hand, and the Fund, on the other hand, because the recipients' interests may not be aligned with those of the Funds and the recipients may determine to sell such securities at a different time, or on different terms, then the Funds would sell their interests.

While the ultimate beneficial owners of the General Partner are generally taxable for United States federal income tax purposes, certain Limited Partners (including, without limitation, tax-exempt United States Limited Partners or non-U.S. investors) may not be subject to taxation (or subject to lower tax rates). For Funds where Partners are allowed to make an election to receive in-kind distributions, the General Partner may be incentivized to elect to receive an in-kind distribution in lieu of cash in order to hold investments longer to ensure long-term capital gains treatment on its carried interest (or other proceeds distributable to the General Partner). The General Partner (or its direct or indirect owners) and applicable Limited Partners who elect to receive in-kind distributions could ultimately receive a return on their share of an investment distributed to them in-kind that is higher than the return achieved by the other Limited Partners with respect to their share of such investment and is higher than the amount it would have received had it taken its distribution in cash. Further, carried interest will be calculated in accordance with the Governing Documents at or around the time of the in-kind distribution and as a result, any distribution of such carried interest may be at a value that is in excess of the value for which the distributed shares are ultimately sold by the Limited Partners who elect to receive a distribution of securities.

Due to the fact that H&F and its affiliates will possess and have access to information on portfolio companies and the General Partner's determinations to make distributions, H&F will be in a better position to make an election (or change an existing election) to receive in-kind distributions with respect to specific portfolio companies than Limited Partners who may have limited or no information regarding such portfolio companies. In connection with any disposition by a Fund in which the General Partner does not offer the Limited Partners an election to receive securities rather than cash, the General Partner may offer to one or more H&F professionals the option to (i) take marketable securities in lieu of cash (in whole or in part), but only so that such H&F professionals may contribute such securities to charitable organizations or (ii) otherwise take securities (whether or not marketable) in lieu of cash (in whole or in part) in connection with such disposition with the consent of the Advisory Board.

Where more than one Fund Family or Other Investment Vehicle holds the same securities or instruments, H&F may determine to undertake a distribution in-kind of securities to investors from one but not all of such Fund Families or Other Investment Vehicles, with the result that investors of Fund Families and/or Other Investment Vehicles invested in the same securities will have a different return on their investment. Accordingly, Fund Families, Other Investment Vehicles, or individual limited partner (or equivalent) co-investors, may receive a distribution through a distribution in-kind of securities at a different time due to a disposal or distribution in-kind of the



same class of securities by the Fund Families or Other Investment Vehicles. In such instance, a Fund Family and/or Other Investment Vehicle may receive a lower price for the same securities than the price received by such co-investors. It may be the case that H&F's relative economic interests in the two Fund Families, or between the Fund Family and Other Investment Vehicle(s) may not be aligned which could present a conflict.

Certain H&F Personnel have passive investments in other private equity firms which from time-to-time include potential competitors of the Funds. These other private equity firms from time-to-time invest in similar industries and sectors as the Funds and H&F Funds from time-to-time buy portfolio companies from these private equity firms, or otherwise transact with, these other private equity firms or their portfolio companies. Given the investment by H&F Personnel in these other private equity firms is passive, such H&F Personnel do not have input into such transactions on behalf of the other private equity firms or their portfolio companies.

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

## **Item 12. Brokerage Practices**

As Funds invest primarily in private companies, H&F anticipates that investments in publicly traded securities through brokered transactions will generally be infrequent occurrences. Sales of securities held as a result of initial public offerings of portfolio companies will be also effected through brokered transactions from time-to-time. To meet its fiduciary duties to the Funds, H&F has adopted the following policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

In the event it chooses to use a broker-dealer, H&F seeks to obtain best price and execution of transactions as set forth below. For each of the Funds, H&F has 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, H&F will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (whether through a sale or distribution of securities), taking into account the circumstances of the transaction and the reputation and reliability of the executing broker or dealer. Best execution is not limited solely to the considerations of the best available commission rate.

In selecting brokers or dealers, H&F takes into account all factors that it deems relevant, including, by way of illustration, the reputation, experience and financial stability of the broker-dealer; the ability to provide competitive pricing; the size and timing of the transaction; the nature of the market for the security and the difficulty of execution; the ability and willingness to commit capital or financing and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the deemed appropriate

monetization strategy taking into account the current and, if applicable, any contemplated later transaction; the ability to maintain H&F's anonymity; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade and that the Funds have been treated fairly and honestly in prior trades, the quality of execution, quality of broker-dealer relationship and quality of service rendered by the broker-dealer in other transactions; the broker-dealer's expertise in a particular industry or prior experience and familiarity with the issuer; and the quality of any proprietary research and investment ideas. In addition, H&F may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. To the extent consistent with achieving best execution, H&F may also consider other business a particular broker or dealer may have done with H&F, such as identifying investment opportunities, performing investment banking services and the ability and willingness to commit capital or financing to other H&F transactions.

H&F has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so called "soft dollar" arrangements). However, brokers or dealers are from time-to-time selected who provide research reports and services to H&F, including: proprietary broker-dealer company research and analysis; oral and written reports, statistics and advice about the economy, industries and individual securities' or company investment opportunities; and reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics, all of which may be attractive for one or more Funds or to H&F; and opportunities to confer with management. In accordance with Section 28(e) of the Exchange Act, broker-dealers providing such services may be paid commissions on transactions for Funds in excess of those that other broker-dealers not providing such services might charge so long as H&F determines in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided, taking into account all of the accounts over which H&F exercises investment discretion. Recognizing the value of the brokerage and research services provided, H&F may allow a brokerage commission or negotiated term in excess of that which another broker-dealer might have charged for effecting the same transaction. H&F will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. H&F will also periodically review the past performance of the broker-dealers with whom H&F has placed orders to execute Fund transactions in light of the factors discussed above.

### **Aggregation of Trades**

H&F from time-to-time aggregates (or bunches) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. H&F may combine orders on behalf of one Fund with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. To the extent H&F aggregates such orders, it will

aggregate such orders as it deems appropriate and in accordance with each Fund's Governing Documents and in the best interest of each Fund.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon a pro rata basis among the participating Funds.

### **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 H&F's review of them is generally not directed toward a short-term decision to dispose of securities. However, H&F closely monitors the portfolio companies of the Funds. In addition, each portfolio company is formally reviewed by its team of investment professionals on a periodic basis and presented to H&F's entire investment staff. The portfolio company's deal team generally includes H&F Executives and other investment professionals of H&F.

#### **Reporting**

Limited Partners in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as unaudited financial statements of the Fund, including statements of operations, cash flow and changes in capital account balances within 45 days after the close of each of the first three calendar quarters of each year. H&F from time-to-time, in its sole discretion, provides additional information relating to such Fund to one or more Limited Partners in such Fund as it deems appropriate.

### **Item 14. Client Referrals and Other Compensation**

For details regarding economic benefits provided to H&F by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, H&F and its affiliates, in certain instances, receive gifts from, or discounts on products and services provided by, portfolio companies of Funds, the customers and suppliers of such portfolio companies and/or service providers of Funds. H&F has in place a gift policy to address conflicts related to such gifts.

### **Item 15. Custody**

As H&F relies on the "audit exemption" under the Advisers Act custody rule (i.e., Rule 206(4)-2(b)(4)), Limited Partners in the Funds will not receive account statements from the Funds' custodians.

### **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds and not individually to the Limited Partners 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 or offering documents of the applicable Fund.

### **Item 17. Voting Client Securities**

H&F has adopted policies and procedures setting forth the principles and procedures by which H&F votes or gives consent with respect to securities owned by the Funds. H&F may, from time-to-time, determine that it is in the best interest of a Fund to depart from specific policies described below.

H&F's general policy is to vote proxy proposals, amendments, consents or resolutions, including a vote of a private company that does not involve a proxy relating to the Funds (each, a "proxy" and, collectively, "proxies") in a manner that serves the best interest of the Fund, as determined by H&F in its discretion, taking into account relevant factors, including: (i) the impact on the value of the returns of the Fund; (ii) alignment of portfolio company management's interest with the Fund's interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the Fund and the portfolio companies in which it invests including the continued or increased availability of portfolio information; and (iv) industry and business practices.

Subject to the foregoing, H&F will generally vote in accordance with the recommendation of a portfolio company's management, as applicable, unless, in H&F's opinion, such recommendation is not in the best interests of the applicable Fund. Unless the matter is reserved for H&F's investment committee, such votes must be approved by an H&F Executive on the deal team for the relevant deal. H&F will abstain from voting or affirmatively decide not to vote if H&F determines that abstaining or not voting is in the best interest of the Fund. In making such a determination, H&F will consider various factors, including, but not limited to: (i) the costs associated with exercising the proxy (e.g., translation or travel costs); (ii) any legal restrictions on trading resulting from the exercise of a proxy; and (iii) any actual or perceived conflicts of interest in the proposed action to be voted upon.

Conflicts may arise between the interest of the Fund, on the one hand, and the interest of H&F on the other hand. H&F will use its best judgment to address any such conflict of interest and ensure that it is resolved in accordance with the best interests of the Funds and consistent with the Governing Documents. See also Item 11 above – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - *Conflicts of Interest*.

Copies of relevant proxy logs and copies of proxy voting policies are available to any client or prospective client upon written request to: Hellman & Friedman LLC, 415 Mission Street, Suite 5700, San Francisco, CA 94105, Attention: Chief Compliance Officer.

### **Item 18. Financial Information**

Not applicable.

**Item 19. Requirements for State-Registered Advisers**

Not applicable.