

INVESTMENT ADVISER BROCHURE

LIGHTBAY MANAGEMENT LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of LightBay Management LLC (the “Adviser” or “Firm”). If you have any questions about the contents of this Brochure, please contact us at (310) 919-4300 or compliance@lightbay.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 authority.

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

The Adviser is filing an other-than-annual amendment to its Brochure as of December 2, 2024 to add LightBay Capital LP as a “relying adviser” pursuant to General Instruction 5 of Form ADV.

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ADVISORY BUSINESS

The Adviser, a California limited liability company and its affiliates provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Adviser was formed in June 2016 and its principal owners are Nav Rahemtulla and Adam Stein.

The Adviser's clients include the following (each, a "**Fund**," and together with any future private investment fund to which the Adviser or its affiliates provide investment advisory services, the "**Funds**"):

- LightBay Investment Partners LP
- LightBay Investment Partners A LP
- LightBay Executive Fund LP (the "**Executive Fund I**")
- LightBay Investment Partners II LP
- LightBay Investment Partners II-A LP
- LightBay Executive Fund II LP (the "**Executive Fund II**" and together with the Executive Fund I, the "**Executive Funds**")

LightBay Capital LP, a Delaware limited partnership, receives all management fees, transaction fees and monitoring fees payable by the Funds, and is a "relying adviser" of the Adviser that is registered under the Advisers Act pursuant to the Adviser's registration. LightBay Capital LP was formed in November 2023 and its principal owner is LightBay Management LP, which has the same principal owners as the Adviser.

The following general partner entities are affiliated with the Adviser:

- LightBay Investment Partners GP LP
- LightBay Investment Partners II GP LP

(the "**General Partners**," and collectively, together with any future general partner entities, the Adviser, LightBay Capital LP and their affiliated entities, "**LightBay**").

The General Partners are subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. This Brochure also describes the business practices of LightBay Capital LP and the General Partners, which operate as a single advisory business together with the Adviser.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies" and to a lesser extent in debt securities. LightBay's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments, and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. Where such investments consist of portfolio companies, the principals (the "**Partners**") or other principals or personnel of LightBay or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

LightBay's advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a "**Memorandum**"), limited partnership or other operating agreements or governing documents (each, a "**Partnership Agreement**" and together with the Memorandum, the "**Offering Documents**"), and are further described below under "Methods of Analysis, Investment Strategies, and Risk of Loss." Investors in the Funds (generally referred to herein as "investors" or "limited partners") participate in the overall investment program for the applicable Fund, but may be

excused from a particular investment due to legal, regulatory, or other agreed-upon circumstances pursuant to the relevant Offering Documents. The Funds or the General Partners have entered into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic, information, liquidity or transfer rights or other terms) under, or altering or supplementing the terms of, the relevant Offering Documents with respect to such investors.

Additionally, and as permitted by the relevant Partnership Agreement, LightBay provides (or agrees to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants, Operations Group (as defined below) members and other service providers, portfolio company management or personnel, LightBay’s personnel and/or certain other persons associated with LightBay and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. In addition, LightBay may charge a management fee and obtain a carried interest in respect of any such co-investment. It should be noted that there will be circumstances where co-investors do not receive the benefit of any deal fees earned by LightBay in the applicable investment opportunity.

For strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund’s initial purchase. Where appropriate, and in LightBay’s sole discretion, LightBay is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of December 31, 2023, LightBay manages approximately \$1,932,540,580 total client regulatory assets on a discretionary basis.

FEES AND COMPENSATION

In general, LightBay receives a management fee and a carried interest in connection with advisory services. LightBay may receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to LightBay in accordance with the relevant Offering Documents. In addition, in certain circumstances, LightBay may receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses.

The actual fees and expenses applicable to each Fund are set forth in detail in each of the Fund’s respective Offering Documents. A brief summary of those fees and expenses is provided below.

In addition, the Executive Funds, which are offered to partners, personnel, friends and family of the Adviser and its affiliates, are subject to preferential terms, specifically with respect to fees and carried

interest. It is generally expected that the Executive Funds will make charitable contributions in lieu of the payment of a management fee and carried interest.

Management Fees

The Funds (other than the Executive Funds) will pay LightBay a management fee (the “**Management Fee**”) quarterly in advance equal to 2% on an annual basis of aggregate Fund investor capital commitments (“**Commitments**”) made by investors not designated by the General Partners as “affiliated partners,” during each Fund’s investment period (the “**Investment Period**”). Upon a date set forth in the applicable Partnership Agreement (the “**Stepdown Date**”), the Management Fee with respect to limited partners not designated as “affiliated partners” will equal 2% of (i) the aggregate investment contributions (including for bridge financings with respect to certain Funds), less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or completely written-off for U.S. federal income tax purposes, less (iii) the aggregate amount of any permanent write-downs of investments not described in (ii), but only if and to the extent such investments in the aggregate have been permanently written down on a cumulative basis (after giving effect to any write-ups) to an aggregate amount that is less than 25% of their aggregate cost, in each case with respect to partners not designated as “affiliated partners,” as further detailed in the Offering Documents. Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on a pro rata basis according to the actual number of days in such period.

Limited partners participating in a subsequent closing after the initial closing date will be assessed Management Fees retroactive to the initial closing date as if such limited partner were admitted for its full Commitment on the initial closing date, plus interest.

As is generally the case in private equity funds, the Offering Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As further specified in the Offering Documents, from the effective date of the relevant Fund until the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the relevant Fund relating to the Fund’s aggregate investment(s) in any portfolio company to the extent not (i) realized, (ii) completely written off for U.S. federal income tax purposes or (iii) permanently written down (if and to the extent such investment(s) in the aggregate have been permanently written down on a cumulative basis (after giving effect to any write-ups) to an aggregate amount that is less than 25% of their aggregate cost) (any investments described in clauses (ii) and (iii), “**Impaired Value Investments**”).

Under the Offering Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Offering Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a partial sale, reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of fully realized investments and investments meeting the relevant Impaired Value Investment standard under the Offering Documents. Following the Stepdown Date, portfolio company investments that have been partially disposed of or completely written off for U.S. federal income tax purposes will only reduce the Management Fee to the extent that, as of the date of the relevant event, the aggregate value of all remaining investments in such portfolio company is less than the aggregate investment contributions with respect to all existing and former investments in such portfolio company.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or of a Fund, including following the relevant Investment Period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of Impaired Value Investments. Except where the Offering Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a dividend recapitalization or partial sale) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the post-Stepdown Date Management Fee base will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Offering Documents in the event of realizations, dispositions or partial write-downs or write-offs that occur partway through the relevant calculation period.

The Offering Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Offering Documents until they are reduced in the circumstances and on the date(s) specified therein.

The Management Fee will be reduced by an amount equal to 100% of Transaction Fees attributable to Fund investors not designated as "affiliated partners" by the General Partner. "Transaction Fees" include 100% of any: (i) monitoring fees, consulting fees, directors' fees and similar fees paid to the General Partners with respect to any Fund investment; (ii) closing fees, placement fees, commitment fees or other transaction fees paid to the General Partners with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partners, in each case net of certain expenses as set forth in the applicable Fund's Partnership Agreement; but not including, in any event, any amount received by the General Partners, members of the Operations Group (as defined below) or other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business or (C) as compensation, including fees, incentive equity or other stock awards, for services provided by the Operations Group or General Partners or other person as an employee of or in a similar capacity for such portfolio company. To the extent that such an offset credit would reduce the Management Fee for a given period below zero, the credit will be carried forward for future application against payable Management Fees and if a credit remains upon liquidation the LightBay is expected to retain the benefit, except where the Offering Documents require payment to be made to limited partners. Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partners in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees.

LightBay may be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to the relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee that relate to (i) General Partner or "affiliated partner" commitments; (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by LightBay, service providers, third parties, current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others); or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including

interests owned by current or former portfolio company management, which have the potential to be significant. Accordingly, the Funds will, in most cases, only benefit from the Management Fee reduction described above with respect to their allocable portion of any such fees and not the portion of any such fees allocable to any other person that holds an economic interest in (or, in the case of an unconsummated transaction, would have held an economic interest in) the applicable investment or potential investment. Transaction Fee offsets generally are also performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services, and to the extent Transaction Fees are paid in-kind (including through securities, option grants or other interests), LightBay is permitted to calculate the amount of offset based on the then-current value of the in-kind payment, rather than the ultimate value of the interests as of a future date. Unless otherwise agreed with investors, Transaction Fees generally will be payable without further offset during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amounts of Management Fees actually offset. Transaction Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Transaction Fees paid prior to the Fund's acquisition, or following a Fund's disposition, of the relevant investment. Similarly, to the extent a former LightBay employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the Management Fee, whether or not such former employee has a remaining interest in the relevant Fund's General Partner or affiliated entity. Conversely, in the event that LightBay employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with LightBay, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter.

In certain circumstances, LightBay expects that co-investors, lenders, consultants or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. For the avoidance of doubt, LightBay also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies. Each of the foregoing conditions is expected to reduce the amount of Transaction Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to LightBay over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for LightBay to seek to increase such amounts.

The Offering Documents generally permit LightBay to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Offering Documents as a deemed capital contribution by the General Partners, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The limited partners of such Fund potentially will be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of LightBay in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by LightBay and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

Carried Interest

LightBay will receive a carried interest with respect to the Funds (other than the Executive Funds), equal to 20% of all realized profits, subject to an 8% compound preferred return, as more fully described

in the respective Offering Documents. The carried interest distributed to LightBay is subject to a potential giveback at the end of the life of the Funds if LightBay has received excess cumulative distributions.

Other Information

Each Fund's Partnership Agreement permits LightBay to waive or agree to reduce the Management Fee and carried interest for investors designated as "affiliated partners" by the applicable General Partner (whether or not such investors are actual affiliates of LightBay). Generally, LightBay and limited partners who are affiliates, personnel, or other designees of LightBay will not be subject to the Management Fee and carried interest. Any such exemption from fees and/or carried interest will be made by a direct exemption, a rebate by LightBay and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a LightBay professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, the General Partners have the right to permit investors, affiliated with LightBay or otherwise, to invest through the General Partners or other vehicles that do not bear Management Fees or carried interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors.

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former personnel of LightBay generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the LightBay or its affiliates.

In addition to the Management Fee and carried interest payable to LightBay, each Fund bears certain expenses. As set forth more fully in the applicable Offering Documents, a Fund bears all expenses relating to the Fund's activities, portfolio companies or actual or potential investments, and business to the extent not reimbursed by a portfolio company or applied to reduce transaction fees, including all fees, costs, expenses, liabilities, and obligations relating or attributable to: (i) activities with respect to the origination, identification and sourcing of investment opportunities for the Funds, including attending industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline, and the pursuing structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscription to any periodicals, databases, databases and/or research services) acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Funds' portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence, software and service providers, consultants and similar professionals in connection therewith); (ii) indebtedness of, or guarantees made by, the Funds, the General Partners or any "affiliated partner" on behalf of the Funds (including any credit facility, letter of credit, or similar credit support), including payment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination, and similar activities; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker (including buy-side and sell-side), deal sourcing and similar services; (v) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to the AIFMD and any Swiss

representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule, or regulation relating to the implementation thereof); (vi) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (vii) legal, accounting, research, auditing, technology, administration (including costs associated with any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including consulting and retainer fees, salaries, bonuses, guaranteed minimums and other compensation paid to, and benefits or personnel costs (including employee benefits, payroll taxes, insurance and paid time-off) provided to, or on behalf of, members of the Operations Group, consultants performing investment initiatives or providing services related to environmental, social and governance (ESG) investment considerations and policies and other consultants providing other services), tax, and other professional services (including costs related to the establishment or maintenance of any such activities or services); (viii) reverse breakup, termination, and other similar arrangements; (ix) insurance, including directors and officers liability, fidelity bond, cybersecurity, errors and omissions liability, crime coverage, and general partnership liability premiums and other insurance (including costs related to any retention or deductibles and broker costs and commissions) other than the incremental cost of any insurance coverage with respect to conduct for which a covered person would not be indemnified under the Partnership Agreement, and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (x) filing, title, transfer, survey, registration, and other similar activities; (xi) printing, communications, mailing, courier, marketing, and publicity; (xii) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with limited partners, any other administrative, compliance, or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports or other information, including costs of any third-party service providers and professionals related to the foregoing; (xiii) compliance with any tax or financial account reporting regime (including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations), including any costs of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining, or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity), or other administrative or reporting tools (including subscription-based services) for the benefit of the Funds or the limited partners; (xv) any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with the EU Data Protection Law or FOIA); (xvi) to the extent provided in the Offering Documents, or otherwise approved by the General Partners in their sole discretion, activities or proceedings of a Fund’s advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partners, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xvii) indemnification (including any legal or other costs incurred in connection with indemnifying any partner of a Fund or other person pursuant to the Offering Documents and advancing costs incurred by any such person in defense or settlement of any claim that is subject to a right of indemnification pursuant to the Offering Documents), except as otherwise set forth in the Offering Documents; (xviii) actual, threatened or otherwise anticipated litigation, mediation, arbitration, or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xix) any annual, periodic or special meeting of the limited partners and any other conference, meeting, or webcast or other video conference with any limited partner(s) (in each case, including any costs associated with venue, room and board, dining, entertainment, events or speakers and other meeting or conference-related costs), in each case to the extent incurred by the Funds, the General Partners or any other affiliate; (xx) the Management Fee; (xxi) except as otherwise determined by the General Partners in their sole discretion, any cost, relating to any alternative investment vehicle or its

activities, business, portfolio companies, or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense (including organizational expense) if it were incurred in connection with the Funds, and any costs incurred in connection with the formation, management, operation, termination, winding up, and dissolution of any feeder vehicles related to the Funds to the extent not paid by the investors investing in such entities, and any other costs related to any structuring or restructuring of any alternative investment vehicle, portfolio company or portfolio company of any alternative investment vehicle; (xxii) the termination, liquidation, winding up, or dissolution of the Funds and any persons owned directly or indirectly by the Funds (including portfolio companies) and related entities; (xxiii) defaults by any partner of a Fund in the payment of any capital contributions; (xxiv) amendments to, and waivers, consents, or approvals pursuant to, the constituent documents of the Funds, the General Partners and related entities, and any alternative investment vehicle of the Funds, any entities owned directly or indirectly by the Funds (including portfolio companies) and, in each case including the preparation, distribution, and implementation thereof; (xxv) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partners or any of its affiliates incurred in connection with the operation of the Funds and any costs related to compliance with any ESG or other investment considerations and policies applicable to the Funds, the General Partners and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to the Funds or the General Partners (including as a result of any anti-money laundering laws, rules or regulations); (xxvi) any litigation or governmental inquiry, investigation, or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements, or fines paid in connection therewith, except as set forth in the Offering Documents; (xxvii) any consultants, experts or advisors engaged, including independent appraisers engaged in connection with the Funds considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more investment vehicles (other than the Funds) managed or controlled by the General Partners or any of their affiliates; (xxviii) unreimbursed costs incurred in connection with any transfer or proposed transfer by a limited partner or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxix) any taxes, fees, and other governmental charges levied against the Funds and all costs incurred in connection with any tax audit, inquiry, investigation settlement, or review of the Funds (except to the extent that the Funds are reimbursed therefor by a partner in a Fund) and any costs of or related to the "partnership representative" of the Funds pursuant to the Offering Documents); (xxx) distributions to the partners of a Fund and other costs associated with the acquisition, holding and disposition of the Funds' investments, including extraordinary expenses; (xxxi) unreimbursed and unpaid costs of the Operations Group or its members, personnel or other persons engaged by the Operations Group; (xxxii) compliance or regulatory matters relating to the Funds, except as set forth in the Partnership Agreement including compliance with any Side Letter or similar agreement; (xxxiii) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partners, LightBay or any of their respective affiliates or any portfolio company personnel, members of the Operations Group or consultants at any meeting or conference (including those hosted by LightBay or its affiliates), including any applicable registration costs; (xxxiv) costs relating to recruiting and hiring portfolio company personnel (including headhunter fees, background checks or relocation expenses); (xxxv) any travel (including air travel, ground transportation (including car service) and incidental travel expenses) and reasonable lodging, meals, or entertainment relating to any of the foregoing; (xxxvi) any of the items listed in clauses (i) through (xxxv) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful, whether undertaken prior to the initial closing date or otherwise and/or that may have been offered to co-investors (including co-investors' proportionate share of any costs and expenses related to an investment or other opportunity not consummated); (xxxvii) any organizational expenses; (xxxviii) any placement fees payable to any placement agent; and (xxxix) any other costs, approved by a Fund's advisory board. The Funds also bear expenses indirectly to the extent a portfolio

company (or intermediate entity) pays expenses, including expenses of LightBay and/or its affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Transaction Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. To the extent holding or intermediate entities include one or more special purpose acquisition companies (“SPACs”), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders’ equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Offering Documents, such interests are permitted to be issued to LightBay and its personnel. LightBay is permitted to agree with Operations Group members, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits, participation or equity interest generally would have a dilutive impact on the Fund’s investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in either case could be substantial. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund’s strategy, including in Side Letters relating thereto. Additionally, subject to the Offering Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests.

As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds and/or co-investors (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of establishing, negotiating or maintaining the facility as a whole. In certain circumstances, LightBay is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, LightBay is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to LightBay’s related policies and the relevant Offering Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or

would otherwise be beneficial, in the judgment of the relevant General Partner, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed a Partnership Agreement to invest in such transaction through a Fund or other vehicle managed by LightBay, such co-investor is expected to bear its *pro rata* share of such broken deal expenses. See further information regarding LightBay's practice of allocating broken deal expenses under "Conflicts of Interest" below.

LightBay and/or its affiliates generally have discretion over whether to charge Transaction Fees or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and LightBay and/or its affiliates on the other hand.

Operations Group

LightBay and/or its affiliates have created an operations group (the "**Operations Group**") comprised of persons engaged, employed or retained by LightBay or any of its affiliates (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) primarily to provide manufacturing, strategy, sales, marketing, technology, human resources (including recruiting), acquisition integration/rationalization and/or other operations services, acquisition or other due diligence or similar services to the Funds, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Funds or any alternative investment vehicle, as well as portfolio company board of director services. Any compensation (including salaries, fees, incentive equity or other stock awards and retainers), reimbursement of certain travel and other costs or expenses and benefits (including employee benefits, payroll taxes, insurance and paid time-off) received by Operations Group members will be paid by a portfolio company or prospective portfolio company of the Fund, the Fund or any alternative investment vehicle (which payments are not included as Transaction Fees) and will not offset or otherwise reduce the Management Fee. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Operations Group compensation as well as fees, costs and expenses of structuring Operations Group arrangements. Operations Group also generally will be reimbursed for certain travel and other costs in connection with their services. The use of the Operations Group subjects LightBay to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," LightBay receives a carried interest allocation on certain realized profits from certain of the Funds and generally has the authority to waive carried interest with respect to certain investors as described above.

In addition, certain Funds are offered to investors associated with LightBay and/or its affiliates, such as LightBay personnel, executives of companies in which the Partners previously have invested, been employed, or otherwise been associated with, or family members (*e.g.*, the Executive Funds). LightBay does not receive a management fee or carried interest with respect to the Executive Funds. This practice could present a conflict of interest because LightBay has an incentive to favor Funds for which it receives its standard compensation. To alleviate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each Fund are made by LightBay with respect to all Funds in accordance with LightBay's investment allocation policy, which takes into account multiple criteria,

including each Fund's Offering Documents, as well as other factors that do not include the amount of performance-based compensation received.

The existence of performance-based compensation has the potential to create an incentive for LightBay to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise in the absence of such arrangement, although LightBay generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Offering Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

TYPES OF CLIENTS

LightBay provides investment advice to the Funds. The Funds will include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates, charitable organizations, other corporations or business entities, and will include, directly or indirectly, the Partners, principals, or other personnel of LightBay and its affiliates and members of their families, or other service providers retained by LightBay or a Fund.

The Funds potentially will include alternative investment vehicles established in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Offering Documents of the related Fund.

The Funds generally have a minimum investment amount of \$1.5 million for third-party investors, and the Funds' interests are offered and sold solely to accredited investors that are also qualified clients. LightBay is permitted to waive such minimum investment amount in its sole discretion.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

The investment strategies, methods of analysis, and material risks applicable to each Fund are set forth in detail in each of the Fund's respective Offering Documents. A general summary of those investment strategies, methods of analysis, and material risks is provided below.

There can be no assurance that LightBay will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment Strategy and Method of Analysis

On behalf of the Funds, LightBay seeks to invest in middle market companies through various transaction types, ranging from traditional buyouts to complex balance sheet reorganizations. The Firm takes a value-oriented analytical approach to evaluating investment opportunities, with a focus on finding elements of undercapitalization preventing high quality businesses from achieving optimal growth.

LightBay seeks to work with portfolio company management teams to accelerate growth by making investments in people and infrastructure in order to remove constraints to critical financial, human, and intellectual components of the business and optimizing the company's capital allocation process.

LightBay believes its flexible "all-weather" strategy is currently underserved in the middle and lower middle markets by sophisticated, sponsor-oriented firms. With over 30 years of combined experience, the Partners believe they bring to LightBay the insight and expertise necessary to evaluate and pursue attractive risk / reward opportunities across the capital structure at each phase of the economic cycle. LightBay believes this is a significant competitive advantage in the middle market, as the Firm is not dependent on the availability of debt financing and intends to deploy capital in periods of market dislocation by making distressed debt, structured equity, or rescue capital investments.

LightBay will primarily focus on North American investment opportunities in the consumer, healthcare, and business services sectors.

Risks of Investment

Each Fund and its investors bear the risk of loss that LightBay's investment strategy entails. The risks involved with LightBay's investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. The Funds' investment portfolios may consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the Partners' prior investments is not necessarily indicative of the Funds' future results. While LightBay intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which 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. Generally, there will be no collateral to protect the Funds' investment once made.

Concentration of Investments. The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, the Funds' investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the Funds raise less than any targeted amount of capital, the Funds may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through the Funds during the Investment Period based on the entire amount of the limited partners' Commitments and other expenses as set forth in the Partnership Agreement.

Dynamic Investment Strategy. While LightBay generally intends to seek attractive returns for the Funds primarily through making private equity investments as described herein, LightBay may pursue additional investment strategies and will modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. LightBay may pursue investments outside

of the industries and sectors in which the Partners have previously made investments or have internal operational experience.

Growth Equity Transactions. The Funds' strategy will include targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Funds intend to invest, including various segments of the healthcare industry, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments will be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare industry, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invests. By way of example, the healthcare and financial services industries have been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced, which, if adopted, could have a significant impact on such industries in general and/or on companies in which the Funds may invest.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of LightBay and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact LightBay and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of LightBay and its affiliates, LightBay frequently comes into possession of confidential or material non-public information. Therefore, LightBay and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, the Funds may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or LightBay's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions will prevent LightBay or the Funds from entering

into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to the Funds' acquisition of one portfolio company may preclude the Funds from making another attractive acquisition or require the Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, the Funds may be adversely affected because of LightBay's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent the Funds from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by LightBay or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that the Funds will be able to participate in all potential investment opportunities that fall within its investment objectives.

Sanctioned Investors. If after subscribing to a Fund, a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "**Sanctions List**"), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Funds.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to LightBay) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including unfunded Commitments.

Leveraged Investments; Borrowing. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds' opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which are difficult to accurately forecast and may be impacted by regulatory restrictions and guidelines, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged

portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Additionally, lenders would typically have a claim that has priority over any claim by the Funds to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Funds may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Funds' ability to generate attractive investment returns for the Funds as a whole. Any failure by lenders to provide previously committed financing could also expose the Funds to potential claims by sellers of businesses which the Funds may have been contracted to purchase.

The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). Although use of such borrowing facilities enhances LightBay's ability to close transactions quickly, such activity also increases risk and raises the possibility that LightBay will need to call additional capital to pay off such debt. Any use of leverage by the Funds may result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Offering Documents and interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. The Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the LightBay or any of its affiliates and, in connection with incurring such indebtedness, LightBay will, in its sole discretion, cause the Funds to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Funds were to seek to enforce any such right, any such entity could default on its obligation and/or such right will otherwise be unenforceable. In addition, to the extent the Funds incurs leverage or provides any guaranty, such amounts may be secured by the capital commitments made by the Funds' investors and other Fund assets. The inability of the Funds to repay any leverage secured by the capital commitments of the Funds' investors could enable a lender to issue a capital call on behalf of LightBay.

To the extent the Funds provide bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Partnership Agreement, in which case the investment would be treated as a permanent investment of the Funds. As a result, the Funds' portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Funds' investment limitations.

Subscription Lines. The Funds have entered into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Funds' investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partners' right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Funds fail to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Funds would likely be subordinate to the Funds' obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the

establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Funds' limited partners and the terms of the Partnership Agreement, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Funds' cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the general partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the relevant Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant general partner has an incentive to cause the relevant Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Offering Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement may contain other terms that restrict the activities of the Funds and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the General Partners' ability to consent to the transfer of a limited partner's interest in the Funds. In addition, in order to secure a subscription line, the General Partners may request certain financial information and other documentation from limited partners to share with lenders. The General Partners will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partners to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the General Partners called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The Funds may also utilize Fund-level borrowing when the General Partners expect to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

Investment- and Intermediate Entity-Level Borrowing. Under the Offering Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as “back leverage” and net asset value (“NAV”) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the Fund, including without limitation to: finance any investment-related activities of the Fund; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Offering Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Offering Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

Early Stage and Startup Investments. The Funds may make investments in startup and early stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Funds will be successful.

Limited Transferability of Funds’ Interests. There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of the Funds’ investments will be difficult to value. Certain investments may be distributed in-kind to the limited partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such limited partners. After a distribution of securities is made to the limited partners, many limited partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities are sold by such limited partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to LightBay with respect to such investment.

Reliance on the General Partners and Portfolio Company Management. Control over the operation of the Funds will be vested with LightBay, and the Funds’ future profitability will depend largely upon the business and investment acumen of the Partners. The loss or reduction of service of one or more of the Partners could have an adverse effect on the Funds’ ability to realize its investment objectives. If LightBay, which was recently established, is unable to attract or retain a sufficient number of investment professionals and other personnel, it could have a similar adverse effect on the Funds. In addition, the Partners may in the future, manage other investment funds besides the Funds and the Partners will need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Partners. Limited partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on

the actions of LightBay. In addition, certain changes in LightBay or circumstances relating to itself or its affiliates may have an adverse effect on the Funds or one or more of its portfolio companies including potential acceleration of debt facilities.

Although LightBay will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by LightBay in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Conflicting Investor Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by LightBay regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, LightBay generally will consider the investment and tax objectives of the Funds and its limited partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of the Funds, could adversely affect the ability of the Partners, personnel or other individuals associated with the Funds, or LightBay who were or will in the future be granted direct or indirect interests in LightBay to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from the Funds and LightBay, which could make it more difficult for LightBay and its affiliates to incentivize, attract and retain individuals to perform services for

the Funds. These same issues will also apply to officers, directors and personnel of the Funds' portfolio companies if such persons receive a profits interest in such companies.

United Kingdom ("UK") Exit from the European Union (the "EU"). The UK formally left the EU on January 31, 2020 ("**Brexit**"). After a transition period that ended on December 31, 2020, EU rules ceased to apply in the UK. Although the terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK Government has stated its intention to recast onshore EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty, and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including LightBay and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Funds are permitted to decide to provide additional funds to such portfolio company or consider the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase its participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible

imposition of non-U.S. taxes on the Funds and/or the limited partners with respect to the Funds' income, and possible non-U.S. tax return filing requirements for the Funds and/or the limited partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements. LightBay may (but is not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds are permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Significant Adverse Consequences for Default. The Partnership Agreement provides for significant adverse consequences in the event a limited partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting limited partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited partners admitted or that increase their respective Commitments to the Funds at subsequent closings generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its *pro rata* share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.

General Partners' Carried Interest. The fact that the General Partners' carried interest is based on a percentage of net profits may create an incentive for the General Partners and/or its personnel to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Transfer by LightBay. To the extent LightBay, the Partners and/or their respective affiliates commit to make a direct or indirect investment in or along-side the Funds, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreement.

Public Company Holdings. The Funds' investment portfolios may contain securities and debt issued by publicly held companies. Such investments will subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased 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' executives and board members, including the Partners, and increased costs associated with each of the aforementioned risks.

Distressed Investments. The Funds may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing 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 LightBay 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. It may take a number of years for the market price of distressed securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (*e.g.*, due to failure to obtain requisite approvals), or will be delayed (*e.g.*, until various liabilities, actual or contingent, have been satisfied). 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.

Fixed-Income Securities. The Funds may invest in bonds or other fixed-income securities of U.S. and non-U.S. issuers, including bank debt, loans, notes, debentures, and commercial paper, as well as derivatives thereon. The value of fixed-income securities in which the Funds invest will change in response to fluctuations in interest rates, which have been near historic lows. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Non-controlling Investments. The Funds may hold meaningful minority stakes in privately held companies and in some cases will have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate its interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of the Funds' minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Funds, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Director Liability. The Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies will obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds' investment activities.

Limitation of Recourse and Indemnification. The Partnership Agreement will limit the circumstances under which LightBay and its affiliates will be held liable to the Funds. As a result, limited partners will have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that the Funds will indemnify LightBay and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to limited partners.

Litigation. In the ordinary course of its business, the Funds may be subject to litigation. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of LightBay's and the Partners' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Advisory Board. LightBay will appoint one or more limited partner representatives to an advisory board. The Partnership Agreement may provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to the relevant Funds or any other Fund Partner. In addition, representatives of the advisory board may have various business and other relationships with LightBay and its partners, personnel and affiliates. These relationships may influence their decisions as members of the advisory board.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, pandemics, or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

Market Conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that LightBay believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to raise funding to support its investment objective.

Unfunded Pension Liabilities of Portfolio Companies. Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Funds intend to manage their investments to minimize any such exposure, the Funds are permitted to invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Funds own an 80% or greater interest in such a portfolio company. If the Funds (or other 80%-owned portfolio companies of the Funds) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Funds and the companies in which the Funds invest. This discussion is based on current court decisions, statute and regulations regarding ERISA control group liability as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, LightBay will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by LightBay may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at LightBay or one of its service providers holding financial or investor data, LightBay and/or the Funds may also be at risk of loss.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Funds and LightBay will be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of 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. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Funds and, ultimately, their investors.

Loans in Lieu of Distributions. Pursuant to the Partnership Agreements, certain distributions to LightBay may be deferred to the extent the amount distributable exceeds LightBay's tax basis in the Funds. In such case, the deferred distribution amount may be loaned by the Funds to LightBay. Any interest accruing with respect to such a loan will be allocated and distributed solely to LightBay.

Tax Liability Considerations. The Funds may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by the IRS, a limited partner might be found to have a different tax liability for that year than that reported on its federal income tax return. In addition, an audit of the Funds may result in an audit of the returns of some or all of the limited partners, which examination could result in adjustments to the tax consequences initially reported by the Funds and affect items not related to a limited partner's investment in the Funds. If such adjustments result in an increase in a limited partner's federal income tax liability for any year, such limited partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Funds' tax return will be borne by the Funds. The cost of any audit of a limited partner's tax return will be borne solely by the limited partner. The taxation of partnerships and partners is complex.

U.S. Taxation of Carried Interest. U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or LightBay who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for LightBay to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

Changes to Benchmark Rates. To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate ("SOFR") or other rates (each, a "**Benchmark Rate**"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

ESG Matters. LightBay maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. Applying ESG factors to investment decisions is qualitative and subjective by nature, and LightBay expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that the criteria utilized by LightBay, or any judgment exercised by LightBay, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, LightBay's ESG policy and associated ESG practices are expected to evolve over time. Although LightBay views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, LightBay cannot guarantee that its ESG program will positively impact the performance of any individual

investment or Fund. For avoidance of doubt, however, LightBay does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues, and considerations do not apply in every instance and will vary by Fund and investment. In addition, in evaluating an investment, LightBay expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause LightBay to incorrectly assess a company's ESG practices and/or related risks and opportunities. LightBay does not intend to independently verify all ESG information reported by investments or third parties.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by asset managers. LightBay's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions. LightBay, its ESG policy and associated ESG practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and LightBay cannot guarantee that its current approach to ESG policy and associated ESG practices will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "**Financial Institution**") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by certain banks (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, LightBay, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of LightBay to manage the Funds and their investments, and on the ability of LightBay, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of

investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of LightBay or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that LightBay will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that LightBay will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that LightBay and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although LightBay seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, LightBay is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Social Media and Publicity Risk. The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding LightBay, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

Conflicts of Interest

LightBay and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. LightBay will devote such time, personnel, and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Offering Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of LightBay conducting its activities, the interests of a Fund likely will conflict with the interests of LightBay, one or more other Funds, portfolio companies, or their respective affiliates, in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, LightBay will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

During the Investment Period of a Fund, all appropriate investment opportunities will be pursued by LightBay principals through such Fund, subject to certain limited exceptions set forth in the Offering Documents and LightBay's allocation policy. Without limitation, LightBay principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. LightBay's personnel also manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or

similar arrangements, and to pay or receive compensation relating to the foregoing. LightBay's principals and LightBay's investment staff will continue to manage and monitor such investments until their realization. Such other investments that LightBay principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Following the commitment period of a Fund, LightBay principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in LightBay's sole discretion, LightBay and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Offering Documents, LightBay personnel are permitted to serve on boards or act in other roles unaffiliated with LightBay, the Funds or their 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, none of which will offset or otherwise reduce Management Fees.

LightBay expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of LightBay. In determining which investment vehicles should participate in such investment opportunities, LightBay and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Offering Documents, LightBay is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of LightBay in a portfolio company also have the potential to raise the risk of using assets of a client of LightBay to support positions taken by other clients of LightBay.

To determine whether a Fund or its affiliates will participate in the relevant investment opportunity, LightBay generally assesses whether an investment opportunity is appropriate for each relevant Fund based on the terms of such Fund's Offering Documents, as well as factors that potentially include, but are not limited to: each Fund's operating guidelines, investment restrictions and objectives (including those set forth in the relevant Fund's Offering Documents and side letters, where applicable), strategy, available capital (e.g., current cash position and current or anticipated capital additions or withdrawals), size of the relevant Fund, and remaining life of Funds; differences with respect to investment objectives or current investment strategies, such as objectives or strategies emphasizing, or limiting exposure to the investment in question, and degree and nature of diversification (including industry or company exposure and location); differences in risk profiles at the time the opportunity becomes available; the potential transaction and other costs of allocating an opportunity among various Funds; potential conflicts of interest, including provisions in Fund Offering Documents and/or side letters; the nature of the investment or the transaction, including minimum investment amounts and the source of the opportunity; current and anticipated market and general economic conditions; prior or existing positions in an investment; asset composition; applicable tax and regulatory considerations; structure and other factors deemed relevant by the General Partner. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. While the General Partner will allocate investment opportunities in a way that it believes is fair and equitable under the circumstances over time considering such factors as the General Partner deems appropriate (including those set forth above), there can be no assurance that a 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 potential conflicts of interest to which LightBay expects to be subject did not exist.

Following such determination of allocation among Funds, LightBay is authorized to, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, including LightBay and other affiliates of LightBay, LightBay personnel and/or certain other persons associated with LightBay and/or its affiliates, members of the Operations Group and other Special Consultants (as defined below) and other consultants and service providers, finders, other sponsors and

market participants, in each case on terms to be determined by LightBay in its sole discretion and subject to LightBay's policies and procedures. Conflicts of interest are likely to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which will be made to one or more persons for any number of reasons as determined by LightBay in its sole discretion, have the potential to not be in the best interests of the Fund or any individual limited partner. LightBay's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: (i) whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived degree of that interest; (ii) the expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; (iii) the prospective co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the prospective co-investor's investment process), and to otherwise successfully and efficiently execute the transaction, in a timely manner with respect to the timeframe in which LightBay believes favorable transaction terms may be achieved based on their history of consummating co-investment opportunities; (iv) any tax, regulatory, securities laws and/or other legal considerations with respect to the prospective co-investor (*e.g.*, qualified purchaser or qualified institutional buyer status); (v) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vi) LightBay's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair LightBay's ability to execute the relevant transaction in the desired time or on desired terms; (vii) the size of the investment allocation available to LightBay (and not being allocated to any other investment funds and entities managed by LightBay or any of its affiliates) and the practicality of splitting the allocation into smaller tranches; (viii) the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction; (ix) any requirements of any third-party lenders as to the identity of any investors participating as co-investors, or as to the creditworthiness of any co-investors, or as to the number of co-investors, or as to other matters with respect to the investors in the transaction; (x) whether the prospective co-investor is considered "strategic" to the investment because it is able to offer LightBay or its affiliates or any funds or entities which they manage certain services or benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether LightBay believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships (including formal or informal strategic relationships) that have the potential to provide longer-term benefits if any, to LightBay or its affiliates or any funds or entities which they manage; (xi) whether the prospective co-investor has a history of consummating co-investment opportunities with LightBay or its affiliates; (xii) whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; (xiii) the likelihood that the prospective co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the underlying portfolio company, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the investor would be willing to defer to LightBay and assume a more passive role in governing the investment); (xiv) whether the prospective co-investor has any interests in any competitor of the underlying investment; (xv) the expected investment holding period; (xvi) the services provided by the prospective co-investor to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment); (xvii) the size of the prospective co-investor's interest to be held in the underlying portfolio company as a result of the investment of another fund or entity managed by LightBay or its affiliates (which is likely to be based on the size of the prospective co-investor's capital commitment and/or investment in such entity); (xviii) the size of the prospective co-investor's commitment to the relevant Fund(s); (xix) whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or

investment objectives that are relevant to the transaction, including the need for early or recurring distributions; (xx) the extent to which the prospective co-investor has previously been provided a greater amount of co-investment opportunities relative to other prospective co-investors; and (xxi) the likelihood that the prospective co-investor may invest in a future fund sponsored by LightBay or its affiliates and other factors that LightBay considers important in connection with the specific transaction or investment.

The Funds are authorized to co-invest with third parties through partnerships, joint ventures or other entities or arrangements, thereby acquiring non-controlling interests in certain portfolio companies. The Funds may not have control over these companies and, therefore, may have a limited ability to protect their position therein. Such portfolio companies may involve risks not present in majority portfolio companies and/or where a third party is not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such portfolio companies, may have economic or business interests or goals which are inconsistent with those of a Fund, may cause the investment to be reviewable by CFIUS or another U.S. or other national security investment clearance regulator, or may be in a position to take action contrary to such Fund's investment objectives or narrow the array of potential exit strategies for the Fund. In addition, a Fund may in certain circumstances be liable for the actions of its third-party partners or co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements. In addition, there can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated an investment opportunity and that is participating in the same transaction.

In some cases, a co-investment vehicle may be formed in connection with the consummation of a transaction and such entity will bear expenses related to its formation and operation. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial to the transaction, ultimately is not consummated, or a potential co-investor does not invest in a planned co-investment, all fees (including break-up fees) and expenses or other liabilities or obligations (including broken deal fees and expenses) relating to any such proposed transaction generally would be borne by the Funds, and not by any potential co-investors that would have participated in such transaction. Typically, the Funds will bear such fees and expenses regardless of whether any co-investor(s) had yet been identified or confirmed, or whether any co-investment vehicle had yet been formed in connection with the relevant transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such fees and expenses. In addition, to the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

Furthermore, LightBay and its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other limited partners, and its consideration of relevant factors in determining co-investment allocations likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and LightBay expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Offering Documents and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's

Offering Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that personnel and related persons of LightBay make capital investments (directly or indirectly through LightBay) in or alongside a Fund, LightBay is subject to potentially conflicting interests in connection with these investments. For example, LightBay reserves the right to offer personnel and other LightBay personnel and Special Consultants (as defined below) the opportunity to invest in certain portfolio company investments of a Fund with respect to which they have provided services including but not limited to, sourcing, due diligence and operations oversight.

In addition, LightBay in order to consummate a transaction or facilitate the acquisition of a portfolio investment and ensure the Funds are afforded an investment opportunity or otherwise, may cause the Funds to fund (or commit to fund) on behalf of certain co-investors with a view to selling down a portion of such investment to such co-investors or other persons at a later time or prior to or within a period after the closing of the acquisition. The Funds may or may not receive compensation for such activities. If a Fund does not find co-investors and/or in the event that the co-investors breach their covenant to purchase the investment from such Fund, the Fund will have an allocation to an investment that is larger than originally anticipated. In addition, such Fund will bear the risk that any or all of the excess portion of such investment could only be sold on unattractive terms. If the excess portion of such investment has not been sold, such Fund may bear the entire portion of any other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio investment and could realize lower than expected returns from such investment.

LightBay reserves the right, in its sole discretion, to charge a Management Fee and obtain a carried interest in respect of any co-investment, and to receive transaction and other fees with respect to such co-investment. Since co-investments will not be made through the Funds, any compensation received by LightBay in connection with a co-investment does not offset the Management Fee. As indicated above, in certain circumstances, LightBay expects that certain co-investors will negotiate the right to share a portion of Transaction Fees from a particular investment, and any Management Fee offset percentage will be applied after excluding any amounts paid to such persons.

LightBay's allocation of investment (including co-investment) opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While LightBay will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which

LightBay may be subject, discussed herein, did not exist. The Funds generally reserve the right to invest together with other Funds in the manner set forth in the relevant Offering Documents and/or LightBay's allocation policy. Potential conflicts are expected to arise when and to the extent a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. For instance, a Fund will likely not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Fund. This likely will result in differences in price, investment terms, leverage and associated costs between such Fund and any other Fund. There can be no assurance that a Fund and another Fund will exit the investment at the same time or on the same terms, and there can be no assurance that any Fund's return on such an investment will be the same as the returns achieved by another Fund participating in the transactions. In that regard, actions taken for one or more Funds will potentially adversely affect another Fund.

LightBay also reserve the right to enter into cross-transactions on behalf of a Fund, or co-investors or co-investment vehicles, in which such Fund buys securities from, or sells securities to, or co-invests with, vehicles or persons. In some cases, a portfolio company of a Fund will potentially be merged with or into a portfolio company owned by another Fund. Investments in a portfolio company by more than one Fund raise potential conflicts of interest, including where the assets of one Fund are used to support positions taken by other Funds and/or the transactions allow LightBay or its affiliates to realize carried interest and/or obtain future Management Fees and/or carried interest with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Offering Documents or otherwise in the sole discretion of the applicable Funds' General Partners, such General Partner is authorized to seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker paid for by the relevant Funds to opine as to the fairness or "arm's-length" nature of a purchase or sale price, or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of LightBay) or by obtaining the consent of the relevant Fund(s) including, where authorized, the consent of each Fund's advisory board to such transactions. LightBay also is authorized to determine that the willingness of a third party to make an investment on the same or similar terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions and therefore, determine not to obtain a consent or fairness opinion (except where required by applicable law). Whether or not such consent is obtained or a third party invests, LightBay intends to conduct such transactions in a manner that LightBay believes to be fair and equitable to a Fund under the circumstances over time, including a consideration of the potential present and future benefits with respect to such Fund. Further, cross-transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances, LightBay generally will not seek a fairness opinion or advisory committee consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Offering Documents. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to any given Fund.

The Funds potentially will invest at the same, different or overlapping levels of a portfolio company's capital structure, which creates conflicts of interest in determining the terms of each such investment. Questions are likely to arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, will potentially raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or

other difficulties, or to finance growth or other opportunities, other Funds will potentially not provide such additional capital, and if provided, each such Fund generally will supply such additional capital in such amounts, if any, as determined by such Fund's General Partner in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, LightBay and its affiliates are expected to face a conflict of interest in respect of the advice given to, and the actions taken on behalf of, a Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). In certain circumstances a Fund is expected to be prohibited from exercising (or LightBay may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of such Fund may be subject to creditor claims regarding subordination of interests.

LightBay expects to be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. LightBay, in its sole discretion, will allocate fees and expenses in accordance with the Offering Documents and in a manner that it believes is fair and equitable to the Funds under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses will likely not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate pro rata based on number of Funds or co-investors receiving related benefits or proportionately in accordance with asset size, or in certain cases determining whether a particular expense has a greater benefit to the Funds or LightBay and/or its affiliates. LightBay intends to allocate fees and expenses in a manner it believes to be fair and equitable, but in its sole discretion. Except where the relevant Offering Documents or Side Letter(s) expressly provide to the contrary, broken deal expenses and other expenses relating to the diligence or evaluation of a prospective investment are generally allocated among limited partners within a Fund regardless of whether any individual limited partner negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also expect to bear fees and expenses indirectly to the extent a portfolio company (or intermediate entity) pays fees and expenses, and LightBay reserves the right to charge fees and expenses to portfolio companies, capitalize fees and expenses into the cost basis of a transaction, or to the extent necessary or desirable for operational, administrative, tax or other reasons, charge fees and expenses at the level of an intermediate holding company between the Funds and the relevant portfolio company. The amount of Fund expenses ultimately called or called at any one time may exceed expectations.

Personnel of LightBay also serve, and expect in the future to serve, as members of boards of directors of companies not related to LightBay, and to have investments in such companies, some of which may be in the same industry as the Funds' expected investments and have the potential to compete with such investments. LightBay personnel are also permitted to serve on boards or act in other roles including for charitable and educational institutions. Subject to any limitations in the Offering Documents, personnel of LightBay are expressly authorized to carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, whether or not through a formal family office or estate planning structure, and will potentially give advice and recommend securities to vehicles which will differ from advice given to, or securities recommended or bought for, the Fund, even though their investment objectives are the same or similar. Such personnel also reserve the right to pay or receive compensation relating to these arrangements.

The Funds intend to make controlling investments in portfolio companies. As a result of these controlling interests, LightBay typically has the right to appoint board members (including Operations Group members and current or former General Partner personnel or persons serving at their request) of such portfolio companies, or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, portfolio company board members frequently approve compensation and

other amounts payable to LightBay and/or its affiliates in connection with services provided by LightBay and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the relevant Fund's Partnership Agreement's offset provision, if applicable, are in addition to the Management Fee or carried interest. LightBay's authority to appoint or influence the appointment of portfolio company board members who are likely to be involved in approving compensation payable to LightBay subjects LightBay and any such portfolio company board appointees to potential conflicts of interest. Decisions made by a director will potentially subject LightBay, the Funds or their respective affiliates 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. Personnel or other personnel of LightBay, or its respective affiliates (including Operations Group members) are likely to also be asked to serve as directors of, or observers with respect to, certain entities in which the Funds have fully exited its ownership interest. Any compensation received by such personnel in connection therewith will not be offset against the Management Fee or otherwise be shared with the Funds and/or limited partners.

As discussed above, if a Fund enters into any indebtedness with one or more other Funds on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, LightBay may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances, the Funds may be prohibited from exercising (or LightBay may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. LightBay intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each fund to bear its proportionate share of the applicable indebtedness.

Additionally, a portfolio company typically will reimburse LightBay or service providers retained at LightBay's discretion for expenses (including without limitation travel expenses) incurred by LightBay or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services by LightBay personnel. This subjects LightBay and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. LightBay determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to LightBay or such service providers generally will be subject to: agreements with or review by sellers, buyers, and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

LightBay or its affiliates reserve the right to also employ or engage personnel (including Operations Group members) with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds; conversely, former personnel or executives of LightBay or its affiliates (including Operations Group members) will potentially serve in significant management roles at portfolio companies or service providers recommended by LightBay. Similarly, LightBay and/or its personnel maintain relationships with (or reserve the right to invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former personnel, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, LightBay, and/or the Funds and/or portfolio companies. In other

circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through LightBay entities, whether or not relating to financing LightBay personnel obligations to fund General Partner commitment obligations) to LightBay personnel and their estate planning vehicles LightBay expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a service provider to such Fund or a portfolio company owned by such Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds will provide LightBay information about markets and industries in which LightBay or its affiliates operate (or are contemplating operations) or will provide other services that are beneficial to LightBay or its affiliates. For example, LightBay will potentially cause a Fund to make payments to investment banks, all or a portion of which is for the purpose of generating future deal flow; however, such payments may not result in any future deal flow, or could create goodwill that ultimately results in future deal flow for one or more other Funds that did not pay such expenses. LightBay also expects to be subject to a potential conflict of interest in making such recommendations, in that LightBay has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds while the products or services recommended may not necessarily be the best available to the Funds.

Over the life of a Fund, LightBay generally expects to exercise its discretion to recommend to such Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) LightBay (or an affiliate, which is likely to include the Operations Group members and/or other portfolio companies of the Funds) and at rates determined or substantively influenced by LightBay; (ii) an entity with which LightBay or its affiliates or current or former members of their personnel has a relationship or from which such person derives a financial or other benefit, including joint-venturers or co-venturers, or relationships where LightBay personnel are seconded, or from which LightBay receives secondees; or (iii) a limited partner or its affiliates. For example, LightBay will potentially initiate transactions or service agreements between two or more portfolio companies of the Funds' and is authorized to engage certain limited partners or their affiliates that are engaged in lending or other businesses to provide financing and/or other services in connection with a Fund's investments. In addition, one portfolio company may provide goods or services to another portfolio company, and there can be no assurance that the terms of any such transaction will be the same as those that would be obtained in an arm's length transaction between unaffiliated parties. In particular, such transactions could result in the provision of services to a portfolio company at a rate higher than could be obtained by such portfolio company on the open market. The foregoing subjects LightBay to potential conflicts of interest, because although it intends to initiate transactions and select lenders and other service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, LightBay has an incentive to recommend the related or other person because of its financial or business interest, including a person's historical or potential future relationship with LightBay and/or the investment (or amount of investment) to be made in a Fund by such person. Additionally, there is a possibility that LightBay, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to LightBay or the Funds, would favor a transaction, retention or continuation of lending or other services even if a better price and/or quality of service provider could be obtained from another person. LightBay will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) the foregoing expenses). Although LightBay generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, LightBay expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of their service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service

providers to LightBay or any Fund to provide services that will be the most beneficial to any limited partner. Whether or not LightBay has a relationship with or receives financial or other benefit from recommending a particular transaction or service provider, there can be no assurance that no other transaction would be more beneficial or that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In certain circumstances, current or former LightBay personnel also are permitted to serve in interim or part-time roles at portfolio companies, or will provide services to portfolio companies as secondees or in similar capacities, while maintaining certain benefits, office space, support services and/or indicia of employment at LightBay. Under such arrangements, the relevant portfolio investment generally will pay all or a portion of the compensation and benefits in respect of such personnel (including salary, bonus, insurance benefits and paid time off) which will not offset the relevant Fund's Management Fee, or may supervise or oversee such personnel. These arrangements could create conflicts of interest, in that any compensation that would ordinarily be borne by LightBay as overhead in respect of those personnel would be borne by the portfolio investment when they are secondees or other portfolio investment personnel. Therefore, LightBay has an incentive to cause its personnel to become externs or secondees or serve in similar roles to reduce its overhead or otherwise shift costs to portfolio companies. As seconded arrangements are often initiated to meet temporary portfolio investment needs, they are expected to change over time, and in many cases will be ended by LightBay when the portfolio investment is sold or when the position can be filled on a longer-term or permanent basis, at which point the secondees may or may not return to LightBay. It is possible that certain LightBay personnel will serve as secondees or other personnel with respect to multiple portfolio companies and perform services that directly or indirectly benefit LightBay while serving as secondees or other portfolio investment personnel.

In borrowing on behalf of a Fund, LightBay is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partners called capital, and thus could result in the General Partners receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

LightBay, its affiliates, and equity holders, officers, principals and personnel of LightBay and its affiliates may buy or sell securities or other instruments that LightBay has recommended to a Fund. In addition, officers, principals and personnel reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including broken deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Such transactions are subject to any restrictions in the Fund's Offering Documents and any policies and procedures set forth in LightBay's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of LightBay have, and

are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in-kind from the Fund, including in connection with investment dispositions or the payment in-kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than LightBay deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. Conversely, the General Partner and its beneficial owners potentially will decide to sell such securities within a short period of time, which could have an adverse impact on the price of securities that are held by limited partners at the time of such sale. Limited partners in receipt of a distributed investment will have no guidance from relevant the General Partner with respect to disposition of such investment (including timing of such disposition). To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

LightBay, the Funds and the portfolio companies expect to engage, employ or retain, on behalf of the Funds (including any alternative investment vehicle) and/or portfolio companies, as applicable, certain persons, including the Operations Group and its members, third party consultants including external executives, "strategic partners," "executive partners," "executive networks," "industry advisors" and/or similar professionals (collectively, the "**Special Consultants**") which include affiliates of LightBay or personnel of such affiliates (including a company owned by personnel of LightBay or its affiliates). The Special Consultants are expected to regularly provide services to, or in connection with, the Funds in relation to its activities and/or to one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies, and are expected to serve on boards of directors or similar governing boards of portfolio companies and provide other services (the "**Services**").

Pursuant to the Offering Documents, fees and expenses associated with the Services (collectively "**Consulting Fees and Expenses**"), are expected to be paid and/or reimbursed by applicable portfolio companies and/or the relevant Fund, and such Consulting Fees and Expenses will not offset or reduce the Management Fee. Consulting Fees and Expenses are expected to include cash fees, retainers, salaries, bonuses (whether or not based on pre-determined milestones), guaranteed payments, incentive equity, stock awards or other non-cash compensation related to a Fund and/or its portfolio companies, and benefits and personnel costs (including employee benefits, payroll taxes, insurance, and paid time-off). In addition, Operations Group members are expected to receive office space, business cards, email addresses and other benefits and may make use of other LightBay resources, and other Special Consultants may receive such benefits. The type, amount and allocation of Consulting Fees and Expenses are permitted to 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 Special Consultants, 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 company. Additionally, LightBay and/or portfolio companies provide certain opportunities for Special Consultants to invest in such portfolio companies. The Funds and/or portfolio companies also reimburse costs and expenses incurred by Special Consultants, including travel, meals, lodging and reasonable and customary entertainment. Special Consultants also are expected to receive remuneration from LightBay and/or the Funds or their affiliates and/or be entitled to other forms of compensation. Special Consultants are expected to have a limited partnership or profit interest in the Funds, the General Partners, or in an affiliate of LightBay. Such investment opportunities, reimbursements and other compensation paid to a Special Consultant by the Funds and/or portfolio companies will not offset their respective Management Fee. To the extent that Special Consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or a Fund will bear a greater share of such compensation due to the utilization of the Special Consultant's services at a time when fewer Funds or their portfolio companies make use of such Special Consultants. Under many of these arrangements, including where Operations Group members or other Special Consultants are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by the Special Consultant. In certain cases, including where a Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of Operations Group members. In such cases, where the relevant General Partner believes the services of the Operations Group will benefit a portfolio company, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from Operations Group services.

LightBay will face potential conflicts of interest in determining the allocation of Consulting Fees and Expenses. For example, LightBay generally will not be allocated Consulting Fees and Expenses that relate to services performed by Special Consultants for a Fund and/or portfolio companies or prospective portfolio companies. However, these services also have the potential to provide a direct or indirect benefit to LightBay and/or the Funds. Therefore, LightBay has an incentive to classify a particular service as being for a Fund and/or a portfolio company or prospective portfolio company, even though it may directly or indirectly benefit LightBay and/or its affiliates, in whole or in part. The allocation of Consulting Fees and Expenses may not be proportional, and any such determinations involve inherent matters of discretion by LightBay.

Similarly, LightBay reserves the right to designate Operations Group members in its sole discretion, and has an incentive to do so in order to shift costs to the Fund and/or its portfolio companies that would otherwise be borne by LightBay or its affiliates as overhead. In some cases, LightBay personnel will be designated as Operations Group members on a temporary basis or with respect to services they perform that are of the type described herein for the Operations Group (e.g., if persons will focus on both investment and Operations Group initiatives). In doing so, LightBay faces a conflict in determining the extent to which the Funds or their portfolio companies bear the related Consulting Fees and Expenses, since Consulting Fees and Expenses borne by the Funds and/or their portfolio companies would reduce the costs that LightBay would be required to bear. Such determinations involve inherent matters of discretion by LightBay and as described above, LightBay has the potential to derive benefits from the services provided by such personnel in their capacity as Operations Group members.

Although LightBay anticipates that Special Consultants will be employed or retained by LightBay and/or its affiliates with a view to reducing costs to portfolio companies or prospective portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings. As a general matter, there can be no assurance that the services rendered by the Special Consultants will be effective and result in Fund returns. Moreover, LightBay and/or its

affiliates only anticipate employing, engaging or retaining Special Consultants that they believe provide services that will create value, while providing them with competitive Consulting Fees and Expenses and other benefits commensurate with their experience and perceived ability to create value. However, there can be no assurance that there is no other personnel or service provider more qualified to provide the applicable services and/or able to provide them at lesser cost.

The Offering Documents provide LightBay with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect LightBay's compensation. In making such determinations, LightBay is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for LightBay or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. LightBay expects to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the Management Fee is calculated taking into account the valuation of an investment, LightBay will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Offering Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, LightBay is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Offering Documents.

LightBay's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an investment is an Impaired Value Investment, and except as set forth in the Offering Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. The General Partner is entitled to make its own determination, taking into account all facts and circumstances it deems relevant, subject to the provisions of the Offering Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of LightBay's compensation is dependent in part on an investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although LightBay intends to operate in accordance with the Offering Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Since LightBay and its affiliates are permitted to retain certain Transaction Fees, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, such Transaction Fees are based on enterprise value or other metrics relating

to a portfolio company, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of such Transaction Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. In certain circumstances, LightBay expects that co-investors, lenders, consultants or other parties will negotiate the right to share a portion of such Transaction Fees from a particular investment, and any Management Fee offset percentage will be applied after excluding any amounts paid to such persons. Additionally, LightBay, its personnel, affiliates or others designated by LightBay expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Offering Documents are applied, LightBay and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or LightBay or retain such securities for a period consistent with their own financial and investment objectives, which is likely to differ from those of the relevant Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting the Fund's relative ownership of the portfolio company awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, General Partners reserves the right to accrue, defer or forego payments of Transaction Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Offering Documents, limited partners will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received. For the avoidance of doubt, LightBay also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

The Funds or LightBay, without any further act, approval or vote of any Fund Partner, intend to enter into Side Letter or other similar agreements with certain limited partners that have the effect of establishing rights (including economic terms) under, or altering or supplementing the terms of, the Offering Documents with respect to certain limited partners. As a result of such Side Letter, certain limited partners will receive additional benefits that other limited partners do not receive, and such benefits may be significant. Further, LightBay is likely to have its own economic and/or other business incentives to provide certain terms to certain investors (*e.g.*, based on commitment amount to the relevant Fund, the ability of the investor to provide sourcing or other services to LightBay or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to LightBay or the Funds). Such rights, terms or confirmations in any such Side Letter or other similar agreement may potentially include: (i) different economic terms, including reduced Management Fees, modified waterfall mechanics and/or reduced carried interest; (ii) the ability to opt-out of certain types of investments (including with respect to investments in certain geographies and/or industries); (iii) the right to receive certain additional information, certifications, reporting and/or notifications from a Fund or LightBay or any of their affiliates and/or the manner in which information and/or notice shall be provided; (iv) the right to transfer Fund interests and to cause such transferee to be admitted to such Fund as a substitute limited partner; (v) the offering of, and/or participation in, co-investment opportunities; (vi) the right to withdraw from a Fund in the event of adverse tax or regulatory events or violations of law or policies or in the event the investor's commitment in such Fund would exceed a certain percentage of such Fund's aggregate commitments; (vii) additional confidentiality protections; (viii) the right to disclose certain information to underlying investors, the public, regulators or certain other persons; (ix) structuring rights with respect to certain types of investments; (x) modification of default remedies; (xi) investment pacing restrictions; (xii) limits on indemnification; (xiii) rights relating to the appointment of a representative to serve as a member and/or observer of the applicable Fund's advisory board, (xiv) rights with respect to

legal, regulatory or policy requirements applicable to any such limited partner or its affiliates, or (xv) certain other terms whether economic, procedural or otherwise. Side Letters also are expected to relate to strategic relationships under which an investor agrees to make capital commitments to multiple funds managed by LightBay or its affiliates, including the Funds. As a consequence of one or more limited partners being excused or excluded from, or from regulatory or other factors limiting their participation in, certain investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although LightBay believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Offering Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund. Except to the extent and on the timing required by Offering Documents, the other limited partners will generally have no recourse against the Funds, LightBay and/or any of their affiliates in the event that certain limited partners receive additional and/or different rights and/or terms as a result of such Side Letters. LightBay will be required to notify the other limited partners of any such Side Letters or other similar agreements or any of the rights and/or terms or provisions thereof, and to offer such additional rights and/or terms to other limited partners, only to the extent provided in the Offering Documents and applicable by law.

Although LightBay generally structures Funds to avoid circumstances in which one Fund bears liability for all or part of the obligations of another Fund or any LightBay affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, LightBay intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an LightBay affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or an LightBay affiliate, whether or not related to the Fund in which such limited partners have invested.

LightBay has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as LightBay has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. LightBay, its affiliates and personnel, and persons selected by them receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. LightBay, its affiliates, and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered by a portfolio company to LightBay, any other portfolio company, or third parties may affect the

returns of the portfolio company. However, LightBay does not expect any such impact to be material in any one instance or in the aggregate over the life of any given Fund.

In connection with its services to the Funds and their investments, LightBay, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of LightBay's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, LightBay's and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to the Funds or a portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**LightBay Information**"). In many cases, LightBay Information will include tools, procedures and resources developed by LightBay to organize or systematize LightBay Information for ongoing or future use. Although LightBay expects the Funds and their portfolio companies generally to benefit from LightBay's possession of LightBay Information, it is possible that any benefits will be experienced solely by other or future funds or portfolio companies (or LightBay and its personnel) and not by the Funds or their portfolio companies from which LightBay Information was originally received or derived. LightBay Information will be the sole intellectual property of LightBay and solely for the use of LightBay. LightBay reserves the right to use, share, license, sell or monetize LightBay Information, without offsetting or otherwise reducing Management Fees, and the Funds or such portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or limited partners; no such rewards will offset or reduce the Management Fee.

Although the Offering Documents generally contain broad exculpation and indemnification provisions, LightBay will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by LightBay are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Offering Documents. Investors generally will be responsible for insurance premiums, as set forth in the Offering Documents. Regardless of whether the liability and/or indemnity standards in LightBay's insurance coverage are higher or lower than that set forth in the Offering Documents.

Any of these situations subjects LightBay and/or its affiliates to potential conflicts of interest. LightBay attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by LightBay's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds, and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, LightBay will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, LightBay consults and receives consent to conflicts from an advisory board consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

LightBay and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As noted in Item 4, LightBay Capital LP receives all management fees, transaction fees and monitoring fees payable by the Funds, and is a “relying adviser” of the Adviser that is registered under the Advisers Act pursuant to the Adviser’s registration. The Adviser is also affiliated with the General Partners and equivalent entities formed and subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. These entities operate as a single advisory business together with the Adviser and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, personnel, consultants or persons occupying similar positions. The Adviser, certain personnel or their related persons also invest directly in the Funds. As described above, personnel of LightBay and its affiliates generally serve as officers, advisors, directors, or in comparable management functions for portfolio companies in which the Funds invest, or provide other services to portfolio companies, and receive compensation in connection therewith, as described.

CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

LightBay has adopted a Code of Ethics and Securities Trading Policy (the “Code”), which sets forth standards of conduct that are expected of the Partners and personnel and addresses conflicts that arise from personal trading.

The Code requires all LightBay access persons (which includes Partners and personnel) to report their personal securities transactions consistent with the requirements of Rule 204A-1 of the Advisers Act. In addition, it requires that LightBay access persons receive pre-clearance from the Chief Compliance Officer prior to directly or indirectly acquiring beneficial ownership or disposing of reportable securities (with the exception of unaffiliated open-end exchange traded funds, municipal bonds and other limited exceptions as detailed in the Code), including investments in initial public offerings and private offerings. Also, as a general matter, all access persons are prohibited from trading in any security on the Firm’s “restricted list,” which includes companies about which a determination has been made that it is prudent to restrict trading activity. This might include, for example, Fund portfolio company securities or companies about which access persons may have acquired material non-public information. In addition to the restricted list, the Code also contains policies and procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to LightBay’s Chief Compliance Officer at (310) 919-4300. Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

LightBay and its affiliated persons may come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, LightBay and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of LightBay.

Accordingly, should LightBay or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, LightBay generally would be prohibited from communicating such information to clients, and LightBay will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of LightBay personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and personnel of LightBay and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. The Executive Funds are solely comprised of partners, personnel, friends and family of the Adviser and its affiliates. The Executive Funds invest in the same types of portfolio companies that are the other Funds invest in. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of LightBay, as well as third-party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies, and Risk of Loss.”

LightBay and its affiliates, principals and personnel may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

BROKERAGE PRACTICES

In general, LightBay focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, to a lesser extent, LightBay does distribute securities to investors in a Fund and sells such securities, including through using a broker-dealer, where a public trading market exists. Although LightBay’s trading in public securities transactions is limited, it has adopted the brokerage practices described below.

When LightBay engages in public securities transactions, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by LightBay. When doing so, LightBay will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, LightBay will consider a variety of factors, including, but not limited to: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

LightBay has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although LightBay generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve

specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with LightBay seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although LightBay generally does not make use of such services at the current time and has not made use of such services since its inception.

As discussed above, LightBay has established procedures for the allocation of portfolio investment transactions multiple Funds. Such investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies, and Risk of Loss.”

REVIEW OF ACCOUNTS

The investments made by the Funds generally are private, illiquid, and long-term in nature. However, to a lesser extent, the Funds will make investments in publicly traded securities that may be short-term in nature. While LightBay closely monitors companies in which the Funds invest, the review process is not directed toward a short-term decision to dispose of securities. LightBay maintains an investment committee, which consists of the Partners and other investment personnel. The investment committee meets on a periodic basis to review the Funds’ portfolio and (among other things), evaluate potential investments, review key findings from third-party advisers, discuss key strategic considerations, and develop transaction structures. In addition, LightBay’s Chief Compliance Officer periodically checks to confirm that each Fund portfolio is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners: (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each Fund’s limited partner’s U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

CLIENT REFERRALS AND OTHER COMPENSATION

LightBay and/or its affiliates may provide certain business or consulting services to companies in a Fund’s portfolio and may receive compensation from these companies in connection with such services. As described in the Offering Documents, this compensation will, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees.

LightBay has entered (and may in the future enter) into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by LightBay indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund. Placement agents that introduced investors to a Fund are subject to a conflict of interest to the extent that they will be compensated in connection with their introduction activities.

CUSTODY

LightBay generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “**Custody Rule**”)) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodians:

- JPMorgan Chase (Los Angeles, CA)
- U.S. Bank (Chicago, IL)

INVESTMENT DISCRETION

LightBay has discretionary authority to manage investments on behalf of each Fund. As a general policy, LightBay does not allow clients to place limitations on this authority. Pursuant to the terms of the Offering Documents, however, LightBay and/or its affiliates will enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. LightBay assumes this discretionary authority pursuant to the terms of the Offering Documents and powers of attorney executed by the limited partners of such Fund.

VOTING CLIENT SECURITIES

LightBay has adopted the Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Funds’ portfolio investments. The Proxy Policy seeks to ensure that LightBay votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. LightBay generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund. Therefore, LightBay will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that LightBay will address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory board or through the formation of a conflict committee as further set forth in the Proxy Policy. LightBay does not consider service on portfolio company boards by LightBay personnel or LightBay’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by LightBay when voting proxies on behalf of a Fund. If investors would like a copy of LightBay’s complete Proxy Policy or information regarding how LightBay voted proxies for particular portfolio companies, please contact LightBay’s Chief Compliance Officer at (310) 919-4300 or compliance@lightbay.com.

FINANCIAL INFORMATION

LightBay does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.