

**Item 1. Cover Page**

**PART 2A OF FORM ADV FIRM BROCHURE**

TSG Consumer Partners, LP

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**March 31, 2022**

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**This Investment Adviser Brochure (the “Brochure”) provides information about the qualifications and business practices of TSG Consumer Partners, LP (“TSG”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, at 415-217-2300 or by email at [dweilbacher@tsgconsumer.com](mailto:dweilbacher@tsgconsumer.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.**

**TSG is a registered investment adviser. Registration does not imply a certain level of skill or training. Additional information about TSG is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2. Material Changes**

This Brochure, dated March 31, 2022, serves as an update to the previous Brochure dated November 15, 2021 (“Prior Brochure”). This Brochure contains several changes from the Prior Brochure, including, but not limited to updates regarding assets under management and conflicts of interest. In addition, TSG routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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

TSG Consumer Partners, LP (including, where the context permits, its Affiliated General Partners (as defined below), “TSG”) is a private equity firm, which primarily provides investment advice on and manages investments in established companies in the consumer industry. TSG was formed as a Delaware limited liability company in 2011 and converted to a limited partnership in 2020, but was originally founded in 1987. TSG currently provides discretionary investment advisory services to a number of private investment funds (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The principal owners of TSG are Charles H. Esserman, James L. O’Hara and M. Hadley Mullin, indirectly through TSG Advisor Midco LLC, TSG Advisor Intermediate Co LLC and TSG Advisor Topco LLC.

Affiliates of TSG serve as the general partners of the Funds (the “Affiliated General Partners”). Each of the Affiliated General Partners is a related person of TSG and is under common control with TSG. While each Affiliated General Partner retains management authority over the business and affairs, including investment decisions, of its respective Fund, TSG has been delegated the role of investment adviser. The Affiliated General Partners and their employees and personnel are subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and rules thereunder, and to all of TSG’s compliance policies and procedures. Each of the personnel of the Affiliated General Partners will be deemed “persons associated with” TSG (as that term is defined in section 202(a)(17) of the Advisers Act).

As such, references to TSG in this Brochure should also be considered references to the Affiliated General Partners (and vice versa) in the appropriate context.

TSG generally has broad and flexible investment authority with respect to the Funds. Each Fund’s investment objectives and strategy is set forth in such Fund’s confidential private placement memorandum (“PPM”). All investors in the Funds (“Investors”) are provided with a PPM prior to making an investment in such Fund and are urged to carefully review it along with this Form ADV Part 2A.

In addition, each Fund is governed by a limited partnership agreement, advisory agreement or similar document that specifies the specific investment guidelines and investment restrictions applicable to the Fund (together with the PPM and side letters negotiated with investors in the Fund, the “Governing Documents”).

The Funds may make investments in equity, equity-related securities, senior preferred equity or debt securities. These investments are generally made in consumer industries. Investments may represent a controlling or non-controlling interest in portfolio companies (each, a “Portfolio Company” and each investment in a Portfolio Company, a “Portfolio Investment”). TSG’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments.

As noted above, the clients of TSG are the Funds, and the investment strategy of each Fund is generally similar. TSG tailors its investment advice to each Fund in accordance with the Fund’s investment objectives and strategy as set forth in the relevant Governing Documents. Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable Affiliated General Partner, and not individually to the Investors. TSG typically does not tailor its advisory services to the individual

needs of Investors. Once invested in a Fund, Investors generally cannot impose additional investment guidelines on or restrictions to such Fund.

As of December 31, 2021, TSG manages approximately \$19,694,165,119 of client assets on a discretionary basis. TSG does not currently manage any client assets on a non-discretionary basis.

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

TSG and/or its affiliates typically receive compensation in the form of Advisory Fees (defined below), Carried Interest (defined below in Item 6), and certain fees or expense reimbursements from Portfolio Companies.

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Funds, TSG receives from each such Fund an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital. Advisory Fees are typically reduced at certain points during the life of a Fund as described in the respective Fund Governing Documents. As described below, Advisory Fees paid by a Fund are also reduced by other fees or compensation received by TSG or its affiliates that relate to such Fund’s activities and investments, or by certain excess organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Fund are indirectly borne by the Investors.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser and are set forth in such Fund’s Governing Documents. The Advisory Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by TSG in its sole discretion, both voluntarily and on a negotiated basis with selected Investors via side letter and other arrangements, which are generally not disclosed to other Investors in the same Fund. The fee structures described herein may be modified from time to time. Fees differ from one Fund to another. Certain Funds and Investors in such Funds incur lower or no Advisory Fees.

Advisory Fees billed to and received from the Funds vary Fund by Fund and are payable quarterly in advance with respect to certain Funds, or semi-annually in advance with respect to other Funds. Upon termination of an advisory agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

TSG typically deducts Advisory Fees from the applicable Fund directly from the Fund’s assets. Investors do not have the ability to choose to be billed directly for Advisory Fees incurred.

### **Portfolio Company Fees**

In addition to the Advisory Fees and Carried Interest (as defined below in Item 6), TSG and its affiliates from time to time receive a variety of other fees relating to the investment activities of a Fund and its Portfolio Companies including monitoring fees and directors fees with respect to the Portfolio Companies (collectively, “Portfolio Company Fees”) pursuant to agreements with Portfolio Companies of the Funds governing the advice and consultation, operational management and similar ongoing services provided by TSG to such Portfolio Companies. TSG or its affiliates receive monitoring fees pursuant to monitoring agreements with Portfolio Companies of the Funds governing the advice, consultation and other similar ongoing services provided by TSG to such Portfolio Companies. Generally, in the event of an initial public offering or other disposition, TSG ceases collection of monitoring fees.

The amount and timing of Portfolio Company Fees received by TSG or the Affiliated General Partners are generally specified in the agreement or other documentation governing the applicable transaction.

The payment of Portfolio Company Fees by Portfolio Companies will, in some, but not all, circumstances create a conflict of interest between TSG and the Affiliated General Partners, and the Funds and their Investors because the amounts of these Portfolio Company Fees and reimbursements are often substantial and the Funds and the Investors generally do not have a direct interest in these fees and reimbursements.

TSG determines the amount of these Portfolio Company Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to Portfolio Companies, and/or third-party co-investors in its transactions, and the amount of such fees and reimbursements often will not (except in connection with the reductions described herein) be disclosed to the Investors.

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 the fees are not subject to a market check. 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 TSG acting on behalf of both parties.

TSG either voluntarily or under agreements with the Funds offsets Advisory Fees by 100% of the portion of Portfolio Company Fees attributable to a particular Fund's investment in the applicable Portfolio Company.

## **Expenses**

### *Expense Reimbursement*

A Portfolio Company will typically reimburse TSG for expenses, including without limitation, travel and travel-related expenses, meals and entertainment expenses, including, as applicable, closing dinners and mementos, transportation and meals, social and entertainment events with Portfolio Company management, customers, clients, brokers and service providers, expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by Portfolio Company personnel), expenses relating to hiring Portfolio Company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses (including legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company borrower or a lender) and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses incurred by TSG in connection with its performance of services for such Portfolio Company. Such reimbursed expenses are generally not included as Portfolio Company Fees in Governing Documents, and such reimbursements do not reduce the Advisory Fee. As used throughout this Brochure, "travel and travel-related" expenses shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including first class or business class travel and the cost of chartering private aircraft or other private air travel ((including from an affiliate of the Affiliated General Partner or its personnel) at a cost above the cost of first class commercial airfare) and private car travel and other ground transportation), first class lodging and other accommodations, premium meals (including, as applicable, closing dinners and mementos), and social and entertainment events (including with portfolio entity management, customers, clients, borrowers, brokers and service providers).

## **Expenses**

### *Fund Expenses*

Each Fund is responsible for all expenses related to its operations, to the extent not paid or reimbursed by such Fund's underlying Portfolio Companies. These expenses typically include, but are not limited to, (i) all fees, costs and expenses, if any, incurred in sourcing, originating, developing, managing risk assessments for, negotiating, consummating, monitoring, structuring, trading, settling, holding and disposing of portfolio investments, including without limitation any financing, legal, accounting, tax, loan administration, audit, actuarial, investment banking, reporting, appraisal, valuation (including fees and

expenses paid to third-party valuation agents for valuations, appraisals and pricing services), insurance, brokerage, due diligence (including expenses incurred in connection with hiring or consulting with subject and industry matter experts), research, administrative (including expenses incurred in connection with any reporting, projections or valuations and, if applicable, any translation services), operational support, structuring, litigation, indemnification, administrator, custody, advisory, consulting and other service provider and professional costs and expenses in connection therewith, including expenses which the Affiliated General Partner reasonably determines to be related to the investment of the Fund's assets (including, without limitation, travel (including the cost of chartering private aircraft or other private air travel (including from an affiliate of the Affiliated General Partner) at a cost above the cost of first class commercial airfare), accommodations, meals, industry conference costs (including the sponsorship and/or hosting thereof), and other incidentals of personnel attending) and any costs or expenses associated with, developing, negotiating, consummating, monitoring, structuring, trading, settling, holding or disposing of any non-U.S. or other portfolio investments of the Fund (whether incurred by TSG or its affiliates, including, without limitation, the allocable rent and/or compensation cost of personnel located in local non-U.S. offices who are involved in the business and affairs of the Fund, or by any other third party), (ii) all fees, costs and expenses incurred in developing, negotiating or structuring any investment in which the Fund does not actually invest, including, without limitation, any financing, legal, break-up fees, auditing, accounting, advisory, financing and consulting costs and expenses in connection therewith (including, for the avoidance of doubt, any costs or expenses described in clause (i) incurred in respect of such investment in which the Fund does not ultimately invest), including any portion directly attributable to any co-investors to the extent not borne by such co-investor, (iii) brokerage fees, commissions, discounts and expenses and other investment costs (including, but not limited to, intermediary fees and expenses, prime brokerage fees, consulting fees, finder's fees, commissions, and discounts, agent bank and other bank service fees, custodial fees, costs and expenses, trustee fees, and expenses, registrar fees and expenses, depository fees and expenses, transfer fees and expenses, registration fees and expenses, hedging fees, costs and expenses with respect to currency exposure and other fees and expenses relating to bank or securities accounts), (iv) the costs of preparing reports, notices, financial statements, capital calls, distributions and providing related services (including the Fund's share of any compensation (which includes any bonuses) regardless of how such compensation is structured, related to any internal accounting services provided by the Affiliated General Partner or its affiliates as determined in the Affiliated General Partner's sole discretion), tax returns, and Schedule K-1s for or meeting with the Investors, including all costs and expenses in connection with providing capital calls, distributions, reports and notices to the partners as described in the Governing Documents (including fees and expenses of information technology used to facilitate such activities), and investor servicing expenses (including expenses incurred in connection with providing Investors access to the Fund reporting site), (v) the fees, costs and expenses of auditors, actuaries, accountants, lawyers, transfer agents, administrators, registrars custodians, third party valuation agents, appraisers and pricing services and other outside advisors, AML officers, consultants and service providers, (vi) interest on, the principal of and fees, insurance and expenses arising out of and other amounts incurred in connection with borrowings (or the option to borrow including interest expenses and debt service attributable to borrowed money), financings, guarantees, hedging or derivative transactions made by the Fund, including, but not limited to, the arranging, obtaining and maintaining thereof, (vii) any costs and expenses incurred related to legal and/or regulatory compliance-related matters and regulatory filings related to the Fund, the Affiliated General Partner, TSG or any of their affiliates, and/or the activities of any of the foregoing with U.S. federal, state, local, non-U.S. or other law and regulation (including, without limitation, costs and expenses relating to (A) any investigation or examination (including, without limitation, any investigation conducted by any U.S. federal, state, local or foreign regulatory body), settlement or review of the Fund, (B) the preparation and filing of Form PF, Form ADV and/or other regulatory filings of the Affiliated General Partner, TSG and their affiliates relating to the Fund's activities, as well as all filings with the Commodities Futures Trading Commission (the "CFTC") and any costs and expenses relating to maintaining regulatory compliance with the CFTC, including but not limited to filings, finger printing and registration with the



CFTC, (C) any other similar fees or expenses including its applicable portion of compliance consultant fees and/or legal consultant fees as determined in the Affiliated General Partner's sole discretion, as such fees relate to the review of documents and other materials, the investment of the Fund's assets and similar compliance matters, (D) obtaining exemptions, maintaining qualifications and satisfying any regulatory or other jurisdictional fees, such as filing, notice and registration fees, (E) the Fund's share of compliance and consultant fees as determined in the Affiliated General Partner's sole discretion, as such fees relate to the review of marketing materials, (F) registration or other compliance obligations related to, or arising as a result of, the offering and sale of interests in the Fund in any jurisdiction, including any such obligations arising under the Alternative Investment Fund Managers Directive (2011/61/EU) or the securities laws of any jurisdiction, and (G) any fees, costs and expenses relating to licensing, registering, qualifying or exempting the activities of the Affiliated General Partner within and outside the United States), (viii) all research, market analysis, data, operational support and related expenses, fees and costs incurred in connection with the operation of the Fund (or its applicable portion thereof as determined in the sole discretion of the Affiliated General Partner), (ix) any expenses associated with maintaining the Fund's information, maintenance of books and records (including, without limitation, internal expenses incurred in connection with producing any such books and records and any external expenses of a third party administrator maintaining or overseeing such books and records), other record keeping, communication and reporting costs and all expenses incurred in connection with the Fund's annual audit and any tax or regulatory audit, (x) all fees, costs and expenses associated with information technology (including the costs of consultants used by the Affiliated General Partner to maintain its information technology structure and without limitation the costs of acquiring, developing, implementing and maintaining computer software and hardware and other technological systems related to maintaining Portfolio Company or potential Portfolio Company data that is for the benefit of the Fund or its partners, data and information service subscriptions, data information technology systems and databases and related systems and services from data or other service providers), (xi) all fees, costs, expenses and disbursements related to legal counsel (including, but not limited to, amendments, consents and modifications, recording fees and expenses, jurisdictional filings and related expenses, regulatory fees and related expenses), (xii) any extraordinary fees or expenses, including any extraordinary administrative or operating fees or expenses, indemnity expenses and the costs of any litigation or arbitration (including the cost of any investigation, prosecution or defense of any claims) involving the Fund, the Affiliated General Partner, any person entitled to indemnification pursuant to the terms of the Governing Documents or a Portfolio Company, and the amount of any judgments, settlements or payments paid in connection therewith or contribution payable to any person in connection therewith, directors and officers, liability or other insurance protecting the Fund or the Affiliated General Partner (including terrorism, errors and omissions, directors and officers and other forms of liability insurance) and indemnification or extraordinary expense or liability relating to the affairs of the Fund or the Affiliated General Partner, (xiii) the Fund's share of any investment company professional and management liability insurance as determined by the Affiliated General Partner in its sole discretion, (xiv) the Advisory Fee paid by the Fund, (xv) the costs and expenses of the Advisory Board and any meetings of the Investors (including, in each case, travel fees and expenses incurred by the Affiliated General Partner, TSG or their respective affiliates in connection with such meetings and activities, and including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses) as well as other Advisory Board expenses (including legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the Advisory Board and other expenses incurred in connection with advisory board action), (xvi) any placement fees, (xvii) any taxes, fees and other governmental charges levied against the Fund, any portfolio investment or the income thereof, together with interest and penalties with respect thereto and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund, expenses incurred in connection with tax preparation and filings, expenses relating to the preparing, printing and distributing investor reports physically or electronically (including software used to electronically distribute such reports), (xviii) costs and expenses (including without limitation compensation (which includes any bonuses) regardless of how such compensation is structured) relating

to senior advisors, expert networks, internal operational staff of the Affiliated General Partner, TSG or their affiliates (including, for the avoidance of doubt, accountants, legal, compliance, investor relations, finance, capital markets and IT staff), Operating Partners and other similar advisors (including without limitation the TSG Digital Operating Partner Team personnel) providing services related to the Fund and or the Portfolio Companies, including without limitation, the cost of office space, facilities, supplies and necessary administrative and clerical functions, (xix) any costs and expenses (including any costs and expenses of lawyers or other outside advisors) incurred in connection with amending the Governing Documents, (xx) any costs and expenses incurred in connection with administering any side letters or provisions thereof, including “most favored nation” provisions, (xxi) any costs and expenses of dissolving, liquidating or terminating the Fund and the Affiliated General Partner (including any costs and expenses of lawyers, accountants, liquidating trustees and other outside advisors), (xxii) all fees and expenses related to the organization, establishment, maintenance and administration of any alternative vehicles, intermediate entities or special purpose entities (and any structuring entities related thereto, including general partner or other management entities) used to acquire, hold or dispose of a Portfolio Investment or to otherwise facilitate the Fund’s investment activities, including to facilitate any restructuring of the Fund’s investments, (xxiii) all fees and expenses associated with the Affiliated General Partner and Fund’s compliance with laws and regulations, (xxiv) any other fees and expenses approved by a majority in interest of the Investors or the Advisory Board, and (xxv) any costs and expenses associated with any other activities of the Affiliated General Partner, TSG or any affiliate thereof relating to or in connection with the Fund or its business operations or other activities.

Each Fund also typically bears legal and other offering and organizational expenses, including the out-of-pocket expenses of the relevant Affiliated General Partner, incurred in the formation of the Fund and all related entities as specified in each Fund’s Governing Documents.

#### *Co-Investment Vehicle Expenses*

In certain cases, a vehicle established to facilitate the investment by Investors or other parties to invest alongside the Fund (a “Co-Invest Entity”) is formed in connection with the consummation of a transaction. In the event a Co-Invest Entity is created, the investors in such Co-Invest Entity will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Co-Invest Entity. The Co-Invest Entity will also generally bear its pro rata portion of expenses incurred in the making an investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to sourcing, evaluating, investigating, developing, and researching such proposed but not consummated transaction (including certain advisory, transaction, consulting and other similar fees paid to TSG or its affiliates, and legal expenses incurred in connection with claims or disputes related to unconsummated or proposed investments) (“Dead Deal Costs”) would therefore be borne by the Fund or Funds selected by TSG as proposed investors for such proposed transaction. Furthermore, if a proposed transaction is not consummated and a co-investment vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs are generally borne solely by the Fund or Funds selected by TSG as proposed investors for such proposed transaction, but not to the co-investment vehicle or other co-investor(s) to which the co-investment opportunity was offered. Similarly, co-investment vehicles (and co-investors) are not typically allocated any share of breakup fees received in connection with such an unconsummated transaction. Each Affiliated General Partner structures a co-investment opportunity such that the share of Dead Deal Costs allocable to its participants are borne by a Fund. Each Fund will also bear the share of Dead Deal Costs which are allocable to any TSG co-investment person or Operating Partner (as defined in Item 11 below). Dead Deal Costs typically include, among other things, legal, accounting advisory, consulting or other

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

### *Operating Partners*

The compensation paid to Operating Partners (as defined in Item 11), and fees and expenses associated with Operations Support Services (“Operations Expenses”) are paid and/or reimbursed by Portfolio Companies and/or a Fund and are not borne by the Affiliated General Partners or TSG. In practice, these expenses are typically paid by a Fund and not paid by the Portfolio Company. Payments of these expenses from, or allocations with respect to, Portfolio Companies and/or a Fund will not be deemed paid to or received by an Affiliated General Partner or TSG and such amounts will not be subject to the offset provisions as described in the Governing Documents. Neither TSG nor any of its affiliates will be entitled to receive any fees from Portfolio Companies in respect of TSG Operating Partners, this restriction excludes the recoupment of any costs to TSG in relation to the services provided by such persons. Operations Expenses, which are determined at the discretion of a Fund’s Affiliated General Partner, taking into account the particular Operations Support Services, often include one or more of the following: an annual fee or retainer, a discretionary bonus, a profits or equity interest in the Fund and/or Portfolio Company or other incentive-based compensation (e.g., Carried Interest) paid to the Operating Partner. The amount of such compensation will generally be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the value of the Portfolio Company, the invested capital exposed to such Portfolio Company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies.

It is critical that Investors refer to the relevant Governing Documents for a complete understanding of expenses they may pay through an investment in the Funds.

### **Carried Interest Payments**

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

### **Brokerage Fees**

TSG will periodically utilize the services of broker-dealers to effect portfolio transactions for the Funds. In such circumstances, the respective 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 each Fund, a portion of the profits of each Fund is distributed to its Affiliated General Partners, if any, as “carried interest” (the “Carried Interest”). Each Affiliated General Partner of a Fund is a related person of TSG. Carried Interest paid by a Fund is borne by the Investors. Certain Funds and Investors in such Funds incur lower or no Carried Interest.

The payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for TSG to disproportionately allocate time, services or functions to Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. TSG also has a potential conflict of interest in determining the amount of the investment to allocate to the Funds and any Co-Invest Entity, because TSG would have an incentive to favor Funds or Investors that pay performance-based compensation over those that do not. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict may be partially mitigated by (i) certain limitations on the ability of TSG to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, (iii) contractual provisions and procedures setting forth investment allocation requirements, and/or (iv) certain policies and procedures adopted by TSG to periodically review investment allocations among the Funds and Co-Invest Entities. Please refer to Item 8 for additional information relating to the factors TSG considers in making decisions regarding whether and to whom to offer co-investment opportunities, and the allocation of investment opportunities among the Funds and Co-Invest Entities.

The fact that the Affiliated General Partners are entitled to receive performance-based compensation in the form of Carried Interest creates a potential conflict of interest in that it creates an incentive for TSG or the Affiliated General Partners to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Investors are provided with clear disclosure as to how Carried Interest is calculated and charged with respect to each Fund and the risks and conflicts of interest associated with such Carried Interest prior to making an investment. However, the investment made by TSG or the Affiliated General Partners in a Fund, the clawback obligation of the Affiliated General Partner and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments.

TSG has not generally charged Co-Invest Entities any Carried Interest or other performance-based compensation. However, TSG may in the future determine that it will charge such compensation to Co-Invest Entities.

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

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

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

TSG does not have a minimum size for a Fund, but minimum investment commitments may be established for Investors in the Funds. The Affiliated General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Governing Documents of such Fund. Investors must execute a subscription agreement in which they make various representations, including representations regarding their eligibility to invest in each Fund.

In order to facilitate investment by certain categories of Investors, the Affiliated General Partners from time to time create one or more parallel investment entities (“Parallel Funds”), the structure of which may differ from that of the Funds but which will invest proportionately in all transactions on effectively the same terms and conditions as the Funds, subject to applicable legal, tax, accounting, regulatory or other similar considerations. In addition, each Parallel Fund bears a share of expenses related to such investments, which amounts are allocated at the discretion of TSG. See Item 5 for additional discussion of Fund expenses and Item 8 for additional information on the allocation of such expenses.

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

Investing in securities involves risk of loss that Investors should be prepared to bear. There can be no assurance that TSG and the Funds will achieve their investment objectives or that the investment strategies employed by TSG will be successful.

The Funds primarily make investments in equity, equity-related securities, senior preferred equity or debt securities. However, this list does not in any way limit the discretion that TSG has to invest Fund assets in a wide range of investment types as described in the Governing Documents of each of the Funds. These investments are generally made in consumer industries. Investments may represent a controlling or non-controlling interest in Portfolio Companies.

TSG primarily targets companies of varied size with annual revenues ranging between \$15 million and \$1.5 billion. TSG's investment strategy includes investments in private and publicly traded companies, both domestic and abroad, and includes both majority and minority equity and debt positions. TSG typically deploys capital for a variety of purposes, including internal growth and acquisitions, full or partial liquidity for entrepreneurs, family members or passive investors, management buyouts, purchases of corporate divestitures of subsidiaries, divisions and product lines, going private transactions or structured investments into public companies, and recapitalization transactions. TSG's approach to the investment process includes: (i) sourcing, (ii) initial business evaluation, (iii) due diligence, (iv) transaction execution, (v) post-investment process, and (vi) realization.

The strategy TSG employs incorporates the following components:

- Investing in Consumer Companies: TSG focuses on select companies in consumer industries.
- Investment Sourcing Capabilities: TSG utilizes an extensive network of relationships with consumer companies, industry managers, consultants, investment bankers, lawyers, accountants and other intermediaries to source investment opportunities.
- Creating Value Through Active Participation: TSG will generally participate in the management of its Portfolio Companies, with a focus on expanding Portfolio Companies' sales quickly and across multiple distribution channels and new geographies as well as developing innovative product-line extensions.
- Financial Leverage: TSG generally employs financial leverage, which may enable investment in new product introductions, channel or geographic expansion, operations and/or increased sales and marketing activities.

An investment in the Funds involves a significant degree of risk. There can be no assurance that the Funds' targeted rate of return will be achieved or that there will be any return of capital. The environment for private equity investments is increasingly competitive and an Investor should only invest in the Funds if the Investor can withstand the liquidity constraints of an investment in the Funds and a total loss of its investment. Any given investment made by the Funds may prove to be worthless. There can be no assurance that the Funds will be able to generate returns for its investors or that returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Investors in the Funds should be prepared and able to absorb a loss of some or all of the capital invested. There can be no assurance that any Investors will receive any distributions from the Funds.

No guarantee or representation is made that the Funds' investment program will be successful. The following is a summary of some of the risks that Investors should consider:

**Suitability of Investments.** An investment in a Fund is not suitable for all investors. An investment is suitable only for sophisticated investors and an investor must have the financial ability to understand and willingness to accept the extent of its exposure to the risks and lack of liquidity inherent in an investment in the Funds. Investors with any doubts as to the suitability of an investment in the Fund should consult their professional advisers to assist them in making their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Fund in light of their own circumstances and financial condition.

**Projections.** TSG and the Funds will from time to time rely upon projections, forecasts or estimates developed by the Funds or a company in which the Funds are invested or is considering making an investment concerning a company's future performance and cash flow. Projections, forecasts and estimates are forward looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Funds' control. Actual events may differ from those assumed. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, market fluctuations and U.S. and non-U.S. business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results for a Fund or its Portfolio Companies will not be materially lower than those estimated or targeted.

**Unspecified Investments.** A Fund will begin operations upon closing and generally will not have identified any particular investments. The Funds may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The success of the Funds will depend on the ability of the Affiliated General Partners to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of investments.

**Reliance on Management of the Funds.** Decisions with respect to the management of the Funds will be made by the Affiliated General Partners with the advice of TSG, and Investors have no right or power to take part in the management or control of the Funds. Accordingly, no prospective investor should purchase any interests in a Fund unless it is willing to entrust all aspects of management of the Funds to the Affiliated General Partners and TSG. A prospective investor must rely upon the ability of the Affiliated General Partners to identify, structure, and implement investments consistent with the Funds' investment objectives and policies. Investors will not receive the detailed financial information issued by Portfolio Companies that is available to the Affiliated General Partners and TSG, and therefore will not have all the information on which the Affiliated General Partners and TSG rely when making decisions on behalf of the Funds. The success of the Funds will depend on the ability of the Affiliated General Partners and TSG to identify and consummate suitable investments, to improve the operating performance of Portfolio Companies and to dispose of investments of the Funds at a profit. These objectives may not be achieved. Subjective decisions made by the Affiliated General Partners may cause the Funds to incur losses or to miss profit opportunities on which they would otherwise have capitalized. There can be no assurance that TSG Personnel (as defined below in Item 11) will continue to be associated with TSG throughout a Fund's term. The loss of the services of one or more Managing Principals or other professionals of TSG could have an adverse impact on the Funds' ability to realize its investment objectives. The Managing Principals may be engaged in some activities unrelated to the Funds, including, without limitation, participating on boards of directors for companies that are not Portfolio Companies of the Funds and boards of nonprofit or civic organizations, or holding advisory positions with other investment firms or with companies that are not Portfolio Companies of the Funds. The Funds will have no interest in these other activities. The performance of the Funds could be adversely affected by the other professional commitments of the Managing Principals. Additionally, the activities of the Funds may be restricted as a result of TSG's principals' individual activities, because TSG's principals may from time to time acquire confidential or material nonpublic information by their involvement in these activities that they are legally prevented from using for the benefit of the Funds. For instance, due to such restrictions,

the Funds 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.

**Reliance on Portfolio Company Management.** Although the Affiliated General Partners will monitor the performance of each Portfolio Investment, it will be the responsibility of each Portfolio Company's management team to operate the Portfolio Company's business on a day-to-day basis. The Affiliated General Partners generally intend to invest in companies with strong management and/or recruit strong management to such companies; however, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in a manner that maximizes the value of the company's business and operations. A Portfolio Company may depend on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would significantly adversely affect the Portfolio Company's performance.

**Highly Competitive Market for Investment Opportunities.** The business of identifying, structuring and completing transactions of the nature contemplated by the Funds are highly competitive and involves a high degree of uncertainty, especially with respect to timing. The Funds compete for investments with other private equity investment vehicles as well as strategic buyers and other investors. The availability of attractive investment opportunities generally will be subject to market conditions as well as the prevailing regulatory and political climates. The size and number of private equity investment vehicles has grown dramatically, and it is likely that these trends will continue. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, or more personnel than the Funds, the Affiliated General Partners or their affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. In addition, increased competition for investments has led to a greater number of competitors participating in auction processes, which has from time to time led to increased pressure on the pricing of certain transactions. For example, given the increasingly competitive environment, TSG may find it more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller for a breach 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, TSG may find competitors for investment opportunities 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, the 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. The Funds are unlikely to have identified any particular investment prior to its initial closing, nor can there be any assurance that a Fund will be able to locate suitable investment opportunities in the future, or acquire them for an appropriate price, or achieve its targeted rate of return. Likewise, there can be no assurance that a Fund will be able to realize upon the value of its investments or that it will be able to invest its committed capital. To the extent that a Fund encounters competition for investments, returns to Investors may decrease, including as a result of higher pricing, foregoing opportunities, or negotiating fewer transactional protections in order to remain competitive. In addition, Investors will be required to pay Advisory Fees based on capital commitments throughout the Commitment Period irrespective of whether the Fund is able to deploy all of its capital commitments. Additionally, the Funds may incur bid, due diligence, negotiating, consulting or other costs on investments that may not be successful. As a result, the Funds may not recover all of such costs, which would adversely affect returns.

There generally will be little or no publicly available information regarding the status and prospects of prospective Portfolio Companies. Many investment decisions by the Affiliated General Partners and TSG



will be dependent upon the ability of their respective members and agents to obtain relevant information from non-public sources, and the Affiliated General Partners and TSG often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the Affiliated General Partners' and TSG's control.

**Industry Environment and Potential Changes.** Each Fund principally intends to target investments in the consumer industry. Portfolio Companies in the consumer industry face significant competition and depend on their ability to differentiate themselves in an ever-changing market environment. The competitive environment for any Portfolio Company may intensify as (new) competitors enter its market (including, e.g., through online retail) or enter into business combinations or alliances. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability. Any failure by a Portfolio Company to compete effectively could negatively affect such business and results of operations.

As consumers continue to migrate online, companies in the consumer industry face pressures to not only compete from a price perspective with their competitors, some of whom sell the same products, but also must differentiate themselves to stay relevant in the industry. A Portfolio Company may have to invest significantly in its sales capabilities (including online) in order to provide a seamless shopping experience to customers. Insufficient, untimely or misguided investments in this area could negatively impact the Portfolio Company's ability to attract new customers as well as maintain its existing ones and thus negatively affect such Portfolio Company's profitability, growth and, ultimately, value.

**Possible Lack of Diversification.** The Funds are not subject to any comprehensive diversification or asset allocation requirements and do not intend to have a diversified portfolio. Because a Fund has the ability to concentrate its investments by investing a substantial portion of capital commitments in a single Portfolio Company, if the Fund does so, the overall adverse impact on the Fund of adverse movements in the value of the securities of a single issuer will be considerably greater than if the Fund was not permitted to concentrate its investments to such an extent. It is likely that the asset mix of the Funds will differ from that which would result if diversification was the Funds' primary investment focus. To the extent a Fund concentrates investments in a particular geographic region, security, investment sector or stage of investment, investments may become more susceptible to fluctuations in value resulting from adverse economic or business conditions applicable to such region, type of security, sector or stage of investment. In addition, the Funds may participate in a limited number of investments and, as a result, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single investment. Furthermore, to the extent that the total capital raised is less than the targeted amount, the Funds may invest in fewer Portfolio Companies than anticipated and thus be less diversified. The Funds have no obligation to hold investments in order to reach or maintain its intended investment composition, and the disposition of investments may result in less diversification, and thus increased risk of loss, in the remaining pool of Portfolio Investments. In addition, a Fund will not be required to sell down interests in a Portfolio Company in which the Fund has made an outstanding Bridge Investment (as defined below) in order to comply with the limitations on investment concentration. As a result, the retention of such Portfolio Company receiving the Bridge Investment (as defined below) may result in the Fund having a less diversified portfolio than would otherwise be permitted, increasing the potential risk of loss to Investors.

**Over-Commitment.** In the event TSG determines to pursue an investment opportunity which it intends to offer in part to co-investors, there can be no assurance that TSG will be successful (in whole or in part) in offering such co-investment opportunity to potential co-investors, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be advantageous for the Funds or that expenses incurred by the Funds with respect to

the syndication of the co-investment will not be substantial. In the event that TSG is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, a Fund may consequently hold a greater concentration and have greater exposure in the investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. A Fund may also bear the entire portion of any initial and ongoing fees, costs and expenses related to such investment, which could significantly reduce the Funds' overall investment returns. Additionally, if a proposed transaction is not consummated, the full amount of any expenses relating to such proposed but not consummated transaction will generally be borne by the Funds, and not by the Affiliated General Partners or other co-investors participating in such coinvestment vehicle. Similarly, such co-investment vehicles (and such co-investors) may not be allocated any share of break-up fees received in connection with such an unconsummated transaction.

**Long-Term Nature of Portfolio Investments.** Each Fund intends to construct a portfolio of investments that TSG believes have the ability to appreciate and/or generate attractive cash flow over extended periods of time. The Fund may hold investments in Portfolio Companies for longer than the typical hold period for many private equity funds, and it may take longer for the Portfolio Companies to reach a state of maturity when an Affiliated General Partner and TSG determine that realization of the investment is desirable. Certain of the Funds' investments may not be disposed of in an advantageous manner prior to the date that the Funds will be dissolved, either by expiration of the Funds' term or otherwise. Therefore, it is expected that no significant liquidity from the disposition of each Fund's investments will occur for a significant period of time after its initial closing.

**Multi-Step Transactions.** In the event that a Fund determines to effect an investment in a Portfolio Company by means of a multi-step transaction (e.g., a first-step cash tender offer, a stock purchase followed by a merger, or a simultaneous acquisition and concurrent merger of two separate companies), there can be no assurance that the remainder of such Portfolio Company can be successfully acquired. As a result, a Fund may acquire only partial control over such a Portfolio Company or partial access to its cash flows to service any debt incurred in connection with its acquisition.

**Risks Related to the Consumer Sector.** The Funds' investments are exposed to issuers conducting business in the consumer or consumer-related sectors, and are subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting the consumer sector. The consumer sector encompasses anything that touches the consumer, including all retailers, wholesalers, gaming/lodging/leisure, restaurants, supermarkets and drugstores, homebuilders and building products, household and personal care products, food and agriculture, ecommerce and internet, education, media and technology, light industrials, automotive, and transportation. The prices of the securities of these companies may fluctuate widely due to consumer spending, which is affected by general economic conditions and consumer confidence levels. The industry is highly competitive, and a company's success is often tied to its ability to anticipate and react to changing consumer tastes. Many of these companies may be thinly capitalized, and are dependent upon a relatively few number of business days to achieve their overall results. In addition, the performance of some of these companies has historically been affected by interest rates, competition, the cost of real estate, commodity and labor costs, and relative levels of disposable household income and seasonal consumer spending. Changes in demographics and consumer tastes can also affect the demand for, and success of, consumer products in the marketplace.

**Need for Follow-On Investments.** Following its initial investment in a Portfolio Company, a Fund may determine to provide additional funds or otherwise increase its investment in such Portfolio Company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurances that a Fund will make any follow-on investments or that such Fund will have sufficient funds to make all or any such investments. Any

determination by a Fund to not make a follow-on investment or its inability to make a follow-on investment may have a substantial negative effect on a Portfolio Company in need of such follow-on investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such determination or inability may result in a lost opportunity for a Fund to increase its participation or in a successful Portfolio Company or the dilution of the Fund's ownership in a Portfolio Company to the extent that a TSG Co-Investment Person (defined below), Co-Investment Partner or third party invests in such Portfolio Company.

**Improvement in Portfolio Company Operations Critical to Investment Success.** The success of a Fund's investment strategy depends on the effectiveness of efforts to improve the operating performance of Portfolio Companies following investment. Initiatives to achieve improvements in operating performance include, among others, introductions of new products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, efforts to obtain financing arrangements, and the consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to achieve improved operating performance is difficult and often requires substantial resources. The capabilities and resources of a Portfolio Company, even with the assistance of the Affiliated General Partners and TSG, may be insufficient to affect such initiatives, and there can be no assurance that Portfolio Companies will be successful in achieving improvements in operating performance. The failure to achieve improved operating results following investment is likely to lead to losses or poor returns on such investment.

**Risks Relating to Due Diligence of and Conduct at Portfolio Companies.** Before making investments in any particular company, TSG will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding a potential investment, the Funds will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations and/or consumer surveys. The due diligence investigation that a Fund carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. In addition, at times, the Funds' transaction opportunities will require rapid execution and investment analyses and decisions by the Affiliated General Partners may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Affiliated General Partners at the time of making an investment decision may be limited, and the Affiliated General Partners may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the Affiliated General Partners will have knowledge of all circumstances that may adversely affect an investment. Moreover, such an investigation will not necessarily result in the investment being successful. Outside consultants, legal advisors, accountants, investment banks, appraisers, expert networks and other third parties are likely to be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the Funds' reduced control of the functions that are outsourced. The Affiliated General Partners and TSG may rely on the findings of these third-party advisors or consultants in making investment and management decisions. No such third-party advisors or consultants owe any fiduciary duties to the Funds or their Investors, yet such parties may be entitled to indemnification under the terms of their respective service contracts or other arrangements made with the Affiliated General Partners and/or TSG, and the costs and expenses of such indemnification would be borne by the Funds. In addition, if the Funds are unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected.

**Leverage.** Each Fund will likely make use of leverage by incurring or having a Portfolio Company incur debt to finance a portion of its investment in a given Portfolio Company, including in respect of companies not rated by credit agencies. Each Fund may (and historically has) directly or indirectly incur leverage with respect to one or more special purpose vehicles holding one or more investments or any other asset-level holding entity. Effective leverage also takes the form of direct borrowing, trading on margin, use of derivative instruments or other forms of direct and indirect borrowings. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to such Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also typically imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The Funds' investments are expected to include Portfolio Companies whose capital structures may have significant leverage. While investments in a leveraged Portfolio Company offer the opportunity for capital appreciation and the Affiliated General Partners will seek to use leverage in a manner it believes to be prudent, the leveraged capital structure of a Portfolio Company will increase the exposure of the investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such Portfolio Company or its industry. Such investments are inherently more sensitive to declines in revenues and to increases in expenses. Moreover, rising interest rates may significantly increase a Portfolio Company's interest expense, causing losses and/or the inability to service debt levels. If a Portfolio Company or the Funds cannot generate adequate cash flow to meet debt obligations, a Fund may suffer a partial or total loss of capital invested in the Portfolio Company, which would adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a Portfolio Company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the Portfolio Companies in which each Fund will invest generally will not be rated by a credit rating agency. Each Fund may also borrow money or guaranty indebtedness (such as a guaranty of a Portfolio Company's debt) or otherwise be liable therefor, and in such situations, it is not expected that each Fund would be compensated for providing such guarantee or exposure to such liability. Funds have in the past and are likely in the future to further engage in financings where several investments (including investments held through one or more special purpose vehicles or other asset-level entities) are cross-collateralized, thereby subjecting multiple investments to the risk of loss. As a result, a Fund could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments. Each Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by its Affiliated General Partner or any of its affiliates, including any other Funds and Co-Invest Entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. The indebtedness incurred by a Fund and one or more other Funds and Co-Invest Entities, has in the past and may in the future be cross-collateralized. A Fund may be required to guarantee the indebtedness incurred by other Funds and Co-Invest Entities (and the other Funds and Co-Invest Entities may be required to guarantee the indebtedness of other Funds and Co-Invest Entities, respectively). Further, the Funds have and may continue to incur leverage for the benefit of any co-investors, including Co-Invest Partners and TSG co-investment persons, and may have a right of contribution or reimbursement from or against such persons or entities. While highly unlikely, in the event that any Fund, Co-Investment Partners, or TSG Co-Investment Persons (defined below) fail to meet their obligations under any borrowing arrangements, the Funds may be jointly liable for such borrowing and, as a result, may be responsible for any amounts owed by such parties and any penalties related thereto.

**Fund Level Borrowing.** The Funds will from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses and liabilities, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from Investors), to make payments under hedging transactions and to cover any shortfall resulting from an Investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all Investors in the Fund on a pro-rata basis, including the Affiliated General Partner. The Funds have and may continue to utilize subscription facilities to make an investment and/or to pay related expenses and such borrowings have and may continue to benefit Co-Investment Partners and other TSG Personnel who co-invest alongside the Fund. Additionally, these subscription facilities may extend through the entire holding period of an investment. While TSG expects that all parties (including the Affiliated General Partner, TSG Personnel and any Co-Investment Partner) will guarantee their pro rata share of the interest expense and underlying principal (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 if such parties fail to perform on their contribution obligations.

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's Investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure Investor cash flows) and make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. While the Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Affiliated General Partner by decreasing the amount of distributions from the Fund that are required to be made to Investors in satisfaction of any preferred return. The Affiliated General Partner therefore has a conflict of interest in deciding whether to borrow funds because the Affiliated General Partner could receive disproportionate benefits from such borrowings.

There are from time-to-time occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment or otherwise finance the activities of the Fund, including for the purposes of leveraging an investment. Such facilities may be joint-borrowing arrangements in which the Fund and another party, including the other Funds and Co-Investment Partners, are either directly or indirectly parties to such borrowing arrangements. Although the parties to the loan would generally pay their respective portions of the debt service including interest, to the extent that the parties failed to meet their obligations, the Fund may be jointly liable for such payments and as a result be required to pay the amounts owed and any penalties related thereto.

Borrowing by a Fund will generally be secured by capital commitments made by the Investors and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the Investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt Investors should note that the use of borrowings by a Fund may cause the realization of unrelated business taxable income ("UBTI"). TSG, the Affiliated General Partners, their affiliates and any co-investors may also participate in, and receive the benefit of using the borrowed funds in advance or in lieu of capital contributions. In such instances, while TSG, the Affiliated General Partners, their affiliates and any co-investors will be required to be interest related to such borrowed amounts, such persons will generally not be required to indemnify the lender and such an obligation will lie solely with the applicable Fund.

**Bridge Investments.** The Funds may make investments on a bridge or temporary basis (including in the form of a guarantee or similar assumption of obligation of any person) to facilitate the consummation of any transaction with respect to a Portfolio Company, prospective Portfolio Company or any affiliates thereof (such investments, a “Bridge Investment”). So long as each Bridge Investment is not treated as a Portfolio Investment under the Governing Documents, any proceeds or interest the Fund earns on a Bridge Investment may be reinvested and profits and losses incurred by the Funds on such Bridge Investment will not be subject to the Affiliated General Partner’s Carried Interest distributions and will instead be earned or borne by the Partners in direct proportion to their capital commitments in the Funds.

**Investments in Equity Securities.** The Funds will seek to invest primarily in equity securities. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the Portfolio Company issuing such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. Moreover, the equity securities in which the Funds will invest may be among the most junior in a Portfolio Company’s capital structure and, thus, subject to the greatest risk of loss. As a result, the Funds may experience a substantial or complete loss on individual equity securities.

**Investments in Debt Securities.** While the Funds will invest primarily in equity securities, they may invest in debt securities of existing or new Portfolio Companies or other issuers in instances where the Affiliated General Partners believes it would be beneficial for the Funds to do so. Debt securities are subject to creditor risks, including the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws and so-called lender liability claims by the Portfolio Company issuing the obligations. Adverse credit events with respect to any Portfolio Company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of the Funds’ investment in any such Portfolio Company. Accordingly, there can be no assurance that the Funds’ rate of return objectives will be realized. Where the Fund invests in secured debt securities, such debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk. Although the amount and characteristics of underlying assets selected as collateral may allow the Funds to withstand certain potential delinquent or failed payments caused by a Portfolio Company’s default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to the Funds in respect to its investment. Therefore, the investment in secured debt securities may not prevent the Funds from incurring loss that adversely affects the Funds’ overall returns. In addition, any subordinated investments of the Funds will be subordinated to the senior obligations of a Portfolio Company. Many of the remedies available to subordinated holders are available only after satisfaction of claims of senior creditors. Therefore, any such subordinated investments will be characterized by greater credit risks than those associated with the senior obligations of the same Portfolio Company. Adverse changes in the financial condition of a Portfolio Company or in general economic conditions (or both) may impair the ability of such Portfolio Company to make payments on the subordinated securities and result in defaults on and declines in the value of such securities more quickly than in the case of the senior obligations of such Portfolio Company.

**Private Investments in Public Equities.** Subject to the terms of the Governing Documents, the Funds may make certain types of investments in private placements by publicly held companies (“PIPES”). In a PIPE transaction, a Fund will acquire, directly from an issuer seeking to raise capital in a private placement pursuant to Regulation D under the Securities Act, a security convertible into common stock, such as convertible notes or convertible preferred stock. While the issuer’s common stock is usually publicly traded on a U.S. securities exchange or in the over-the-counter market, the securities acquired by the Funds will be subject to restrictions on resale imposed by U.S. securities laws absent an effective registration statement. In recognition of the illiquid nature of the securities being acquired, the conversion

price of the convertible securities being acquired will typically be fixed at a discount to the prevailing market price of the issuer's common stock at the time of the transaction. As part of a PIPE transaction, the issuer usually will be contractually obligated to seek to register within an agreed upon period of time for public resale under the U.S. securities laws the shares of common stock issuable upon conversion of the convertible securities acquired by the Funds. If the issuer fails to so register the shares within that period, the Funds may be entitled to additional consideration from the issuer, but the Fund may not be able to sell its shares unless and until the registration process is successfully completed. Accordingly, PIPE transactions present certain risks not associated with open market purchases of equities.

**Equitable Subordination.** Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of an issuer to the detriment of other creditors of such issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its influence as a stockholder to dominate or control an issuer to the detriment of other creditors of such issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). Due to the nature of debt obligations in which a Fund may invest, the Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the Fund should be equitably subordinated. This equitable subordination risk may particularly result from a Fund making debt investments in Portfolio Companies owned and controlled by the Fund. Particularly, in a bankruptcy proceeding, a Fund's debt investment in a Portfolio Company may be subordinated or otherwise adversely affected.

**Public Company Holdings.** Each Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased compliance costs, including obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation, and insider trading allegations against, such companies' board members (which may include the Managing Principals and other professionals of TSG) and increased costs associated with each of the aforementioned risks.

**Investments in Restructurings.** The Funds may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing or expected to experience significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the Affiliated General Partners will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a Portfolio Company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Funds may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Funds invested. Further, such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to the Investors 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. Numerous other risks also arise in the workout and bankruptcy contexts.

**Continuation Vehicles.** TSG may establish one or more continuation vehicles for purposes of purchasing one or more Portfolio Investments from the Funds, and, subject to certain limitations set forth in the Governing Documents, the Funds may sell (or otherwise structure the transfer of) such Portfolio Investments to any such continuation vehicle, and there are likely to be conflicts of interests associated with the Funds' sale of a Portfolio Investment to a continuation vehicle, including conflicts of interest related to determinations of whether the sale is at a price that is consistent with market value and whether the terms of the sale are consistent with prevailing market terms. Because a transfer to a continuation vehicle will typically represent the sale of the Funds' entire interest in such Portfolio Investment to such continuation vehicle, an Investor's indirect interest in such Portfolio Investment to such continuation vehicle will generally be sold even if such Investor does not desire to participate in such continuation vehicle, and may occur at a time when such Investor would have preferred to maintain its interest in such Portfolio Investment through the Funds. In addition, the costs and expenses of selling the Funds' Portfolio Investment to such continuation vehicle may be borne by the Funds, and indirectly, the Investors, which may adversely affect the Funds' overall return. Given that TSG will likely charge management fees and carried interest, and receive reimbursements for other fees, costs and expenses with respect to, and have a capital or other interests in, any such continuation vehicle, TSG will likely face conflicts of interest in determining whether to utilize a continuation vehicle when structuring a Fund's exit from any Portfolio Investment. However, such conflicts will not restrict TSG from utilizing a continuation vehicle if it determines to do so in its sole discretion and such transaction is conducted in accordance with the Governing Documents. Furthermore, it is possible that new limited partners will be subscribing for interests in the continuation vehicle ("New Limited Partners") alongside Investors that will be rolling their interests in the underlying Portfolio Investments ("Rolling Limited Partners"), which could result in dilution of Rolling Limited Partners' indirect interests in the relevant underlying Portfolio Investments and could adversely affect returns to such Rolling Limited Partners. In addition, New Limited Partners may participate in a continuation vehicle on terms that are more favorable than the terms offered to the Rolling Limited Partners and the Affiliated General Partners may otherwise have incentives to favor the New Limited Partners over the Rolling Limited Partners. For instance, TSG has an incentive to offer the New Limited Partners favorable terms in the continuation vehicle in order to provide an incentive for such New Limited Partners to participate in the vehicle. As a consequence of the potential for New Limited Partners to be offered preferred economics in the continuation vehicle, the amount and timing of returns to a Rolling Limited Partner from a continuation vehicle may not be the same as those for the New Limited Partners. Furthermore, while Investors seeking to retain an interest in the Portfolio Investment may have the opportunity to do so by participating in the continuation vehicle as Rolling Limited Partners, Rolling Limited Partners are likely to bear Advisory Fees, Carried Interest and other costs and expenses that may exceed the Advisory Fees, Carried Interest and other fees and expenses such Investors would have borne if the Portfolio Investment had remained a Portfolio Investment of the Funds.

**Special Purpose Acquisition Companies.** The Funds may invest in units of, shares of, warrants to purchase stock of, and other interests in special purpose acquisition companies or similar special purpose entities that pool funds to seek potential acquisition opportunities (collectively, "SPACs"). Because SPACs and similar entities have no operating history or ongoing business other than seeking to complete a business combination with one or more companies, the value of each of their securities is particularly dependent on the ability of the entity's management to identify and complete a successful business combination. Some SPACs may pursue acquisitions only within certain industries or regions, which may



increase the volatility of their prices. An investment in a SPAC is subject to a variety of risks, including, among others, that (i) as a newly formed company with no operating history, there is no basis on which to evaluate the ability to achieve the SPAC's business objective, (ii) an attractive business combination target may not be identified at all and the SPAC may be required to liquidate and return any remaining monies to shareholders, (iii) shareholders may not be afforded an opportunity to vote on the proposed business combination, (iv) a business combination, if effected, may prove unsuccessful and an investment in the SPAC may lose value, (v) the warrants or other rights with respect to the SPAC held by the Funds may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price, (vi) the Funds may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which it is entitled, (vii) an investment in a SPAC may be diluted in connection with the business combination or by additional financings, (viii) no or only a thinly traded market for shares of or interests in a SPAC may develop, leaving the Funds unable to sell its interest in a SPAC or to sell its interest only at a price below what the Funds believes is the SPAC interest's intrinsic value, and (ix) the values of investments in SPACs may be highly volatile and may depreciate significantly over time. In addition, the Funds may invest in the at-risk capital of a SPAC, which may be in the form of equity interests in such SPAC's sponsor, private placement warrants of the SPAC, units of the SPAC or shares of the SPAC. An investment in the at-risk capital of a SPAC is subject to complete loss if the SPAC does not complete a business combination. Investments in a SPAC sponsor consist of securities issued on a private placement basis, which are subject to legal and contractual lock-ups and transfer restrictions and are illiquid. In connection with a business combination, a SPAC sponsor may agree to forfeitures, earn outs, additional lock ups, or other agreements that may have the effect of reducing the value of any such investments. In connection with any such investments, the Funds may have the ability to appoint one or more persons to the board of any such SPAC. Any such board member may become aware of material non-public information that could impact the Funds' ability to trade in the securities of certain issuers.

**Adverse Consequences of Ownership of Controlling Interest in Portfolio Companies.** It is expected that the Funds will often own a controlling percentage of the common equity of Portfolio Companies which, depending upon the amount of equity owned by the Funds, contractual arrangements between the Portfolio Company and the Funds, and other relevant factual circumstances, could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the Funds. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, pension and other fringe benefits, violations of government regulations (including securities laws) and other types of liability in which the limited liability generally characteristic of business operations may be ignored. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, the Funds will often be thought to control, participate in the management of or influence the conduct of Portfolio Companies. These factors could expose the assets of the Funds to claims by a Portfolio Company, its other security holders, its creditors or governmental agencies. While the Affiliated General Partners intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

**Lack of Control in Certain Investments.** The Funds' investments may in certain circumstances represent a minority position in Portfolio Companies, without power individually to exert significant control over such Portfolio Companies' boards of directors, management, operations and strategic direction. Such Portfolio Companies may have goals not completely aligned with those of the Funds, and the Funds may not be in a position to limit or influence actions taken by such Portfolio Companies, or otherwise protect the value of the Funds' investment in such Portfolio Companies. In such cases, the Funds will rely significantly on the management and boards of directors of such companies, which may include representatives of other investors with whom the Funds are not affiliated and whose interests or views may conflict with those of the Funds. Although engaging in a specific transaction or sale of an entire Portfolio Company may be a beneficial disposition for the Funds, the majority holder or holders of

interests in the Portfolio Company may prevent the Portfolio Company from entering into such transactions, which could result in the Funds' investments being frozen in minority positions that incur substantial losses. Therefore, there can be no assurance that the Funds will be able to realize the value of its investments or distribute proceeds from a sale or disposition of a Portfolio Company in a timely manner. In addition, although the Funds will generally seek board representation in connection with its minority investments, there is no assurance that such representation, if sought, will be obtained.

**Third Party Involvement.** The Funds will from time to time invest alongside third parties, including through direct investments, Funds, joint ventures or other similar arrangements, and such third parties may have larger ownership interests than or similar ownership interests with the Funds or may otherwise share control of the relevant Portfolio Company with the Fund. Such investments may involve additional risks relating to such third-party involvement, including the possibility that a third party may have financial, legal or regulatory difficulties resulting in a negative impact on the Portfolio Investment, may have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of the Funds and as a result, may take a different view from TSG as to appropriate strategy for an investment or may be in a position to take or block action in a manner contrary to the Fund's investment objectives. In such case, the Funds may not be in a position to take action to protect the value of their investment in the entity, and the Fund's aggregate return on the investment may be reduced. There may also be instances where the Fund will be liable for the actions of such third-party co-investors, including the risk that the Fund could be deemed to be part of a "partnership-in-fact" with certain co-investors based on joint investment and other activities. Furthermore, investments made with third parties in joint ventures or other entities also may involve carried interests and/or other fees payable to such third-party partners or co-venturers. There can be no assurance that the return of a Fund participating in a transaction with a third-party would be equal to and not less than the return of any other participant in such transaction, or that such return would have been as favorable as it would have been had such third-party not been involved.

**Counterparty Risk.** The Funds will be subject to credit risk with respect to the counterparties to instruments entered into directly by the Funds or held by Portfolio Investments in which a Fund invest. The Funds will also be subject to the risk that a counterparty may become unwilling or unable to meet its obligations prior to settlement. The Funds may also be subject to the credit risk of counterparties through a wide variety of activities that occur in the normal course of the activities of the Funds. For example, the Funds will often have credit risk with respect to its service providers, banks, brokers, insurance providers, trading counterparties, co-investors, portfolio companies, prospective portfolio companies, or other entities that the Funds will have financial exposure to. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a contract due to financial difficulties, the Funds may experience significant delays in obtaining any recovery under the contract in a bankruptcy or other reorganization proceeding. The Funds may obtain only a limited recovery or may obtain no recovery in such circumstances.

In situations where the Funds are required to post collateral with a counterparty, the counterparty may fail to segregate the collateral or may commingle the collateral with the counterparty's own assets, and in each case may be allowed to do so under the relevant agreements with the counterparty. As a result, in the event of the counterparty's bankruptcy or insolvency, the Funds' collateral may be subject to the conflicting claims of the counterparty's creditors and a Fund may be exposed to the risk of a court treating it as a general unsecured creditor of the counterparty, rather than as the owner of the collateral.

TSG is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with a single counterparty. The ability of TSG to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities, and

the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds, especially during unusually adverse market conditions. Also, new regulations may cause certain bank and dealer counterparties to enter into derivatives transactions through affiliated entities, which affiliates may be less creditworthy than the bank or dealer itself. In addition to the credit risk associated with counterparties, the non-performance or failure of a counterparty may result in significant business disruption and potentially financial harm to the Funds as a result of such failures by a counterparty.

**Hedging Policies/Risks.** In connection with the acquisition, holding, financing, refinancing or disposition of certain investments, the Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.

**Assumption of Contingent Liabilities.** In connection with an investment, each 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 Investors.

**Contingent Liabilities on Disposition of Investments.** In connection with the disposition of an investment in a Portfolio Company, a Fund and its Affiliated General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations about the business and financial affairs of such the applicable Portfolio Company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. A Fund also may be required to indemnify the purchasers of such Portfolio Company or underwriters to the extent that any such representations, warranties or disclosure documents are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which a Fund may establish reserves or escrow accounts. In addition, Investors may be required to return amounts distributed to them to fund indemnity obligations.

**Risk of Limited Number of Investments.** Since the Funds may only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single Portfolio Company could severely affect the total returns to Investors. Investors have no assurance as to the degree of diversification of investments, either by geographic region, asset type or sector. A significant percentage of the aggregate amount of commitments to the Funds may be invested in any one investment at any one time. Additionally, the securities in which the Funds will invest may be among the most junior in a Portfolio Company's capital structure and thus may be subject to the greatest risk of loss.

**Valuation of Investments.** There is no actively traded market for most of the securities owned by the Funds. When estimating fair value of Portfolio Companies for which no public market valuations exist, in accordance with the Governing Documents, TSG will apply a method based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Ensuring that Portfolio Investments are fairly valued is an important focus of TSG; however, the valuation of such investments will be difficult, will be based on imperfect information and is subject to inherent uncertainties. The resulting values may differ from values that would have been determined had a ready market existed for

such investments, from values placed on such investments by other investors and from prices at which such investments may ultimately be sold. In addition, third-party pricing information may at times not be available regarding certain of the Funds' assets or, if available, may not be considered reliable. Valuations of the Funds' investments may impact the timing and amount of Carried Interest distributed to the Affiliated General Partners, and therefore, the Affiliated General Partners have incentives that may not align with the Funds or the Investors.

Furthermore, 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 Governing Documents. An independent appraisal generally will not be required and is not expected to be obtained. Because the Affiliated General Partner's right to receive carried interest is based on the value of such securities, the Affiliated General Partner has an incentive to distribute such securities when they are valued at a higher price, and the Affiliated General Partners' earned interest will not be adjusted for subsequent changes in valuation.

**Side Letters.** In certain cases, TSG and/or the Affiliated General Partners have entered into side letter agreements with certain Investors in a Fund establishing certain rights and privileges under, or supplementing or altering the terms of, the applicable Governing Documents. Such rights and privileges may not be available to other Investors (including without limitation, transparency rights, reporting rights, capacity rights, co-investment notification rights, approval rights and certain other protections and the right to receive certain special allocations). Any rights or terms so established in a side letter with an Investor will govern solely with respect to such Investor (but not any of such Investor's assignees or transferees unless so specified in such side letter) and will not require the approval of any other Investor notwithstanding any other provision of the relevant Fund's Governing Documents. When an Affiliated General Partner and/or a Fund enter into a side letter entitling an Investor to opt out of a particular investment or withdraw from the Fund, any election to opt out or withdraw by such Investor would increase any other Investors' pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal).

**Investments in Pass-Through Entities.** As more and more businesses are organized as limited liability companies, it is likely that a Fund's investment portfolio may include one or more such entities, which may be treated as "pass-through entities" for U.S. federal income tax purposes. A Fund's investment in an entity which is treated as a pass-through entity could result in: (a) the generation of taxable income for the Fund and its Investors, even though they will not necessarily receive the cash flow related to such taxable income, (b) the generation of UBTI for tax-exempt Investors, income that is ECI for non-U.S. Investors, and income that is CAI for non-U.S. Investors subject to Section 892 of the Code, and (c) the treatment of the Fund (and therefore its Investors, including non-U.S. Investors) as being engaged in the conduct of a United States trade or business, and (d) the Funds and its Investors, including non-U.S. investors being required to file state returns and pay taxes in any states in which the entities do business. Accordingly, Investors must have liquidity from sources other than the Funds to bear such tax liabilities. In addition, investing in such entities may cause delays in Investors receiving tax and other financial information from the Funds. Because a Fund's tax return is predicated on the tax attributes passed through to it by such entities, any delay in receiving tax information from such entities will cause a corresponding delay in dissemination to Investors of the Funds' tax information.

**Special Risks Associated with Non-U.S. Investments.** The Funds may invest a portion of their capital commitments in Portfolio Companies that are headquartered and that have their principal operations outside of the United States. These investments involve special risks not typically associated with investments in the securities of issuers located in the United States including: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Funds' non-U.S. investments may be denominated, and costs associated with

conversion of invested capital and income from one currency into another, (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and more or less governmental supervision and regulation, (iii) certain economic and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, political, economic or social instability and the possibility of expropriation or confiscatory taxation, (iv) difficulties or challenges obtaining non-U.S. governmental approvals and complying with non-U.S. laws, (v) tax-related issues, including the possibility of withholding or other taxes (including on dividends, interest payments or capital gains), the possibility of non-U.S. tax filing obligations and the possibility of double taxation of income earned overseas, (vi) less developed corporate laws regarding fiduciary duties, limited liability and the protection of investors and (vii) increased exposure to liabilities arising from a Portfolio Company's breach of applicable anti-corruption or other non-U.S. laws or regulations. The Funds' returns on domestic investments may not be indicative of the results they may achieve on investments located in non-U.S. countries. Anti-fraud and anti-insider trading legislation in these countries may be less robust than in the United States, or in certain circumstance, non-existent. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a Portfolio Company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. The legal systems in these countries may offer no effective means for the Funds to seek to enforce its rights or otherwise seek legal redress or to seek to enforce non-U.S. legal judgments.

**Third-Party Litigation.** The Funds' investment activities will subject them to the normal risks of becoming involved in litigation by third parties. These risks are elevated where the Funds exercise control or significant influence over a Portfolio Company's direction, or becomes involved in official or unofficial creditor committees. The expense of defending against any claims by third parties and paying any amounts pursuant to settlements or judgments will generally be borne by the Funds.

**Market Disruption, Terrorism and Geopolitical Risk.** The Funds are 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 the Funds' investments. Market Disruption Events as well as other changes in world economic, social and political conditions also 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 the Funds' investments. At such times, the Funds' exposure to a number of other risks described elsewhere in this section can increase. TSG's financial condition is likely to be adversely affected by 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 TSG's business and operations and thereby are likely to impact the Funds. Moreover, a sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets is likely to 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 its investments on favorable terms. Any of the foregoing events are likely to result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a particular Portfolio Company's capital structure.

In addition, the physical effects of climate change may have a significant effect on the Funds' business, operations, and physical assets. Effects of climate change may subject the Funds to risks including, but not

limited to, property damage to investments, financial and operational impacts from disruptions in operations of Portfolio Companies, increased insurance premiums, and changes in the availability of natural resources.

Market Disruption Events, as well as other events beyond the control of the Funds' 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 the Funds 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 the Funds. Therefore, any effects of force majeure events, including any of the foregoing, may adversely effect the performance of the Funds. 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 the Funds. 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 the Funds or its Portfolio Companies are not insured, or where the cost of such loss significantly exceeds the insurance coverage, may adversely affect the Funds and cause it to lose both invested capital and returns from an investment.

**Availability of Insurance against Certain Catastrophic Losses.** With respect to Portfolio Investments, the Affiliated General Partners or TSG may seek to require the underlying Portfolio Company and/or project to obtain liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that they believe are customary for similar investments. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks, or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a Portfolio Company. As a result, not all Portfolio Companies may be insured against terrorism. If a major uninsured loss occurs, the Funds could lose both invested capital in and anticipated profits from the affected Portfolio Company.

**Financial Market Fluctuations; Political Measures.** A Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, social and technology environment within which the Funds operates may undergo substantial changes. General fluctuations in the market prices of securities may affect the value of the Funds' investments and instability in the securities markets will also likely increase the risks inherent in the Funds' investments. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of the Funds. In reaction to changing economic and market conditions, regulators in the United States and several other countries have undertaken in the past and may undertake in the future regulatory actions and implement other measures to ensure stability in the financial markets. Despite these efforts and the efforts of securities regulators of other jurisdictions, global financial markets could become and remain extremely volatile. In addition, new regulations could limit the Funds' activities and investment opportunities or change the functioning of capital markets. Unpredictable changes in social patterns and trends may have an impact on consumer behavior and create a negative effect on the profitability of the Funds' investment program.

The Funds' ability to realize investments depends not only on the Portfolio Companies and their historical results and prospects, but also on political, market, social and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that the Funds will be able to exit from its investments in Portfolio Companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any Portfolio Company may not be sufficiently liquid to enable the Funds to sell these securities when TSG believes it is most advantageous to do so. Volatility in the financial sector may have a material adverse effect on the ability of the Funds to buy, sell and partially dispose of its Portfolio Investments. The Funds may be adversely affected to the extent that it seeks to dispose of any of its investments into an illiquid or volatile market, and the Funds may find itself unable to dispose of investments at prices that TSG believes reflect the fair value of such investments. The ability of Portfolio Companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. The Funds' Portfolio Companies may depend on the availability of capital financed from third parties and to the extent such capital is not available on reasonable terms or at all, those of the Funds' Portfolio Companies that rely on such capital may be adversely impacted in a manner that they would not have been had they been able to access such capital. In addition, political measures taken in response to market practices or economic instability in the United States or abroad may have an adverse impact on the Funds' investments.

**U.S. Trade Policy.** If the U.S. federal government makes significant changes to U.S. trade policy, including imposing tariffs on certain goods and raw materials imported into the United States, such actions may trigger retaliatory actions by the affected countries, resulting in "trade wars," which may cause increased costs for goods and raw materials imported into the United States, or in trading partners limiting their trade with businesses in the United States, either of which may have material adverse effects on a Portfolio Company's business and operations. Such "trade wars" may cause significant losses for the Funds and/or one or more of its Portfolio Companies.

**Risks Resulting from the United Kingdom's Exit from the EU.** The United Kingdom left the European Union on January 31, 2020 (commonly referred to as "Brexit"). During an 11-month transition period, the United Kingdom and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the United Kingdom from January 1, 2021. The Trade and Cooperation Agreement does not provide the United Kingdom with the same level of rights or access to all goods and services in the European Union as the United Kingdom previously maintained as a member of the European Union 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 United Kingdom and the European Union.

From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union 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 European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Funds and its investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, 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 United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Funds.

The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates the regulation of the provision of financial services within and to persons in the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Funds and its investments, including the ability of the Funds to achieve its 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 Affiliated General Partners, TSG and their affiliates to manage, operate and invest the Funds and increased legal, regulatory or compliance burden for the Affiliated General Partners, TSG, their affiliates and/or the Funds each of which may have a negative impact on the operations, financial condition, returns or prospects of the Funds.

Areas where the uncertainty created by the United Kingdom's withdrawal from the European Union is relevant 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 European Union 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' investments and the ability to achieve the investment objective of the Funds.

**Legal Risk, Litigation and Regulatory Action.** The Funds, the Affiliated General Partners, TSG and their affiliates are subject to a number of risks, including changing laws and regulations, developing interpretations of such laws and regulations, and increased scrutiny by regulators and law enforcement authorities. Some of this evolution may be directed at the private Funds industry in general or certain segments of the industry, and may result in scrutiny or claims against the Funds, the Affiliated General Partners, TSG or their affiliates directly for actions taken or not taken by the Funds, the Affiliated General Partners, TSG. These risks and their potential consequences are often difficult or impossible to predict, avoid or mitigate in advance, and might make some investment opportunities unavailable to the Funds or result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against the Funds, the Affiliated General Partners, TSG or their respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the Funds, the Affiliated General Partners, TSG or their respective affiliates' reputations, which may adversely affect the Funds' investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment. In addition, the securities market is subject to comprehensive statutes and regulations. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect on the Funds, the Affiliated General Partners, TSG or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse.

Certain of the Funds' investments may be materially adversely affected by such events in the future. In the longer term, there may be significant new regulations that could limit the Funds' activities and investment opportunities or change the functioning of capital markets. As a result, there can be no assurance the Funds will be able to achieve its investment objectives.



The enactment of these reforms or other similar legislation could have an adverse effect on the private investment Funds industry generally and on TSG, the Affiliated General Partners or the Funds specifically, and may impede the Funds' ability to effectively achieve its investment objectives.

As a registered investment adviser under the Advisers Act, TSG is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws (including, without limitation, the obligation of the Funds, TSG and their affiliates to make regulatory filings with respect to the Funds and its activities under the Advisers Act (including, without limitation, Form PF)). In light of the heightened regulatory environment in which the Funds and TSG operate and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for TSG and its affiliates to comply with such regulatory reporting and compliance-related obligations. For example, Form PF requires that TSG report the regulatory assets under management of the Funds, and because the Funds will be required to bear the Funds' expenses relating to compliance-related matters and regulatory filings, the Funds will bear the costs and expenses of initial and ongoing Form PF compliance, including costs and expenses of collecting and calculating data and the preparation of such reports and filings). Such expenses are likely to be material, including on a cumulative basis over the life of the Funds. Any further increases in the regulations applicable to private investment funds generally or the Funds, the Affiliated General Partners or TSG in particular may result in increased expenses associated with the Funds' activities and additional resources of TSG being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for Investors or have an adverse effect on the ability of the Funds to effectively achieve its investment objectives.

There can be no assurance that any of the foregoing will not have an adverse impact on TSG or otherwise impede the Funds' ability to effectively achieve its investment objectives.

**CFIUS and National Security/Investment Clearance.** Certain investments by the Funds 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 U.S. 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 Funds' 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 Funds' investments or unwind a transaction. Such limitations or restrictions may prevent the Funds from pursuing certain investments, cause delays with respect to consummating such investments or require the Funds to consummate an investment on terms that are less advantageous than would be the case absent such restrictions. Where the Funds are required to unwind a transaction, in addition to incurring additional legal, administrative and other costs, the Funds may have to dispose of the investment at a price that is less than they would have received had the Funds exited the investment at a different time or under different circumstances. Any of these outcomes could adversely affect the Funds' performance with respect to such investments, and thus a Fund's performance as a whole.

**Economic Sanctions Laws.** Economic sanctions laws in the United States and other jurisdictions may prohibit TSG, TSG's professionals and the Funds from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries,

territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict Funds' investment activities in certain countries.

**Anti-Corruption and Anti-Boycott Considerations.** TSG, the Managing Principals and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act ("UKBA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Funds may be adversely affected or miss out on opportunities because of the Affiliated General Partners' unwillingness to participate in transactions that potentially violate such laws and regulations. Such laws and regulations may make it difficult in certain circumstances for the Funds to act successfully on investment opportunities or to obtain or retain business. In recent years, U.S. regulators have been increasingly focused on private equity sponsors' compliance with the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. The UK government passed into law the UKBA in 2010. The UKBA criminalizes both the bribery of foreign public officials and commercial bribery. The UKBA also makes provision for a strict liability corporate offense of failing to prevent bribery committed by employees or third parties associated with a company. The corporate offense applies to any organization which carries on business or part of a business in the UK. The corporate offense is subject to an affirmative defense which is engaged if a company can show that it had in place adequate procedures to prevent bribery committed on its behalf.

While TSG has developed and implemented policies and procedures designed to ensure strict compliance by TSG and its personnel with applicable anti-corruption and anti-bribery laws and regulations, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of TSG's procedures, affiliates of a Portfolio Company, particularly in cases where the Funds or another sponsored fund or vehicle of TSG does not control such Portfolio Company, may engage in activities that could result in FCPA and/or UKBA violations. Any determination that the Affiliated General Partners, the Funds, their Portfolio Companies or any of their respective officers, directors or employees has violated the FCPA, the UKBA or other applicable anti-corruption laws, anti-bribery laws, or U.S. anti-boycott regulations, could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect a Fund's business prospects and/or financial position, as well as the ability to achieve its investment objectives and/or conduct its operations.

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

**Cybersecurity Breaches and Identity Theft.** Each Fund's service providers depend on information technology systems and, notwithstanding the diligence that each Fund may perform on its service providers, each Fund may not be in a position to verify the risks or reliability of such information

technology systems. Each Fund and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. TSG's, each Fund's and its Portfolio Companies' information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although TSG has implemented, and its Portfolio Companies will likely implement, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, TSG, a Fund and/or its Portfolio Companies may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in TSG's, a Fund's and/or its Portfolio Company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Such a failure could harm TSG's, a Fund's and/or its Portfolio Company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Such damage or interruptions to information technology systems may cause losses to a Fund or individual Investors by interfering with the operations of an Affiliated General Partner, a Fund and/or multiple Funds. A Fund may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose a Fund and an Affiliated General Partner (which in turn may be indemnified by such Fund) to civil liability as well as regulatory inquiry and/or action. In the event that a Fund incurs any liabilities as a result of a cybersecurity breach, including due to wire fraud, the Affiliated General Partner, TSG and their respective affiliates will not be liable to any Fund for such liabilities unless such cybersecurity breach, including due to wire fraud, is directly attributable to the gross negligence or willful conduct of the Affiliated General Partner, TSG, or the respective affiliate, as the case may be.

**Tax Reform Risk.** President Donald Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act"). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their Investors. Changes to the Code made by the Tax Act include treating carried interest as short-term capital gain for U.S. federal income tax purposes if certain new holding period requirements are not met. These new holding period requirements could create a conflict of interest as the tax position of TSG may differ from the tax position of the Investors. The new requirements could affect decisions relating to investments and dispositions, including the structure of investments and the timing and structure of dispositions by the Funds, which could adversely affect returns for Investors. In addition, these new holding period requirements could subject employees or other individuals who hold direct or indirect interests in TSG to higher rates of U.S. federal income tax on such carried interest than was the case under prior law. This could make it more difficult for TSG to incentivize, attract and retain individuals to perform services for the Funds.

**Environmental, Social and Governance Matters.** While environmental, social or governance ("ESG") considerations encompass some of the many factors TSG may consider in making an investment, there is

no requirement that it will consider each factor in connection with its investment decision making process and TSG does not apply any ESG exclusions to its investable universe. However, in some instances, TSG has in the past and may in the future agree to permit an Investor to be excused from participating in certain Portfolio Investments due to investment restrictions set forth in such Investor's ESG Policy, and TSG has an incentive to disfavor investment opportunities that would fall within the scope of such ESG-related excuse rights due to the administrative and accounting burdens associated with accommodating such excuse rights. Furthermore, when TSG does attempt to address ESG practices, there is no guarantee that TSG will successfully implement and make investments in companies that create positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that TSG engages with Portfolio Companies on ESG-related practices and potential enhancements thereto, 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 engagement efforts on the part of TSG will depend on its skill in properly identifying and analyzing material ESG and other factors, and there can be no assurance that the strategy or techniques employed will be successful. Further, TSG may identify ESG practices which it determines it will not attempt to address despite potentially having the ability to impact such issues. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on TSG's view of certain ESG-related and other factors, and carries the risk that the Funds may underperform relative to other 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 TSG.

Consideration of ESG factors may affect the Funds' exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Funds' performance depending on whether such investments are in or out of favor. There is no guarantee that the criteria utilized by TSG or any judgment exercised by TSG will reflect the beliefs or values of any particular investor. In evaluating a company, TSG is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause TSG 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 Portfolio Company's ESG-related practices or TSG's assessment of such practices may change over time.

**Misconduct of Employees and of Third-Party Service Providers.** Misconduct by employees of TSG, service providers to TSG or the Funds and/or their respective affiliates could cause significant losses to such Funds. Employee misconduct may include binding the Funds to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, improperly performing administrator or other responsibilities. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects. Although TSG has adopted measures reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, such measures may not be effective in all cases.

**Financial Fraud by Portfolio Companies.** There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by the Funds will be adequate. In the event of fraud or other misconduct or deceptive practices by any Portfolio Company, the management of such Portfolio Company, or any of their affiliates, the Funds may suffer a partial or total loss of capital invested in that Portfolio Company. For example, the possibility of material misrepresentation or omission on the part of the Portfolio Company or the seller may adversely affect the value of the Funds' investment in such

Portfolio Company. The Funds will rely upon the accuracy and completeness of representations made by Portfolio Companies and in certain instances their former owners in the due diligence process when making investments, but cannot guarantee such accuracy or completeness. In addition, conduct occurring at Portfolio Companies, even activities that occurred prior to the Funds' investment therein, could have an adverse impact on the Funds.

**Coronavirus Outbreak Risks.** The global outbreak of the 2019 novel coronavirus ("COVID-19") has led, and for an unknown period of time will continue to lead, to disruptions in local, regional, national and global markets and economies affected thereby. Until fully resolved, the spread of COVID-19 is likely to continue to result in government imposition of border closures, travel restrictions and quarantine measures as well as various forms of "stay at home" orders resulting in significant disruption to many businesses including both supply chains and demand, and volatility and disruption in the global markets. It is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties may last, the effect any governmental actions may have or the full potential impact on the Funds.

**Public Health Risk.** Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which the Funds may invest and thereby adversely affect the performance of the Portfolio Investments.

**Item 9. Disciplinary Information**

Item 9 is not applicable to TSG.

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

TSG is affiliated with TSG Consumer UK LLP (“TSG UK”), a United Kingdom limited liability partnership. TSG UK provides sub-advisory services exclusively to TSG. TSG UK is not required to be registered under the Advisers Act; however, it operates in compliance with certain related requirements and undertakings as prescribed by the SEC.

The Affiliated General Partners are related persons of TSG and serve as the general partners to the Funds and in connection therewith maintain investments in the Funds and are entitled to receive Carried Interest. For a description of material conflicts of interest created by the relationship among TSG, the Affiliated General Partners and the Funds, as well as a description of how such conflicts are addressed, please see Item 6 and Item 8 above.

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

### **Code of Ethics**

TSG has adopted a written Code of Ethics (the “Code”) that is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code applies to TSG’s “Access Persons.” Access Persons include, generally, any member, principal, officer or director of TSG and any employee or other personnel of TSG and its affiliates and certain independent contractors (collectively “TSG Personnel”) who, in relation to the Funds (i) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (ii) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All TSG Personnel who have knowledge of the Funds’ operations or investments are deemed to be Access Persons. In addition, certain other individuals may also be deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account TSG’s status as a fiduciary to the Funds and requires Access Persons to comply with applicable federal securities laws. The Code also sets forth certain personal trading procedures, including certain reporting and pre-clearance obligations. Access Persons and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code. The Code also describes TSG’s duty to protect material non-public information about securities/investment recommendations provided to (or made on behalf of) the Funds.

Access Persons are required to promptly bring violations of the Code to the attention of TSG’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

### **Conflicts of Interest**

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

### **Resolution of Conflicts of Interest**

In connection with all conflicts of interest, TSG’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using TSG’s best judgment, but in its sole discretion. In resolving conflicts, TSG will consider various factors, including the interests of the Funds with respect to the immediate issue and/or with respect to its longer-term course of dealing. If any matter arises that TSG and/or its affiliates determine in their good faith constitutes a conflict of interest, TSG and its affiliates will assess what actions should be taken given the particular facts and circumstances. In assessing what actions will be taken, TSG will make its own assessment of the materiality of the conflict, whether the conflict has been previously disclosed, and/or whether there was any impact to clients. TSG may take actions as it determines in good faith are necessary or appropriate to ameliorate the conflict (and upon taking such actions the Affiliated General Partners and/or its affiliates will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). These actions may include, by way of example and without limitation, (i) considering the appropriateness of an investment from the viewpoint of a Fund, (ii) disposing of the security giving rise to the conflict of interest, (iii) in connection



with a matter giving rise to a material conflict of interest, consulting with the Advisory Board regarding the conflict of interest and either obtaining a waiver or consent from the Advisory Board of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the Advisory Board with respect to such conflict of interest, (iv) disclosing the conflict to the Investors, (v) engaging an unaffiliated third party to resolve such conflict, such as the use of an investment banker to opine as to the fairness of a purchase or sale price, (vi) implementing certain policies and procedures designed to ameliorate such conflict of interest and (vii) ensuring that prior to subscribing for interests in a Fund, each Investor receives information relating to significant potential conflicts of interest arising from the proposed activities of such Fund. There can be no assurance that TSG's own interests will not influence its conduct and decisions.

In addition, certain provisions of a Fund's Governing Documents are designed to protect the interests of Investors in situations where conflicts or potential conflicts exist, although these provisions do not eliminate such conflicts. There can be no assurance that TSG will identify all conflicts of interest and, in certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund's ability to achieve its investment objectives and may also have a material impact on the returns of the Funds. By acquiring an interest in a Fund, each Investor will be deemed to have (x) acknowledged and consented to the existence or resolution of any such actual, potential or apparent conflicts of interest (including, without limitation, those described in this section) and the operation of the Fund subject to those conflicts and (y) waived any claim with respect to any liability arising from the existence of any such conflicts of interest. Notwithstanding the foregoing, nothing herein shall constitute a waiver by any Fund or Fund investor of any of any legal rights it might otherwise have under applicable U.S. federal securities laws or any other law, in each case whose applicability is not permitted to be contractually waived or limited. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. Other conflicts are disclosed throughout this Brochure and the Brochure should be read in its entirety. Any references to the Affiliated General Partners and TSG in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

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

As explained in Item 4 above, TSG serves as the investment manager to the Funds. As described in greater detail below, TSG Personnel also invest, directly and indirectly, in certain of the Funds' investments, through the Affiliated General Partners and/or other investment vehicles, and such investments generally are not subject to the management or performance-based fees described in Item 4 above.

The fact that TSG Personnel have financial ownership interests in the Funds and/or the Fund's investments creates a potential conflict in that it could cause TSG to make different investment decisions than if such parties did not have such financial ownership interests. Such ownership interests are authorized under the relevant Governing Documents and/or are subject to TSG's personal securities transaction pre-clearance and reporting requirements, as applicable.

TSG seeks to address these potential conflicts through regular monitoring of the Funds' portfolios for consistency with objectives, strategies, and investment guidelines. Further, the senior management of TSG carefully consider the risks involved in any investments and TSG provides extensive disclosure to Investors regarding the potential risks that come with an investment in the Funds. TSG manages the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code, which contains pre-clearance and reporting requirements for Access Persons.

TSG maintains a “Restricted List” with the names of issuers of securities about which TSG or its affiliates (including Access Persons) have learned material, non-public information. In order to minimize the risk of improper transactions all of the publicly traded affiliates of such Portfolio Companies, will be placed on the Restricted List. Further Portfolio Companies may also be placed on the Restricted List as needed. Access Persons are strictly prohibited from trading securities on the Restricted List.

### **Certain Conflicts of Interest**

**Other Investment Activities.** The Affiliated General Partners or their affiliates are investors in, and, from time to time, devote significant time in the future to the management of, investments made prior to the formation of the Funds and certain other investments not made by the Funds. The Funds will have no interest in such investments. The Affiliated General Partners or their affiliates have interests (directly or indirectly through other investment or trading vehicles) in entities whose objectives conflict or compete with those of the Funds. In such cases, the Funds may be precluded from pursuing an investment opportunity or engaging in a transaction in which the Affiliated General Partners interests conflict with those of the Funds. In addition, it is expected that employees of TSG responsible for managing a Fund will have responsibilities with respect to other investment vehicles or other clients managed by TSG (including, without limitation, the Funds) and to other proprietary investments made by TSG and/or its personnel, certain of which can be expected to be of the type made by or permitted to be made by the Funds. Conflicts of interest arise in allocating time, services or functions of these officers and employees. TSG Personnel (as defined below in Item 11 “Code of Ethics”) have an incentive to allocate more time, services or functions to Funds or proprietary investing activities from which such personnel derive a higher economic benefit and/or better performing Funds.

TSG Personnel carry on investment activities for their own accounts, for personal or employee investment vehicles and for family members and friends who do not invest in the Funds (including holding passive ownership positions in other advisory entities not otherwise affiliated with TSG), as well as give advice and recommend securities to other accounts or investment funds which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. Certain TSG Personnel may establish an investment vehicle with a primary investment strategy of investing in opportunistic debt investments. TSG and its personnel reserve the right to pay or receive compensation in relation to such proprietary investment arrangements. TSG Personnel are permitted to serve on boards or act in other roles unaffiliated with TSG, the Funds or the Portfolio Companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles. TSG currently provides, and expects in the future to provide, advice to multiple Funds, including vehicles that follow investment programs substantially similar to that of another Fund.

Except as set forth in the Governing Documents, the Affiliated General Partners, TSG, and their affiliates are not restricted from forming additional Funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with existing Funds and/or may involve substantial time and resources of TSG, the Affiliated General Partners, or their affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of TSG and its personnel will not be devoted exclusively to the business of a particular Fund but will be allocated between the businesses of TSG’s various clients.

Furthermore, TSG, the Affiliated General Partners, the Managing Principals or any of their affiliates may, directly or through vehicles formed for the benefit of such persons, invest in other managers or funds where they receive a portion of the economics earned by such manager or its affiliates (including strategic or other investments or revenue interests or providing seed capital). Such funds and managers may utilize the same or similar strategies utilized by TSG on behalf of its clients and may be managed by individuals

who are former employees of TSG or who are currently employees of TSG but subsequently become former employees of TSG. Such investments would create a conflict of interest, particularly to the extent that the investment opportunities pursued by such manager or funds overlapped with those pursued by the Funds, or where investments may be purchased by the Funds from such other Funds or sold to such other Funds.

**Activities of Other Funds.** The Affiliated General Partner of a Fund is under no obligation to take into account another Fund's interests in managing its affairs and may acquire, manage and/or dispose of an investment in a manner that causes an adverse effect on a Fund and/or one or more of its Portfolio Companies. Certain Funds will from time to time invest in a competitor or customer of, or service provider or supplier to, a Portfolio Company of the Funds and, vice versa, the Funds will from time to time invest in a competitor or customer of, or service provider or supplier to, a Portfolio Company of another Fund. In addition, TSG Personnel may serve as directors, or otherwise be associated with, companies that are competitors of the Funds' Portfolio Companies. These circumstances give rise to a variety of conflicts of interest. For example, a Fund or its Portfolio Companies can be expected to take actions for commercial reasons that have adverse consequences on other Funds or other Portfolio Companies, such as seeking to increase their market share at a Portfolio Company's expense as a competitor, withdrawing business from a Portfolio Company in favor of a competitor that offers the same product or service at a more competitive price (as a customer), increasing prices in lock-step with other enterprises in the industry (as a supplier) or commencing litigation against a Portfolio Company (in any capacity). A Fund may also obtain information while dealing with its Portfolio Companies that it is prohibited from acting on or disclosing to the other Funds or other Portfolio Companies as a result of confidentiality requirements or applicable law, even though such action or disclosure would be in the other Funds' interests. In addition, to the extent not restricted by confidentiality requirements, TSG generally will apply the experience obtained by managing the Funds to benefit other Funds.

TSG has formed and manages Co-Invest Entities, and expects to form and manage additional Co-Invest Entities in the future. Various conflicts may arise in the context of managing one or more Co-Invest Entities alongside one or more primary funds. For example, a situation may arise in which a portfolio company that both the primary fund and a Co-Invest Entity have invested requires additional capital. There may be circumstances where TSG does not offer the Co-Invest Entity the opportunity to participate in the capital raise, and instead offers the entire opportunity to the primary fund, and, as a result thereof, the Co-Invest Entity is diluted. Conflicts between a Co-Invest Entity and primary fund may be particularly acute where a Co-Invest Entity and the primary fund invest in the same portfolio company at different levels of the capital structure including where there is a follow-on investment at a different level of the capital structure. For example, a primary fund may invest in the debt of a portfolio company in which a Co-Invest Entity is an equity holder and vice versa. In such instances, the interests of the primary fund will, at times, conflict with the interests of the Co-Invest Entity, particularly in circumstances where the portfolio company is facing financial distress. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate for or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation will raise conflicts of interest. In circumstances in which a conflict exists between a Co-Invest Entity and a primary fund, TSG may take actions that favor the interests of the primary fund, which may adversely affect the Co-Invest Entity. For example, where a primary fund owns debt of a portfolio company in which a Co-Invest Entity is an equity holder, TSG may cause the primary fund to enforce claims or initiate a restructuring or liquidation that might have an adverse effect on the Co-Invest Entity. Similarly, where a Co-Invest Entity owns debt of a portfolio company in which a primary fund is an equity holder, TSG may choose not to vote or otherwise pursue remedies that are available to the Co-Invest Entity even if doing so would be adverse to the Co-Invest Entity's interests.

Investment funds managed by Wafra Investment Advisory Group, Inc. (together with its affiliates, funds managed thereby and/or co-investors thereof, as the context so requires, “Wafra”) and Dyal Capital Partners (together with its affiliates and funds managed thereby, as the context so requires, “Dyal”), respectively, each indirectly own (through separate, unrelated, transactions) minority ownership interests of (i) TSG and (ii) certain Affiliated General Partners. Each of Wafra and Dyal is contractually entitled to certain economic, governance, reporting and other rights. For instance, each of Wafra and Dyal will receive a portion of the fees and distributions (including Carried Interest) payable to TSG and/or such Affiliated General Partners. Additionally, while Dyal does not have explicit co-investment rights, Dyal or its affiliates have in the past and may in the future be offered opportunities to co-invest alongside TSG Funds. Subject to the terms of their respective investor rights agreements with TSG or its affiliates, each of Wafra and Dyal will be required to fund its pro rata share of the commitments made to the applicable Funds by the Affiliated General Partners. In certain circumstances, Wafra participates in certain co-investment opportunities through its interest in certain Affiliated General Partners. Wafra and Dyal do not have any authority over the day-to-day operations or investment decisions of TSG nor such Affiliated General Partners as they relate to the Funds.

Wafra and Dyal, as a separate financial institution with their own respective businesses and activities, each may have interests that conflict with the interests of, TSG, the Affiliated General Partners, the Funds and/or the Investors. In addition, Wafra and Dyal are each a separate financial institution with affiliates, businesses and activities, certain of which have the potential to conflict with the interests of Funds and their Investors, and which group members may give advice or take action with respect to their clients or accounts that differs from advice given or actions taken by TSG or the Affiliated General Partners.

**Management of the Funds.** TSG manages a number of clients that have investment objectives similar to each other. Allocation of available investment opportunities between the Funds could give rise to conflicts of interest. TSG may give advice or take actions with respect to, the investments of a Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. In addition, a Fund may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences may result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

TSG may consider and reject an investment opportunity on behalf of a Fund and, TSG may subsequently determine to have another Fund or TSG Personnel make an investment in the same company. A conflict of interest arises because the other Fund TSG Personnel will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by TSG on behalf of the initial Fund. In such circumstances, the benefitting Fund will not be required to reimburse the Fund for expenses incurred in connection with researching such investment.

A Fund and another Fund or Funds will likely enter into borrowing arrangements that require them to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Fund or Funds will be held responsible for the defaulted amount.

In addition, TSG receives and generates various kinds of Portfolio Company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund’s investment (or prospective investment) in a Portfolio Company. As a result, TSG is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. TSG has in the past and is likely in the future to enter into information sharing and confidentiality arrangements with Portfolio

Companies and other sources of information that may limit the internal distribution and use of such data. TSG has already used and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to TSG, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, TSG has an incentive to pursue investments in Portfolio Companies based on the data and information expected to be received or generated. TSG has in the past utilized and is likely in the future to utilize such information to benefit TSG, its affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose each instance that this arises to the relevant Funds.

TSG and its affiliates from time to time also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow TSG, the Funds and the Funds' Portfolio Companies to better discern economic or other trends and developments. TSG believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across TSG's businesses and the Funds' Portfolio Companies. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and TSG. For example, data analytics based on inputs from one Portfolio Company may inform business decisions by other portfolio investments, or investment decisions by TSG and its affiliates, 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. Therefore, TSG and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to TSG, without directly compensating or otherwise benefitting the Funds. As a result, TSG may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits TSG and/or investments held by other Funds.

**Service on Boards of Directors, Material Non-Public Information, Etc.** Certain Managing Principals and other professionals of TSG may serve as officers or directors of Portfolio Companies. In their capacity as officers or directors (or even simply by virtue of the Funds' status as a significant shareholder of a Portfolio Company), such individuals may become subject to fiduciary or other duties that could adversely affect the Funds, and may subject the Affiliated General Partners, TSG and the Funds to claims they would not otherwise be subject to, including claims of breach of duty of loyalty, securities laws claims and other director-related claims. In general, the Funds will indemnify the Affiliated General Partners, TSG, their respective affiliates, the Managing Principals, the TSG Operating Partners, their respective current or former partners, officers, directors, stockholders, members, agents, employees, trustees (or other fiduciaries), independent contractors of the Affiliated General Partners, TSG or any such affiliate for such claims.

Additionally, the Funds may be unable to sell or otherwise dispose of an investment if a Managing Principal or another professional of TSG is in possession of material, non-public information relating to the issuer thereof due to such individual's service as an officer or director of such Portfolio Company. The Fund Governing Documents will not preclude the Managing Principals or professionals of TSG from serving as officers or directors of Portfolio Companies or otherwise acquiring material, non-public information regarding Portfolio Companies. Additionally, the Governing Documents will not require that Managing Principals or professionals of TSG serve as officers or directors of Portfolio Companies, and there can be no assurance that the Affiliated General Partners or TSG will have a legal right to influence the management of any Portfolio Company.

**Fee Structure.** Because there is a fixed investment period after which capital from investors in a Fund can only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of a Fund, reduced by capital contributions attributable to realized investments, this fee structure creates an incentive to delay realization of an investment when TSG would not otherwise have done so.

TSG may waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of TSG and certain employees and affiliates of TSG to invest in and alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees are not generally subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when TSG no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, TSG, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

**Effect of Carried Interest.** The existence of each Affiliated General Partner's carried interest creates an incentive for each Affiliated General Partner to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement. In addition, as certain Affiliated General Partners will be entitled to an additional Carried Interest and/or a larger Carried Interest if a Fund meets or exceeds its performance benchmark, such Affiliated General Partner has an additional incentive to make riskier or more speculative investments on behalf of the Funds in order to meet such performance benchmark. Each Affiliated General Partner may be required to return certain amounts of carried interest as a "clawback". This clawback obligation creates an incentive for each Affiliated General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the Affiliated General Partner.

**Diverse Investor Group.** The Investors, from time to time, have conflicting investment, tax and other interests with respect to their investments in a Fund and with respect to the interests of investors in other investment vehicles managed or advised by TSG that participate in the same portfolio investments as the Fund or invest during the commitment period of the Fund. The conflicting interests of individual Investors with respect to other Investors and investors in other investment vehicles may relate to or arise from, among other things, the nature of investments made by a Fund and such other investment vehicles, the structuring or the acquisition of investments, the allocation of investment opportunities, and the timing of disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by each Affiliated General Partner, including decisions regarding the nature or structuring of investments which may be more beneficial for one Investor than for another Investor, especially with respect to Investors' individual tax situations. In addition, a Fund may make investments that may have a negative impact on related investments made by the Investors in separate transactions. In selecting and structuring investments appropriate for a Fund, each Affiliated General Partner will consider the investment and tax objectives of such Fund and its partners as a whole, not the investment, tax or other objectives of any Investor individually. Additionally, an Affiliated General Partner may elect to exclude certain Investors from particular investments for legal or regulatory reasons applicable to any such investment, in which case non-excluded Investors shall be allocated a greater proportionate interest in such investment. In addition, certain Investors may also be limited partners in other investment funds sponsored or managed by TSG. It is also possible that a Fund or the Fund's Portfolio Companies may be counterparties (such counterparties dealt with on an arm's-length basis) or participants in agreements, transactions or other arrangements with an Investor or an affiliate of an Investor. Such Investors described in the previous sentences often therefore have different information about TSG and the Fund than Investors not similarly positioned. Similarly, not all Investors monitor their investments in a Fund in the same manner. For example, certain Investors periodically request from the Affiliated General Partner

information regarding a Fund and investments and/or Portfolio Companies that is not otherwise set forth in (or has yet to be set forth) in the reporting and other information required to be delivered to all Investors. In such circumstances, such Affiliated General Partner may provide such information to such Investor, but just because it has provided such information upon request by one or more Investors does not mean the Affiliated General Partner will be obligated to affirmatively provide such information to all Investors (although the Affiliated General Partner will generally provide the same information upon request and treat Investors equally in that regard). As a result, certain Investors have more information about a Fund than other Investors, and the Affiliated General Partner will have no duty to ensure all Investors seek, obtain or process the same information regarding the Fund and its investments and/or Portfolio Companies.

**Allocation of Investment Opportunities with Other Vehicles and Conflicting Fiduciary Duties to Other Collective Investment Vehicles.** TSG, from time to time, encounters situations in which it must determine how to allocate investment opportunities, to the extent not addressed in such Funds' Governing Documents (in accordance with the following paragraphs), among various clients and other persons, which may include, but are not limited to: (i) the Funds, (ii) any co-investment vehicles that have been formed to invest side-by-side with a Fund in all or particular transactions entered into by the Fund (including any Co-Invest Entity), (iii) Co-Investment Partners that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with a Fund in particular transactions entered into by the Fund, (iv) Co-Investment Partners acting as "co-sponsors" with TSG with respect to a particular transaction, and (v) other proprietary accounts of TSG and its personnel. From time to time, Funds will seek to make new investments concurrently, and investment opportunities are likely to arise that are appropriate for more than one of the Funds or any other party described above. Certain proprietary accounts of TSG and/or its personnel, including a Fund, may trade in certain investment strategies that are currently employed by the Funds or that may be employed by the Funds in the future. There may be circumstances where TSG determines, for strategic or other reasons, the amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors or other Funds managed by TSG.

TSG must first determine which clients and/or other parties will participate in an investment opportunity. TSG assesses whether an investment opportunity is appropriate for a Fund based on the Fund's investment objectives, strategies and structure. Once TSG determines an investment opportunity is appropriate for a Fund and one or more other Funds or other party, TSG, in its discretion, decides how to allocate such investment opportunity. In such circumstances, TSG will allocate such opportunities among a Fund and one or more other Funds in its sole discretion, including by allocating all or none of the opportunity to a particular Fund. TSG may take into account some or all of a wide range of factors, which can include, but are not necessarily limited to, TSG's own interest as well as one or more of the following: the sourcing of the transaction; the nature of the investment objectives and investment focus of each such other Fund; liquidity and reserves of the Fund and each other such Fund; diversification, lender covenants and other limitations; any "ramp-up" period of the Fund or such other newly established Fund; the stage of each Fund's "investment period" and the amount of time left a Fund has to make new investments; the relative amounts of capital available for investment as well as projected future capacity for investment (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity); the size, liquidity and duration of the investment; the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals; the stage of development of the prospective investment and anticipated holding period, composition of the Fund and such other Fund's portfolio; the suitability as a follow-on investment for a current Portfolio Company; the availability of other suitable investments; supply or demand of an investment opportunity at a given price level; risk considerations; cash flow considerations; asset class considerations; industry and other allocation targets; maximum and minimum investment size requirement; tax and accounting implications; legal, contractual or regulatory constraints; any requirements contained in the Governing Documents of

such other Fund and other considerations deemed relevant by the Affiliated General Partner and TSG in good faith. TSG experiences conflicts of interest when making allocation determinations, and will have an incentive to make allocation determinations based, in part, on the relative fee structure or amount of fees paid by a Fund or any other Fund, the profitability of a Fund or any other Fund (including relative effective carry rates based on relative performance of the Funds), and the interests of TSG, the Affiliated General Partners, or their personnel or affiliates in or alongside the Funds. For example, TSG would have an incentive to allocate particularly profitable or scarce opportunities to certain vehicles in which TSG, Affiliated General Partners, or their Personnel or affiliates have the greatest exposure, such as certain Funds making proprietary investments for certain Managing Principals or other employees of TSG).

Investments are made in accordance with the Funds' Governing Documents and TSG's Investment Allocation Guidelines. The allocation of investment opportunities among the Funds and the parties described above are not made on a pro-rata basis (including a greater than pro rata allocation to a proprietary account or a Fund), in either the same or different parts of a target company's capital structure, and as a result, allocation determinations will, from time to time, be more advantageous to one Fund relative to the other Funds. There can be no assurance that the Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which the Affiliated General Partner may be subject did not exist and there can be no assurance the Fund will participate in all investment opportunities that fall within its investment objectives. In addition, TSG, in its sole discretion, may allocate the same opportunity to multiple Funds, proprietary accounts, or co-investors, which implicates the conflicts of interest described above in "*Activities of Other TSG Funds.*" For the avoidance of doubt, TSG may, in its sole discretion, adjust any initial allocation of an investment opportunity among the Funds and Co-Investment Partners on a post-closing basis. Similarly, TSG will face conflicts of interest when determining whether to allocate to a predecessor fund or not. In such situations the adviser will have differing incentives with respect to determinations as to whether to invest the available capital of the respective funds. In these situations one fund may be disadvantaged relative to another fund and TSG or the general partner may and sometimes does benefit from the determination to invest the capital of one Fund and not another Fund.

A conflict also arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. In making such an allocation determination, TSG will consider one or more of the factors set forth above and will make a determination in its good faith discretion.

Each Affiliated General Partner is permitted to allocate available investments among a Fund and any Co-Investment Partners in any manner as the Affiliated General Partner, in its sole discretion, determines. From time to time each Affiliated General Partner will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Affiliated General Partner on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among a Fund and one or more other Funds and/or other parties. Each Affiliated General Partner is faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to a Fund. For example, in allocating an investment opportunity among clients with differing fee, expense and compensation structures, the Affiliated General Partner has an incentive to allocate investment opportunities to the clients from which the Affiliated General Partner derives, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.



**Co-Investment Opportunities and Co-Invest Funds.** In certain situations, if TSG determines that the purchase of an investment in its entirety would be too large or not appropriate for certain of the Funds, TSG may offer the opportunity to “co-invest” to certain Investors in the Funds and/or third parties (collectively “Co-Investment Partners”).

Each Affiliated General Partner may (but is not obligated to) provide Co-Investment Partners with co-investment opportunities (on such terms and conditions that the Affiliated General Partner and such Co-Investment Partner participating therein may agree). Each Affiliated General Partner is permitted to allocate available investments among a Fund and any Co-Investment Partners in any manner as the Affiliated General Partner determines in its sole discretion.

In general, (i) no Investor in a Fund has a right to participate in any co-investment opportunity solely by virtue of their investment in the Fund and investing in the Fund does not entitle any Investor to allocations of co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of TSG or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will, be offered to some and not other Investors, in the sole discretion of TSG, and Investors may be offered a smaller amount of co-investment opportunities than originally requested, and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, and (iv) certain persons other than Investors in a Fund (e.g., other Funds managed by TSG, consultants, joint venture partners, persons associated with a Portfolio Company and other third parties, including persons who TSG believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to TSG, a Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise) rather than one or more Investors in the Fund will, from time to time be offered co-investment opportunities, in the sole discretion of TSG or its related persons. In addition, Co-investment Partners are not required to participate in co-investment opportunities offered by the Affiliated General Partner. 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 specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). In certain circumstances, TSG may assist an investor in co-investing in a portfolio company away from TSG. For example, in connection the initial public offering of a portfolio company, TSG may assist persons in their receipt of a portion of the initial public offering. Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require TSG to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, TSG has and may in the future agree to give particular Investors, Funds, or other third parties priority access to co-investment opportunities and/or co-investment notification rights. For example, investors that commit more than \$100,000,000 to a particular Fund may receive a priority with respect to the allocation of co-investment opportunities. The existence of such priority or other contractual co-investment access rights could affect TSG’s decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising discretion to decide how to allocate co-investment opportunities among potential Co-investment Partners, each Affiliated General Partner will consider some or all of a wide range of factors, which include, but are not limited to, the following:

- The evaluation of the size and financial resources of the potential Co-investment Partner and the perception of the ability of that person or entity (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with a Fund

without harming or otherwise prejudicing the Fund, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;

- Any confidentiality concerns that arise in connection with providing the potential Co-investment Partner with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity;
- TSG's past experiences and relationships with the potential Co-Investment Partner and its prior experiences in comparable co-investment situations, such as the willingness or ability of such person or entity to respond promptly and/or affirmatively to potential investment opportunities;
- TSG's evaluation of whether the potential Co-investment Partner has specific knowledge or relationships that would be helpful to TSG in its evaluation of the investment opportunity or its ability to successfully complete it;
- The character and nature of the co-investment opportunity (including potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Whether TSG believes that the potential Co-investment Partner would be able to provide capital at other levels in the capital structure (for example, debt or mezzanine financing) that could be helpful in allowing TSG to successfully complete the investment opportunity;
- Whether the investment opportunity would subject the potential Co-investment Partner to legal, tax, regulatory, reporting, public relations, media or other burdens that make it less likely that the potential Co-investment Partner would act upon the investment opportunity if offered;
- Level of demand for participation in such co-investment opportunity;
- The extent to which a potential Co-investment Partner has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential Co-investment Partner would require any governance rights that would complicate the transactions (or, alternatively, whether the potential Co-investment Partner would be willing to defer to TSG and assume a passive role in governing a portfolio company);
- TSG's evaluation of whether a particular potential Co-investment Partner has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- Whether the profile or characteristics of the potential Co-investment Partner will have an impact on the viability or terms of the proposed investment opportunity and the ability of a Fund to take advantage of such opportunity (for example, if the potential Co-investment Partner is involved in the same industry as a target company in which the Fund wishes to invest, or if the identity of the potential Co-investment Partner, or the jurisdiction in which the potential Co-investment Partner is based, would affect the likelihood of the Fund being able to capitalize on a potential investment opportunity); and
- Whether TSG believes, in its sole discretion, that allocating investment opportunities to a potential Co-investment Partner will help establish, recognize, strengthen and/or cultivate relationships that

could provide indirectly longer-term benefits to the Fund or future funds advised by TSG and their underlying Portfolio Companies and/or TSG.

TSG's exercise of its discretion in allocating co-investment opportunities with respect to a particular investment among the persons, including potential Co-investment Partners, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some persons relative to other such persons. For example, TSG is in certain cases permitted to charge management fees and/or carried interest in respect to any Co-Investment Partner, and TSG may be incentivized to offer such co-investment opportunity to such persons over others based on its economic arrangement TSG retains varying degrees of discretion over the management of, and deployment of capital from, co-investment vehicles, and anticipates that it will from time to time form co-investment vehicles or separately managed accounts with certain investors on a case-by-case basis. TSG retains broad discretion to vary the terms of such co-investment arrangements from time to time in accordance with any applicable contractual restrictions. Additionally, from time-to-time, TSG also expects to provide certain investors or other third parties, including other sponsors, market participants, finders, consultants, other service providers, and strategic investors, the opportunity to invest directly as a co-sponsor or co-underwriter or to participate in co-investment vehicles that will invest in certain Portfolio Companies alongside the Funds.

There can be no assurance that TSG will be successful in offering a co-investment opportunity to a potential Co-investment Partner, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for a Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial, and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms including below cost. As a consequence, the Fund may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment. Further, it is possible that a potential Co-investment Partner 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 the Fund and as a result, may take a different view from TSG as to appropriate strategy for an investment or may be in a position to take a contrary action to the Fund's investment objective. In the event that TSG is not successful in offering a co-investment opportunity to potential Co-investment Partners, in whole or in part, a Fund would consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. 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.

From time to time, for strategic and other reasons, a Co-investment Partner or co-investment vehicle will purchase a portion of an investment from a Fund after the Fund has consummated its investment in the Portfolio Company (also known as a post-closing sell-down or transfer), which generally will have been funded through investor capital contributions and/or use of a Fund's credit facility and/or use of bridge financing. Any such purchase from the Fund by a Co-investment Partner or co-invest vehicle will generally occur within a specific time period after the Fund's completion of the investment. The Affiliated General Partner will determine the terms of such "sell down" in its sole judgment, which in certain cases may result in a sale to one or more Co-investment Partners or co-investment vehicles at a valuation that is below the cost of the investment to the Fund or is different from the Affiliated General Partner's valuation at the time of sale or at a price that does not reflect the price that could be achieved in an arm's length transaction. To the extent that the Affiliated General Partner determines to cause the Fund

to sell all or a portion of an investment to one or more Co-investment Partner or co-investment vehicles at a price that is lower than the price paid by the Fund for such investment, then the Investors may realize a loss on such sell-down or transfer or may be obligated to repay any borrowings, together with interest thereon, incurred in connection with the Fund's acquisition of such investment, and such obligations may be greater than the proceeds received by the Fund in connection with such sell-down. Such determinations involve a conflict of interest, as the Affiliated General Partner may have a relationship with such Co-investment Partner or co-investment vehicle that would give the Affiliated General Partner an incentive to sell the investment at a lower price even if a higher price would benefit the Fund.

In addition to the above (and not subject to the above allocation considerations), TSG has agreed to allow a certain individual to co-invest alongside investments made by certain Funds. TSG may agree (but is under no obligation) to allow additional individuals to do so in the future. Similarly, members, officers, principals and employees of TSG invest alongside the Funds (through co-investment vehicles or otherwise) in Fund investments, and are permitted to allow third parties to participate in such investments.

Co-investment Partners may have different interests in, and exposure to, the ultimate Portfolio Company (including that the investor may not have exposure to the debt incurred by the Fund, and the associated risk and expenses, while nevertheless receiving access to the Fund's investment in the Portfolio Company). Co-investors may also have exposure to a particular company through their participation in a fund sponsored by an unaffiliated general partner or through other investments held by the respective co-investor. In such situations the co-investor may benefit from the transaction with the particular company that is entered into by a TSG Fund.

TSG, its affiliates, TSG's Senior Managing Directors, other investment professionals of TSG, their family investment vehicles and other parties selected by the TSG ("TSG Co-Investment Persons") will have the right to co-invest with certain Funds in one or more Portfolio Investments on the same terms and conditions as the Fund (provided that the TSG Co-Investment Persons will not be charged Advisory Fees and/or Carried Interest in connection with such co-investment). Each TSG Co-Investment Person will determine its "co-investment election amount", as provided under the Governing Documents, that will be applied to each Portfolio Investment consummated in a particular fiscal year prior to the first Portfolio Investment made in such year, though such amount may change in respect of certain Portfolio Investments under circumstances described in the Governing Documents (e.g., as a result of the application of certain minimum and maximum co-investment amounts that TSG Co-Investment Persons can establish with respect to portfolio investments during a fiscal year). The existence of such arrangements creates a conflict of interest, as TSG and the TSG Co-Investments Persons will typically have greater visibility into a Fund's pipeline of investment opportunities for any given fiscal year, and to market and other applicable conditions that may impact availability or performance of investments, and therefore may be in a position to make determinations regarding the amount of their investments alongside the Fund based on expectations regarding the profitability of such investments during the applicable fiscal year, though Investors will not have such opportunity.

In addition, TSG Co-Investment Persons may co-invest alongside a Fund in one or more Portfolio Investments on the same terms and conditions as the Fund (provided that the TSG Co-Investment Persons will not be charged Advisory Fees and/or Carried Interest in connection with such co-investment) after the Fund has invested in any Portfolio Company in amounts specified under the Governing Documents; provided, that to the extent that one or more TSG Co-Investment Persons co-invest alongside the Fund in excess of their co-investment election amount at a different time than the Fund makes its investment, then such TSG Co-Investment Persons may make such co-investment on different terms, including more favorable terms, than the Fund's investment. Since the TSG Co-Investment Persons can determine to participate in co-investment opportunities in excess of their co-investment election amount and will have greater visibility, and information, with respect to such opportunities, they may be in a better position to

determine whether to accept any such excess co-investment opportunity than any other prospective Co-Investment Partner.

TSG Co-Investment Persons are generally restricted from selling or otherwise disposing of any portion of a co-investment prior to the sale or disposition by a Fund of a like proportion of its corresponding Portfolio Investment. Certain transactions, including sales and dispositions and distributions in-kind, that are undertaken by a TSG Co-Investment Person for tax planning, estate planning or other purposes that do not result in a sale, disposition or distribution of the relevant investment to a third party that is not affiliated with TSG are not limited by this restriction.

TSG and the TSG Co-Investment Persons may also experience a conflict of interest to the extent conflicts arise as between Portfolio Investments in which they have invested proportionately different amounts, and may be incentivized to devote greater time and resources to, and make determinations in favor of, those investments to which they have the greatest exposure. Such conflicts are mitigated in certain respects by TSG's interest in applicable Fund and in carried interest with respect to the Fund's Portfolio Investments.

**Secondary Transfers.** To the extent TSG has discretion over a secondary transfer of interests in a Fund or is asked to identify potential purchasers in a secondary transfer, TSG will do so in its sole discretion, generally taking into account the following factors:

- TSG's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- TSG's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future funds advised by TSG and/or TSG;
- A potential purchaser's potential investment in a Fund (including any commitment into a future fund);
- Whether the potential purchaser would subject an Affiliated General Partner, TSG or a Fund, or their affiliates to legal, tax, regulatory, reporting, public relations, media or other burdens;
- Whether the potential purchaser is already an Investor in the Fund; and
- Such other factors as it deems appropriate under the circumstances in exercising such discretion.

TSG pursuant to the relevant Fund Governing Documents can and has allocated secondary transfers to itself or its affiliates. This practice involves conflicts of interest including those related to the valuation of the interests being transferred, the rights retained by TSG or its affiliates, and the ability of the respective limited partner to transfer its interests.

**Terms Applicable to Funds May Be More Favorable.** An investment made by a Fund in an issuer in which another Fund has also made a Portfolio Investment may be made at different times and on different terms than the Fund's Portfolio Investment. The terms applicable to a Fund's investment in such issuer may be more favorable than the terms applicable to the other Fund's corresponding Portfolio Investment. Similarly, a Fund may dispose of its investment in such issuer at a different time and on different terms than the Fund's disposition of its corresponding Portfolio Investment. Any sale by a Fund in advance of the other Fund's sale of its interests could detrimentally impact the other Fund's corresponding Portfolio Investment, including by decreasing the valuation of such investment. A Fund from time to time invests

in opportunities that other Funds have declined, and likewise, a Fund from time to time invests in opportunities in which another Fund has invested.

**Impact of Investment in Different Levels of the Capital Structure of a Portfolio Company.** Conflicts arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund or TSG Personnel has already made an investment in the same issuer. Conflicts arise in determining the terms of investments, particularly where these clients invest in different types of securities in a single Portfolio Company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, particularly in clients that have invested in different securities within the same Portfolio Company, and TSG may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund.

A Fund may invest in indebtedness of Portfolio Companies in which another Fund may also hold equity securities, or vice versa. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of the Fund will, at times, conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio company. The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, a Fund may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. To the extent any such Portfolio Company triggers an event of default under the applicable credit (or other similar) agreement, each Affiliated General Partner expects to seek to manage the investment, including how to exercise its rights as a debtholder, in a manner that preserves the most value for the relevant Fund as a whole, after taking into account the Fund's equity position in such Portfolio Company.

If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, each such Fund may or may not provide such additional capital, and if provided each such Fund will supply such additional capital in such amounts, if any, as determined by TSG. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount.

In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. Investments by multiple Funds in a Portfolio Company also raises the risk of using assets of a Fund to support positions taken by such other Fund, or that a Fund would remain passive in a situation in which it is entitled to vote. TSG may also express inconsistent or contrary views of commonly held investments or of market conditions more generally. There can be no assurance that the return of a Fund would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

**Conflicts Relating to Purchases and Sales.** From time-to-time TSG may, in its discretion, enter into transactions with Investors in a Fund to dispose of all or a portion of certain investments. In exercising its discretion to select the purchaser(s) of such investments, TSG will consider some or all of the factors set

forth above. The sales price for such transactions will be mutually agreed to by TSG and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by TSG. Although TSG is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, which means TSG may not obtain the highest price for the transaction, it will first determine that such transaction is in the best interests of the Fund, taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the Fund.

Each Fund will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, the Fund agrees that upon the closing of a transaction with respect to a potential Portfolio Company, it will purchase equity securities in a transaction. Furthermore, in certain instances each Fund will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, the Fund agrees that if a transaction with respect to a potential Portfolio Company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity. While certain co-investment vehicles with investments contractually tied to a Fund (including co-investment vehicles through which employees of TSG participate) are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee, such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on 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.

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

**Cross-Transactions.** In certain cases, TSG can be expected to cause a Fund to purchase investments from another Fund, or cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price or terms otherwise possible, or TSG might have an incentive to improve the performance of a Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, TSG, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in each party 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). TSG and its affiliates generally receive management or other fees in connection with their management of the parties involved in the transaction, and generally are entitled to share in the investment profits of such parties.

For example, TSG may cause a Fund (which may be referred to as a “Continuation Vehicle”) to buy one or more of another Fund’s assets. In such circumstances, TSG is acting on behalf of, and making the investment decision for, both the Continuation Vehicle and the other Fund. As a result, the transaction implicates the conflicts of interest above that are applicable to cross transactions between the Funds more generally. In such circumstances, TSG will have the opportunity to earn carried interest in connection

with the sale of such assets and an opportunity to earn carried interest on future investment profits realized thereon. The amount of the carried interest to which TSG is entitled is based in part on the valuation of the assets that are the subject of the transaction, as determined by TSG. As a result, one Affiliated General Partner benefits from a higher valuation and another Affiliated General Partner benefits from a lower valuation. Following the consummation of the transaction, TSG will have the opportunity to earn additional fees with respect to the assets that are the subject of the transaction. If the assets were purchased by a third party instead of the Continuation Vehicle, TSG would not be entitled to receive any such additional fees. Accordingly, TSG has an incentive to cause the Fund to sell such assets to the Continuation Vehicle rather than a third party, even if the price and terms applicable to such sale to a third party would have been more beneficial to the Fund.

Certain TSG Personnel are likely to participate as sellers of their indirect equity holdings in such a transaction and will receive carried interest distributions from the Funds, and the transaction will also likely support the distribution of further carried interest to TSG Personnel at a future date following realization of all or a portion of the remaining portfolio companies of the Funds. TSG Personnel are also likely to participate in the transaction alongside investors in a Continuation Vehicle to provide a portion of the capital required to complete the transaction, and will also have other ongoing interests in the fee income and carried interest payable by the Funds. In addition, the sale of Fund assets to a Continuation Vehicle may provide TSG and its affiliates with an opportunity to build valuable relationships with other investors which may benefit TSG and its affiliates in ways unrelated to their interests in the sale of the Fund's assets. For example, investors may invest in other Funds, which may enable TSG and its affiliates to earn additional fees or carried interest. Neither the Funds nor the Investors will benefit from these relationships or have a right to share in any such fees or carried interest.

**Principal Transactions.** Section 206(3) under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with TSG's management of the Funds, TSG and its affiliates may engage in principal transactions, TSG has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act can be reviewed with the Advisory Boards and the requisite approvals may also be granted by the Advisory Boards.

**Follow-On Investments.** Investments to finance follow-on acquisitions present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by a Fund in a Portfolio Company in which another Fund has previously invested. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving Portfolio Companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing Investors are being cashed out at a price that is higher or lower than market value and whether new Investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

**Conflicts Relating to the Affiliated General Partners and TSG.** TSG generally may, in its discretion, contract with any related person of TSG (including but not limited to a Portfolio Company) to perform services for TSG in connection with its provision of services to the Funds. When engaging a related person to provide such services, TSG has an incentive to recommend the related person even if another



person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

TSG generally may, in its discretion, recommend to the Funds or to a Portfolio Company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) TSG or a related person of TSG (including but not limited to a Portfolio Company) or (ii) an entity with which TSG or its affiliates or a member of their personnel has a relationship or from which TSG or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that TSG makes with respect to the Funds. When making such a recommendation, TSG, 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.

TSG, its affiliates, and members, officers, principals and employees of TSG and its affiliates buy or sell securities or other instruments that TSG has recommended to the Funds. Officers, principals and employees of TSG also buy securities in transactions offered to but rejected by a Fund or in other securities issued by the same company. A conflict of interest arises in such circumstances because such investing TSG personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by TSG on behalf of a Fund. In such circumstances, the investing TSG personnel generally will not share or reimburse such Fund and/or TSG for any expenses incurred in connection with the investment opportunity. TSG Personnel will also make investments in investment opportunities which, at the time of such investment, are not suitable for the Funds but may, in the future, become a suitable investment opportunity for one of the Funds. This could present a conflict of interest at such time as a Fund might consider making that investment, including because the TSG Personnel may have an independent financial interest in causing a Fund to invest in that opportunity, and/or in the value of the TSG Personnel's investment, or the possible realization of proceeds for such investment may be enhanced as a result of the Fund's investment.

In addition, TSG Personnel also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which include potential competitors of such Fund and/or which invest in similar industries and sectors as the Funds. Such TSG Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio companies as the Funds and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. There also are situations where TSG Personnel make investment that are initially determined not be investments that the Funds should invest in, but which may subsequently be recommended as investments by TSG. Each of these situations will create incentives for the employees to act in manner that is adverse to the Funds.

TSG Personnel trade in securities for their own accounts. The Funds from time to time to invest in securities of companies in which TSG Personnel and other related persons of TSG and its affiliates have previously invested for their own accounts. Furthermore, TSG Personnel and other related persons of TSG and its affiliates from time to time invest for their own accounts in securities of companies in which a Fund has previously invested, invest in securities held by the fund through co-investment opportunities or receive shares in former portfolio companies in the event the member of the TSG Personnel continues to serve as a director even after the portfolio company is sold by the Fund. Such persons may have differing interests from that Fund with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest which may incentivize them to recommend certain actions with respect to the disposition or acquisition of such securities. Where the Funds and TSG Personnel or related persons of TSG have invested in the same company, including at different levels of the capital structure, TSG is likely to experience the conflicts described above under

*“Impact of Investment in Different Levels of the Capital Structure of a Portfolio Company”*. There can be no assurance that the returns of the Funds would be as favorable as they would have been had such conflicts not existed.

The transactions described above are subject to the policies and procedures set forth in TSG’s Code of Ethics and Investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of each Fund. If TSG Personnel have made large capital investments in or alongside a Fund they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of TSG in or alongside a Fund generally aligns with the interest of such persons with the Funds, such persons, from time to time, have differing interests from a Fund with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflicts not existed.

TSG Personnel have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, employment, 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, employees, consultants, interns 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. Any decision by a portfolio company to hire a family member of Adviser Personnel will generally be made by the management team of the portfolio company itself, but any such decision could benefit Adviser Personnel and their family members, and could be influenced by the Adviser’s role as an investor in the portfolio company, or the service of one or more Adviser Personnel as directors of the portfolio company.

As noted above, members, officers, principals and employees of TSG also have, and are expected in the future to make, capital investments through co-investment vehicles or otherwise in Fund investments, and are subject to potentially conflicting interests in connection with these investments. Such persons are expected to use various forms of financing to facilitate capital contributions to such investments, including, from time to time, structuring or restructuring such contributions through investment vehicles utilizing third-party capital. These arrangements could alter these persons returns and risk exposure as compared to holding such assets without such financing arrangements and could create incentives to take actions in respect of such assets that TSG otherwise would not in the absence of such arrangements. TSG may also provide credit support regarding repayment obligations to third-party lenders to certain of its personnel in connection with their personal investments in TSG Funds.

Because certain expenses are paid for by the Funds and/or Portfolio Companies or, if incurred by TSG, are reimbursed by the Funds and/or Portfolio Companies, TSG would not necessarily seek out the lowest cost options when incurring (or causing the Funds and/or Portfolio Companies to incur) such expenses.

**Other Activities and Relationships.** The principals will serve as members of the boards of directors of various companies and participate in other activities outside of the Affiliated General Partners and TSG. Conflicts arise as a result of such activities. The possibility exists that the companies with which one or

more of the principals is involved could engage in transactions which would be suitable for a Fund, but in which such Fund might be unable to invest.

**Conflicts Related to Investments in SPACs.** A SPAC in which a Fund invests is likely to be seeking an initial business combination in the same industry as the Fund. Any SPAC that is targeting an investment in the consumer space has the potential to detract from the time and attention spent by the relevant TSG Personnel on the Fund, as they may be serving as officers, directors or otherwise helping to identify potential business combination opportunities. A SPAC may also acquire a company that the Fund could have acquired, thus reducing the investment opportunities available to the Fund. In addition, a SPAC may acquire an existing Portfolio Investment of the Fund in its initial business combination. This would give rise to a conflict of interest, as the sponsor of the SPAC will have an incentive to secure the lowest price available for the SPAC's initial business combination, even though a higher price would benefit the Fund.

**Business with Portfolio Companies and Investors.** Given the collaborative nature of TSG's business, there are often situations where TSG is in the position of recommending the services of a Portfolio Company to other Portfolio Companies of a Fund, which may involve fees, commissions, servicing payments and/or discounts to TSG, an affiliate, or a Portfolio Company. TSG will generally have a conflict of interest in making such recommendations, in that TSG has an incentive to maintain goodwill between it and the existing and prospective Portfolio Companies for each Fund, while the products or services recommended may not necessarily be the best available to the Portfolio Companies held by a Fund. The benefits received by a Portfolio Company providing a service may be greater than those received by a Fund and its Portfolio Companies receiving the service.

TSG generally has an incentive to recommend the products or services of certain Investors or prospective investors in the Funds, certain third parties, or their related businesses to the Funds or the Portfolio Companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the Portfolio Companies.

Portfolio Companies controlled by a Fund have in the past, and will from time to time in the future, provide goods and services (including discounts on such goods and services) to TSG, its affiliates, prospective Portfolio Companies, and certain Fund investors or prospective investors. This creates a conflict of interest, as TSG has an incentive to cause the Portfolio Company to favor itself, its affiliates potential Portfolio Companies, or those investors or prospective investors relative to other Portfolio Company clients or customers in terms of pricing, discounts or otherwise, which could adversely affect the Portfolio Company's profitability to the Fund.

Current and former officers and executives of portfolio companies may also invest in a Fund. While TSG believes this aligns portfolio company management teams with the best interests of the Fund, TSG 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. In certain instances, a Fund's Portfolio Company competes with, is a customer of, or is a service provider to, another Fund's Portfolio Company. In providing advice to a Portfolio Company's business, TSG may consider the interests of one Portfolio Company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant Portfolio Companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by TSG to a Portfolio Company may have adverse consequences to a separate Portfolio Company owned by another Fund. 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, increase its own prices, purchase assets from, or sell assets to, another Portfolio Company, commence litigation against another Portfolio Company, or prevent one Portfolio Company from commencing litigation against another Portfolio Company.

In addition, certain Portfolio Companies of a Fund may, in the future engage in activities that could adversely affect another Fund and/or its Portfolio Company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This could 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.

TSG and/or its affiliates may engage in business opportunities arising from a Fund's investment in a Portfolio Company (for example, without limitation, entering into a joint venture with a Portfolio Company or making a proprietary investment in a Portfolio Company). This creates a conflict of interest, as such interests are a benefit arising from a Fund's investment and may vary from the Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

Portfolio Companies may be counterparties or participants in agreements, transactions or other arrangements with Portfolio Companies of Funds that, although TSG determines to be consistent with the requirements of the Governing Documents, would not have otherwise been entered into but for the affiliation with TSG, and which may provide economic or other benefits to affiliates of TSG that are not subject to the Advisory Fee offset provisions described in the Governing Documents. For example, TSG may in the future cause Portfolio Companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple Portfolio Companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple Portfolio Companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to TSG, its affiliates or a Portfolio Company, including related to a portion of the savings achieved by the Portfolio Company. While TSG has a conflict of interest because its economic benefit incentivizes TSG to maintain such arrangements, TSG believes that such agreements benefit the Portfolio Companies due to increased access to quality products and services at beneficial pricing and TSG's benefits from such arrangements are reduced because TSG only benefits on at the same rate as the Portfolio Companies. However, it should not be assumed that a company related to, or otherwise affiliated with TSG will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its Portfolio Companies.

While less common, from time to time a Fund holds an investment in a different layer of the capital structure of a Portfolio Company than an Investor or another party with which TSG has a material relationship, in which case TSG could have an incentive to cause the Fund or the Portfolio Company to offer more favorable terms to such Investor or other party (including, for instance, financing arrangements).

**Platform Companies.** Each Fund may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company ("Holding Company") would be created that would acquire and manage the companies in the platform. The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. The Holding

Company's costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by the Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., carried interest) received by TSG. In addition, as TSG earns Advisory Fees and carried interest from the Fund, TSG will benefit from the assets, income and gains of Holding Company.

**Service Providers.** TSG and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there are conflicts of interest (e.g., cross transactions and other affiliated transactions). Members of the law firms engaged to represent the Funds may be Investors in the Funds, and may also represent one or more Portfolio Companies or Investors in the Funds. In the event of a significant dispute or divergence of interest between the Funds, TSG and/or its affiliates, the parties may engage separate counsel in the sole discretion of TSG and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms) to the Funds, TSG and/or certain entities in which a Fund has a Portfolio Investment may also provide goods or services to, or have business, personal, financial or other relationships with, TSG. Such advisors and service providers may be Investors in the Funds, affiliates of the Affiliated General Partners, sources of investment opportunities or co-investors or commercial counterparties. In addition, TSG, its personnel, the Funds and the Portfolio Companies of the Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to TSG, its personnel, the Funds, and/or the Portfolio Companies. As a result, TSG or its personnel from time to time receives a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the Portfolio Company, or from time to time receives a discount on services even though the Funds and/or the Portfolio Companies receive a lesser, or no, discount. These relationships influence an Affiliated General Partner in deciding whether to select or recommend such service providers to perform services for a Fund or a Portfolio Company (the cost of which will generally be borne directly or indirectly by such Fund or such entity, as applicable). This creates a conflict of interest between TSG and its personnel, on the one hand, and the Funds and/or Portfolio Companies, on the other hand, in determining whether to engage such service providers, including the possibility that TSG will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the Portfolio Companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to TSG, its personnel or its affiliates, and the Advisory Fee paid by any Fund will not be reduced in connection with such favorable rate or discount. Notwithstanding the foregoing, transactions relating to the Funds that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the Affiliated General Partners believe to be of benefit to the Fund.

TSG and/or the Affiliated General Partners, from time to time, engage certain service providers to provide services to TSG, the Funds and/or the Portfolio Companies, including services during the due diligence and acquisition process. Such service providers or their affiliates are, in certain circumstances, Investors in a Fund or affiliates of such Investors and may include, for example, investment or commercial bankers, outside legal counsel pension consultants and/or other Investors who provide services (including mezzanine and/or other lending arrangements). The engagement of any such service provider may be concurrent with an Investor's admission to a Fund, or during the term of such Investor's investment in the Fund. This creates a conflict of interest, as TSG may give such Investor preferred economics or other

terms with respect to its investment in the Fund, enhanced information or may have an incentive to offer such Investor co-investment opportunities that it would not otherwise offer to such Investor.

Additionally, TSG Personnel or the Affiliated General Partners, and/or their family members or relatives have ownership, employment, or other interests in such service providers. These relationships that TSG has with a service provider can influence TSG in determining whether to select, or recommend such service provider to perform services for a Fund or a Portfolio Company. TSG will have a conflict of interest with a Fund in recommending the retention or continuation of a service provider to the Fund or a Portfolio Company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in the Fund or will provide TSG information about markets and industries in which TSG operates or is interested or will provide other services that are beneficial to TSG. Although TSG selects service providers that it believes will enhance Portfolio Company performance (and, in turn, the performance of the Funds), there is a possibility that TSG, because of financial, business interest, or other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While TSG often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which TSG receives more favorable service rates or arrangements than the Funds or the Portfolio Companies.

In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to TSG, the Affiliated General Partners, or their affiliates as compared to services provided to the Funds and their portfolio entities, which in certain circumstances result in more favorable rates or arrangements than those payable by the Funds or such portfolio entities. 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 TSG or its affiliates differ from those required by the Funds and/or portfolio entities, TSG and its affiliates will pay different rates and fees than those paid by the Funds and/or portfolio entities.

TSG has retained Bain & Company as an outside consultant and intends to use Bain & Company in connection with investments by the Funds, including by undertaking due diligence with respect to potential investments. Although TSG believes that the use of Bain & Company will enhance TSG's underwriting process and/or Portfolio Company performance (and, in turn, the performance of the applicable Fund), there is a possibility that TSG will favor Bain & Company over other outside consulting firms even if a better price and/or quality of service could be obtained from another outside consulting firm.

**Advisory Board.** Each Fund has established an advisory board ("Advisory Board"), consisting of representatives of Investors. A conflict of interest exists when some, but not all Investors are permitted to designate a member to an Advisory Board. The Advisory Boards also have the ability to approve conflicts of interests with respect to TSG and the Funds, which could be disadvantageous to the Investors, including those Investors who do not designate a member to the Advisory Board. Representative of each Advisory Board will likely have various business and other relationships with TSG and its partners, employees and affiliates. These relationships, at times, influence the decisions made by such members of such Advisory Board.

In addition, members of an Advisory Board are also members of another Fund's Advisory Board.

In such instances, a conflict of interest exists because the Funds on which such overlapping Advisory Board members have conflicting interests and such Advisory Board members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

**Positions with Portfolio Companies.** TSG Personnel serve as directors of, or observers on boards with respect to, certain Portfolio Companies. While conflicts of interest will arise in the event that such TSG Personnel's fiduciary duties as a director conflicts with those of the Funds, it is expected that the interests will be aligned. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, TSG Personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such TSG Personnel may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Additionally, such employees are required to remit any remuneration they receive as directors to a Fund. In addition, employees of TSG have in the past, and may in the future, on occasion leave the employment of TSG or its affiliates and become an officer or employee of a Portfolio Company. Employees are prohibited from receiving consulting, management or other fees personally from Portfolio Companies.

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

In addition, certain personnel of TSG may also be temporarily seconded to or otherwise engaged by a Portfolio Company on either a full-time or a part-time basis to provide services to such Portfolio Company. When an employee is temporarily seconded, there may or may not be an open position that is being filled by the employees. The determination to allow an employee to be temporarily seconded may be motivated in part to give such employee additional experience with the operations of the portfolio company. The Portfolio Company may pay such person's salary, bonus, or other compensation and incentives and may reimburse TSG or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of such person's services. TSG may also advance compensation to seconded employees and be subsequently reimbursed by the applicable Portfolio Companies. Such compensation will be borne by the applicable Fund, directly or indirectly, via its ownership interest in such Portfolio Company and will not be subject to any Advisory Fee offset.

**Intangible Benefits.** TSG and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points", "cash-back" benefits or credit in loyalty/status programs to TSG and/or its personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit TSG and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors 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 investors and/or the Portfolio Companies. In addition, airline travel incurred as a Fund expense for TSG personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a Portfolio Company, a prospective Portfolio Company or other Fund-related matter) may benefit such TSG personnel to the extent the trip also serves a personal purpose.

**Former Employees.** TSG may, in its discretion, in the future have or cause a Fund and/or its Portfolio Companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of TSG. In such situations, such Fund and/or its Portfolio Companies would bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there is a conflict of interest between TSG and the Fund (or its Portfolio Companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility

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

**Umbrella Insurance.** TSG has in the past and may, from time to time in the future, cause a Fund to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the Fund, the Affiliated General Partner, TSG and/or TSG Personnel and their respective agents, representatives, members of the Advisory Board and other indemnified parties, against liability in connection with the activities of the Fund. This generally includes a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by TSG that cover the Fund and/or TSG (including TSG Personnel and their respective agents, representatives, members of the Advisory Board and other indemnified parties). TSG will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among the one or more Funds, and/or TSG on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

**Distributions In Kind.** The Governing Documents permit each Affiliated General Partner to distribute such Affiliated General Partner’s share of securities resulting from an investment disposition by a Fund to such Affiliated General Partner or its affiliates (including managing directors and employees) in kind, while disposing of Investors’ share of such securities and distributing the net cash proceeds of such sale of securities to the Investors. This ability creates conflicts of interest between such Affiliated General Partners and the Investors, because the Affiliated General Partner has an incentive to cause the Fund to exit an investment at a time that may result in Investors receiving a lesser return on such investment than would be the case if the Affiliated General Partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as Investors). Furthermore, each Affiliated General Partner, or its affiliates, may receive distributions in kind from an investment disposition. In the event an Affiliated General Partner, or its affiliates, receive such a distribution, the Affiliated General Partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which could include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the Affiliated General Partner shall determine. The ability of an Affiliated General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the Affiliated General Partner or affiliate, as an adviser to a Fund, and the Fund. These conflicts would likely be exacerbated due to the enhanced knowledge and information the Affiliated General Partner has relative to the Investors with respect to such securities.

In addition, in certain circumstances provided for in certain Funds’ Governing Documents, the Affiliated General Partner may elect to cause the Fund to distribute securities of a Portfolio Investment that has completed an initial public offering or whose securities are listed on an exchange or comparable trading medium (or that are exchangeable for, exercisable for or convertible into such securities) to the Affiliated General Partner in an amount that corresponds to the amount of Carried Interest the Affiliated General Partner would have received if the securities were freely tradeable and had been disposed of at fair market value on the date on which such in-kind distribution is made and the proceeds of such disposition had been distributed in accordance with Governing Documents. In such instance, the portion of such securities allocable to Investors will be retained by the Fund. To the extent that the value of such securities on the date of the disposition by the Fund of such securities is less than the fair market value of such securities on the date on which the initial distribution in-kind described above was made, subsequent amounts otherwise distributable to the Affiliated General Partner from appreciation in the Fund’s assets will be made to the Investors until they have recouped the shortfall. However, there can be no assurances that the



Fund will have sufficient assets to enable the Investors to recoup the shortfall and as a result, Investors may receive less distributions than they would have received had no in-kind distributions been made.

**Withholding Information.** The Governing Documents permit each Affiliated General Partner to withhold information from certain Investors in certain circumstances. For instance, information may be withheld from Investors that are subject to Freedom of Information Act or similar requirements. An Affiliated General Partner may elect to withhold certain information to such Investors for reasons relating to the Affiliated General Partner's public reputation or overall business strategy, despite the potential benefits to such Investors of receiving such information.

**Advisors and TSG Operating Partners.** TSG engages and retains strategic advisors, consultants (including specialized consultants, external executives and industry advisory roundtable members), including the TSG Digital Operating Partner Team personnel and other similar professionals who are not employees of TSG (such persons, "Operating Partners") and who, from time to time, receive payments from, or allocations with respect to, a Fund's Portfolio Companies (as well as from TSG or such Fund). The Operating Partners are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more Portfolio Companies in relation to the identification, acquisition, holding, improvement and disposition of such Portfolio Companies ("Operations Support Services"). These services may be high level insight or extensive day-to-day roles, and may include support to an Affiliated General Partner or Portfolio Companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters. The nature of the relationship with each of the Operating Partners and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they provide an Affiliated General Partner and/or TSG with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they may take on more extensive roles and serve as executives or directors on the boards of Portfolio Companies or contribute to the origination of new investment opportunities. In certain instances, TSG may have formal arrangements with these Operating Partners (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal. In certain cases, Operating Partners have attributes of TSG Personnel (for instance, they may have dedicated office space, receive TSG administrative support services, participate in general meetings or events for TSG Personnel, have TSG e-mail address or business cards), even though they are not employees, affiliates or personnel of TSG. Certain Operating Partners may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the Portfolio Companies.

Operating Partners and/or other professionals have the right or may be offered the ability to co-invest alongside a Fund, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such Portfolio Company, and such co-investment and/or participation (which generally has the effect of reducing the amount invested by the Fund in any investment) will not be considered as part of TSG's side-by-side co-investment rights. Additionally, and notwithstanding the foregoing, Operating Partners and/or other professionals may be (or have the preferred right to be) Investors in Funds and be permitted to participate in TSG's side-by-side co-investment rights. There can be no assurance that any of the Operating Partners will continue to serve in such roles and/or continue their arrangements with TSG, the Funds and/or any Portfolio Companies throughout the term of any Fund.

The use of Operating Partners and allocation of Operations Expenses paid to them will subject TSG and its affiliates to potential conflicts of interest. For example, Operations Expenses will be borne by the Portfolio Companies a Fund, and such costs may exceed those that would have been paid if another provider was engaged to perform the same services and TSG does not intend to conduct a market check to benchmark the services provided by the Operating Partners against other providers.

**Allocation of Expenses.** From time to time, TSG will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or TSG on the other, and/or whether certain costs and expenses should be allocated between or among a Fund, on the one hand, a Co-Invest Fund and/or another Fund, on the other. TSG will make such judgments notwithstanding its interest in the outcome and may make corrective allocations should it determine that such corrections are necessary or advisable, in its sole discretion. By providing TSG with broad discretion, investors consent to TSG and its affiliates making decisions in connection the allocation of expenses that (i) may vary over time and from time to time, (ii) may be inconsistent with other decisions such persons have made or will make with respect to other types of expenses, or with respect to the allocation of any expenses among some or all investors in a Fund, and (iii) may lead to disparate treatment among different parties and the investors therein than would have resulted had alternative allocation methodologies been adopted or if the relevant allocation methodologies been more consistently applied. Where changes are made to expense allocation methodologies, it is not anticipated that any notice will be given to investors. For example (and without limitation), where expenses will be allocated amongst a Fund, on the one hand and TSG or another Fund on the other hand, TSG will allocate such expenses in a manner that it deems reasonable for each of the parties involved, taking into account the administrative effort of the TSG in allocating the expenses another way and the materiality of the expense to the applicable Funds, notwithstanding that a Fund may have been better off had the expenses been allocated differently and that the allocation may not be proportional to the benefit received by the Fund. Travel and travel-related expenses in connection with a trip taken by employees of TSG for purposes of multiple matters will be allocated by TSG at its discretion.

Certain Funds and/or Portfolio Companies bear costs and expenses (including compensation (which includes any bonuses), regardless of how such compensation is structured, and the cost of office space, facilities, supplies and necessary administrative and clerical functions) related to internal operations staff of TSG and affiliates (including, for certain Funds, for the avoidance of doubt, accountants, legal, compliance, investor relations, finance, capital markets and IT staff). TSG and its affiliates will allocate to the applicable Funds the portion of such costs and expenses that it determines to be appropriate. In making such allocation decisions, TSG and its affiliates may (i) approximate the portion of time a person has spent on matters relating to the Funds and their operations, (ii) assess the overall dollar amount that TSG believes represents a fair recoupment of expenses for the services provided by such person, or (iii) apply any other methodology that TSG determines to be appropriate under the circumstances. Any such allocation decisions will be made by TSG in its sole discretion. Any allocation decision made by TSG may result in a Fund bearing expenses greater than the Fund otherwise would have if TSG had applied a different allocation methodology or if TSG had engaged a third-party service provider to provide the applicable services.

**Policies Subject to Change.** In certain cases, the foregoing summarizes TSG's policies that were in place as of the date of this Brochure; these are subject to change, and the information relating thereto may be qualified by subsequent disclosure to Investors, limited partner reporting, and any disclosure as otherwise permitted or required by the governing agreements of the Funds.

## **Item 12. Brokerage Practices**

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

TSG typically invests in private transactions that are not executed on an exchange and does not typically utilize brokers. Notwithstanding the above, TSG has and will likely in the future utilize brokers and investment banks in connection with the purchase and/or sale of Portfolio Companies. To meet its fiduciary duties to the Funds, TSG has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities. Any such purchases or sales will be executed in accordance with best execution. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

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

In order to monitor best execution, TSG will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of TSG and each Fund.

TSG does not receive “soft dollars” in connection with its use of broker-dealers.

### **Aggregation of Trades**

TSG invests in private transactions that are not executed on an exchange and does not typically utilize brokers. However, TSG and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. TSG would employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. TSG may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, TSG and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

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

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

TSG's Funds are under continuous review by the principals and the investment committee of TSG. Such reviews include a review of investment performance, the suitability of the investments used to meet policy and investment objectives. TSG considers, among other things, investment performance, each Portfolio Company's and the overall portfolio's sensitivity to economic and market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

### **Reporting**

TSG will typically send all Investors within 120 days after the end of each fiscal year of the applicable Fund (subject to reasonable delays) the audited financial statements of the Fund, including a balance sheet and statements of income and Investors' capital. TSG also provides each Investor with annual tax information necessary for completion of its tax returns.

In addition, Investors receive unaudited financial statements and other information pertaining to the Funds on a quarterly basis. TSG and the applicable Affiliated General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more Investors in such Fund as they deem appropriate.

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

While not a client solicitation arrangement, TSG has in the past and may, from time to time in the future compensate certain third-party placement agents for referring prospective investors during the capital raising periods for certain of the Funds. Such persons will generally receive a fee in an amount equal to a percentage of the capital commitments or interests made by such potential investors to such Fund that are subsequently accepted. TSG or the Affiliated General Partners will assume full economic responsibility (through an offset to the Advisory Fee) for all placement fees, if any, paid to third parties for referring prospective investors to TSG.

**Item 15. Custody**

Item 15 is not applicable to TSG.

**Item 16. Investment Discretion**

In accordance with the terms and conditions of the applicable Governing Documents and subject to the direction and control of the Affiliated General Partner of each Fund, TSG has discretionary authority to manage the Funds. Investment advice is provided directly to the Funds, and not individually to the Investors. As explained in Item 4 above, each Fund's investment strategy is set forth in detail in such Fund's Governing Documents. Investors do not have the ability to impose limitations on TSG's discretionary authority. Further, prospective investors in the Funds are subject to a limited partnership agreement which includes a power of attorney.

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

TSG understands and appreciates the importance of proxy voting. TSG has adopted proxy voting and procedures that are designed to ensure that when TSG votes proxies with respect to securities held on behalf of Funds, such proxies are voted in the Funds' best interests, in the judgment of TSG to the extent reasonably practicable. The procedures also require that TSG identify and address conflicts of interest between TSG, its related persons and its Funds.

To the extent that TSG controls a Portfolio Company, such voting will not be required. However, there are situations where private companies could have proxy issues (e.g. a private company needs approval of investors to make changes to board of directors, auditors, etc.). In such situations, TSG would have authority to vote proxies on behalf of Funds (assuming that TSG does not otherwise have control over the Portfolio Company and exercise such authority through control of the Portfolio Company's board of directors).

If a material conflict is identified, TSG will determine what course of action is in the best interests of the Fund (which may include utilizing an independent third party to vote such proxies, TSG voting in accordance with the guidelines set forth in the procedures in what it believes to be in the best interest of its Funds, or whether taking some other action may be more appropriate). Further, TSG will determine whether it is appropriate to disclose the conflict to affected Investors and give such Investors the opportunity to vote the proxies in question themselves.

The Chief Compliance Officer or his designee delivers proxies in accordance with instructions related to such proxy. TSG keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and TSG's response for the previous five years.

Investors generally do not have the ability to direct proxy votes. Clients may obtain additional information regarding how TSG voted proxies and may obtain a copy of TSG's proxy voting policies and procedures by contacting TSG at [dweilbacher@tsgconsumer.com](mailto:dweilbacher@tsgconsumer.com).



**Item 18. Financial Information**

Item 18 is not applicable to TSG.

