

**Form ADV Part 2A: FIRM BROCHURE**



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This brochure provides information about the qualifications and business practices of PACT Capital LLC ("PACT"). If you have any questions about the contents of this brochure, please contact us at [info@pactcp.com](mailto:info@pactcp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

PACT is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about PACT is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

PACT is required to disclose a summary of material changes that have been made to PACT’s brochure (the “Brochure”) since its last annual update. As this is the initial filing of this Brochure, there are no material changes to report.

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## Item 4 – Advisory Business

PACT Capital LLC (“PACT” or the “Firm”), a Delaware limited liability company, is a private investment firm based in New York. Founded in 2024, PACT is focused on making investments in private capital firms.

PACT will serve as the investment adviser to private funds and single account mandates (together, the “Funds”) exempt from registration under the Investment Company Act of 1940 (the “Investment Company Act”). PACT expects to form general partners (the “General Partners”) with authority to make investment decisions on behalf of the Funds. The General Partners will be deemed registered under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Advisers Act”), pursuant to PACT’s registration in accordance with SEC guidance. Throughout this Brochure, reference to PACT will also include reference to each General Partner, unless the context otherwise requires.

PACT will provide investment advisory services as a private fund manager to the Funds. The Funds will invest through privately negotiated transactions in underlying partner firms, underlying partner firm funds and/or underlying partner firm portfolio companies, collectively referred to as “portfolio entities”. PACT’s investment advisory services to the Funds will consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions of such investments. Investments are expected to be made predominantly in non-public companies, although investments in public companies are permitted in certain instances.

PACT’s investment advice and authority for each Fund will be tailored to the investment objectives of that Fund; PACT does not tailor its advisory services to the individual needs of limited partners in its Funds. Each Fund’s investment objectives are described in and governed by, as applicable, the private placement memorandum, limited partnership agreement, subscription agreements, investment advisory agreements, side letter agreements and other governing documents of the relevant Fund (collectively, “Governing Documents”) and limited partners determine the suitability of an investment in a Fund based on, among other things, the Governing Documents. The Firm will not seek nor require limited partner approval regarding each investment decision.

PACT intends to pursue an investment strategy that it anticipates will generate substantial opportunities for co-investment. PACT is permitted, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more limited partners in its Funds and/or to other third parties, and to allocate co-investment opportunities among potential co-investors, in each case on terms to be determined by PACT in its sole discretion. In exercising such discretion with respect to a particular investment, PACT will consider some or all of a wide range of factors, which may include those set forth in the Governing Documents.

## **Regulatory Assets Under Management**

As of the date of this filing, PACT does not manage any assets. However, PACT expects to be eligible for SEC registration within 120 days of its registration being declared effective by the SEC.

## **Principal Owners/Ownership Structure**

PACT is principally owned and controlled by Managing Partner Christian von Schimmelmann. Certain investors retain a passive minority ownership (the “Anchor Investors”) in a PACT affiliate. Please see Item 8 for more information on PACT’s minority investors and the conflicts associated therewith.

## **Item 5 – Fees and Compensation**

PACT and its affiliates expect to receive fees and compensation in exchange for advisory services provided to the Funds, including management fees, carried interest, additional compensation in connection with management services performed for the portfolio entities and reimbursements from portfolio entities for certain expenses advanced on their behalf. The following is a general description of fees, compensation and expenses of the Funds. Limited partners should refer to the Governing Documents of the applicable Fund for a complete understanding of how PACT expects to be compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

### **Management Fees and Carried Interest**

PACT expects to charge each Fund a management fee (the “Management Fee”), based on a percentage of committed capital during a Funds’ respective investment period and thereafter based on a percentage of invested capital at various stepdown percentages as described in the Governing Documents, until such investments have been sold or completely written-off for U.S. federal income tax purposes. Any write down in the value of an investment will not reduce the Management Fee payable by a Fund. The amount of Management Fees generally will not correspond with fluctuations in a Fund’s net asset value and will not be reduced in connection with any write downs, except in the case of investments that are completely written-off for U.S. federal income tax purposes. Except where the Governing Documents expressly provide to the contrary, Management Fees will generally not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

Management Fees will be assessed quarterly in advance. All Management Fees will be negotiated with limited partners during the fundraising period of the applicable Fund and will not be subject to negotiation thereafter. If the investment advisory agreement is terminated before the end of the applicable period, Management Fees will be charged on a pro rata basis through the date of termination, and any fees paid in advance but not earned will be refunded.

Each General Partner or an affiliate thereof will be entitled to be allocated carried interest (“Carried Interest”) with respect to the applicable Fund, net of all expenses in excess of a compounded preferred return and catch-up provisions. The Carried Interest distributed to a General Partner or such affiliate is expected to be subject to a potential clawback or giveback at the end of the life of the Fund and at certain interim intervals if PACT has received excess cumulative distributions at such time, in each case as provided in the Governing Documents.

PACT and its affiliates are permitted, in their sole discretion, to reduce or waive all or a portion of the Management Fee for certain limited partners. Management Fees can differ from one Fund to another as well as among limited partners in the same Fund. Management Fees are expected to be waived for PACT employees and affiliates, although these limited partners generally pay their pro rata share of certain Fund expenses. PACT may receive supplemental fees and compensation with respect to portfolio entities including director’s fees, financial consulting fees, monitoring fees, advisory fees, closing fees, transaction fees, investment banking fees and placement fees (collectively, “transaction fees”). For certain Funds, the receipt of such supplemental fees, in certain circumstances, is expected to be offset against the Management Fee, net of any expenses incurred in connection with any consummated or unconsummated transaction in connection with generating such fees and as further described in each Fund’s Governing Documents.

PACT will generally have discretion over whether to charge transaction fees to a portfolio entity 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 entity’s holding or operating structure. The amount of such transaction fees is paid by the Funds (directly, or indirectly by the portfolio entities) and will be determined by PACT on a transaction-by-transaction basis, subject to the terms set forth in each Fund’s Governing Documents.

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

## **Fund Expenses**

As described in the Governing Documents, each Fund will bear all fees, costs, expenses, liabilities and obligations relating to Fund entities and/or their respective activities, operations or actual or potential investments, including with respect to any entity formed to effect the acquisition, holding and/or disposition of a portfolio entity (to the extent not borne or reimbursed by a portfolio entity or potential portfolio entity), including where incurred by or on behalf of any portfolio entity, whether incurred prior to, or following, the initial closing date, including all fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as “costs”).

Out-of-pocket expenses associated with completed transactions are expected to either be billed directly to a Fund, reimbursed by a portfolio entity or capitalized as part of the acquisition price of a

consummated transaction. Out-of-pocket expenses associated with unconsummated transactions are expected to be paid by the relevant Fund(s) selected as proposed investors in such transaction, including broken deal expenses incurred prior to a limited partner's admission to a Fund.

For information on PACT's brokerage practices and fees, please see Item 12, below.

### **Offering and Organizational Expenses**

Each limited partner is expected to bear its pro rata share of a Fund's expenses incurred in connection with the organization of the Fund ("Organizational Expenses"). The amount and type of Organizational Expenses will vary by Fund and is further detailed in the Governing Documents of such Fund.

### **Operating Partners**

PACT, its affiliates and their respective employees, and other professionals and personnel who may be engaged by PACT and its affiliates, are authorized to provide commercial, strategic, advisory, operational and other support services to certain actual and prospective portfolio entities, including actual or prospective underlying partner firms, underlying partner firm funds and/or underlying partner firm portfolio companies (including support with regard to (a) capital formation, (b) product development, (c) corporate strategy, (d) operations and technology, (e) data and analytics, (f) operating model, organizational design and investment process, (g) procurement and other investment synergies, (h) talent attraction and management, (i) environmental, social and governance and (j) other functions and services) (collectively, the "Value-Add Platform"). PACT is permitted to, but is not required to, cause each portfolio entity to reimburse all fees, costs, expenses, liabilities and obligations (including compensation) of and/or relating to the Value-Add Platform. Any and all Value-Add Platform Expenses relating to Value-Add Platform provided to or for the benefit of actual and prospective portfolio entities that are not reimbursed by a portfolio entity will be reimbursed by the Funds.

### **Allocation of Fees and Expenses**

In good faith and in its fair and reasonable discretion, PACT will determine on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds or a portfolio entity. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, PACT will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Each General Partner expects to be entitled to receive a Carried Interest allocation on certain realized profits in the Funds subject to a preferred return (or hurdle) and subject to reimbursement of all relevant Fund expenses, including Management Fees. Each Fund's Carried Interest calculation, as

well as any clawback provisions of each Fund, are further described in the relevant Fund's Governing Documents received by each limited partner prior to investment in such Fund.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise in the absence of such arrangement, although PACT generally considers performance-based compensation to better align its interests with those of its limited partners, particularly in instances where the Governing 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. Additionally, to the extent PACT manages multiple Funds on a side-by-side basis with differing Carried Interest terms, PACT is subject to conflicts of interest including with respect to allocation of investment opportunities, expenses, time and attention. PACT seeks to address the potential for conflicts of interest in these matters with allocation policies and procedures that are designed to ensure that all Funds are treated in a fair and equitable manner, in accordance with each Fund's investment guidelines and Governing Documents.

PACT will not allocate investment opportunities based in whole or in part on the relative fee structure or amount of fees paid by any Fund or the profitability of any Fund. Investment allocation decisions are determined by the investment committee.

## **Item 7 – Types of Clients**

PACT will provide investment advice to its Funds, which are expected to include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and which will operate as investment pools exempt from registration under the Investment Company Act. The Funds will limit their limited partners to: (i) "accredited investors" as defined in the Securities Act of 1933 and the rules and regulations promulgated thereunder, and (ii) "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act, or (iii) if applicable, "qualified clients," as defined in the Advisers Act. Limited partners in the Funds must also meet certain other suitability qualifications prior to making an investment in a Fund. Each Fund expects to have a specified minimum investment set forth in the Governing Documents. Such minimum will be subject to the discretion of PACT to permit investment of a smaller amount generally or with respect to any limited partner.

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

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

PACT's investment strategy is focused on providing capital to established and emerging private equity and other private capital firms in exchange for permanent ownership interests or non-permanent capital solutions. PACT believes a GP stakes strategy can provide an important source of capital for private equity firms, potentially resulting in stronger investment platforms and enhanced alignment with limited partners. PACT intends to target the middle market stage firms.



The applicable Governing Documents of each Fund set forth more detailed descriptions of each Fund's investment strategies and methods of analysis. There can be no assurance that PACT will achieve the investment objectives of the Funds and a loss of investment is possible.

## **Risks**

The purchase of the interests involves a number of significant risks and other important factors relating to investment in limited partnerships generally, as well as to the structure and investment objectives of the Funds in particular. Investors bear the risk of loss that PACT's investment strategy entails and potential limited partners in the Funds should carefully consider the following risk factors before making a decision to invest in a Fund. If any of the risks described or contemplated below occur, there could be a material adverse effect on the results and operations of a Fund or their investments, and limited partners could experience a total or partial loss on their investment in a Fund. The following list is not a complete list of all risks and other considerations involved in connection with an investment in the Funds; prospective limited partners should review each Fund's offering memoranda for more information regarding the risks of that Fund. Risks involved with PACT's investment strategy and an investment in a Fund include, but are not limited to:

*Competition for Investments.* The activity of identifying, buying and selling the type of investments the Funds seek to make is highly competitive, involves a high degree of uncertainty, and is subject in some cases to the prevailing capital market, regulatory or political environment. The Funds will encounter competition from other entities having similar investment objectives. There can be no assurance that the Funds will be able to locate, complete and exit investments which satisfy each Fund's rate of return objectives, or realize upon their values, or that it will be able to invest fully its committed capital. To the extent that a Fund encounters competition for investments, returns to limited partners may decrease including as a result of higher pricing, foregoing opportunities, or negotiating fewer transactional protections in order to remain competitive. Additionally, the Funds are expected to incur bid, due diligence, negotiating, consulting or other costs of investments, which may not be successful. As a result, a Fund may not recover all of its costs, which would adversely affect returns.

*Non-Controlling Interests; Reliance on Underlying Partner Firm Management.* Although investors (such as the Funds) may retain certain governance and other protection rights, the Funds will have no opportunity to control the day-to-day operation of their investments, including investment management and disposition decisions, or to protect their position in such investments, nor will they generally have the right to remove the managers thereof. The success of the Funds will be substantially dependent upon the capabilities and performance of the managers of the underlying partner firms and the company management of underlying partner firm portfolio companies, which will include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of a Fund. When a Fund invests in an underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company, the underlying partner firm will control such underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company and have broad discretion in structuring, negotiating, purchasing, financing, monitoring and eventually

divesting the underlying assets and portfolio companies. Further, should an underlying partner firm or any personnel for any reason cease to participate in the management of the underlying assets and/or portfolio companies, the performance of the relevant underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company (and consequently a Fund) could be adversely affected. The timing and extent to which a Fund realizes proceeds from any disposition, listing, financing, recapitalization, securitization, or other liquidity event with respect to any investment will, in many cases, depend on the decisions and actions of underlying partner firms. The management of underlying partner firms may make business, financial or management decisions with which PACT does not agree, or such management may take risks or otherwise act in a manner that does not serve a Fund's interests. Such decisions could include substantially limiting or entirely discontinuing all or a part of an underlying partner firm's business. In such case, a Fund's investment will be substantially impaired.

Although PACT will attempt to evaluate each prospective underlying partner firm based on criteria such as the performance history and strategy of the prospective underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company, the past performance of any such underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company is not a reliable indicator of future results. Moreover, the Funds will typically not have the opportunity to evaluate future strategies and investments (if any) to be made by an underlying partner firm and, generally, will have limited or, in some circumstances, no ability to dispose of a Fund's investment in an underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company, either in the manner or at the time preferred by PACT if PACT is dissatisfied with performance. PACT will not have an active role in the day-to-day management of the underlying partner firms or their investments. Accordingly, the returns of the Funds will be largely dependent upon the performance of the underlying partner firms and could be substantially adversely affected by any unfavorable performance.

*Risks Relating to Investments in Asset Management or Investment Advisory Businesses.* The Funds will invest in underlying partner firms in the asset management and investment advisory businesses. The revenues of asset management and investment advisory businesses are highly dependent on advisory fee income and in certain instances carried interest or similar incentive compensation. Advisory fee income, carried interest or similar incentive compensation may be negatively impacted by an absolute decline in assets under management, whether as a result of a market decline or a loss of clients, or by a shift in the mix of assets under management from equities or alternatives to fixed-income. Such a decline or shift could be caused or influenced by any number of factors, such as underperformance in absolute or relative terms, loss of key advisers or other talent, changes in investing preferences or trends, market downturns or volatility, drops in investor confidence, reputational damage, increased competition or general economic conditions. The asset management industry is subject to extensive and increasing regulation which significantly increases the cost of doing business, and any failure to comply with applicable laws or regulations could result in substantial fines, censure, suspensions of personnel or other sanctions or enforcement, including revocation of registrations as an investment adviser or broker-dealer, with respect to any underlying partner firm in which a Fund invests. Further, regulatory

actions could require the disgorgement of substantial fees, carried interest and expenses. In addition, an underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company may not be able to raise targeted amounts of capital as a result of the foregoing factors, which would negatively impact advisory fee income and carried interest received by a Fund. Each of these risks could negatively affect any investments by the Funds in portfolio investments involved in asset and wealth management or similar advisory businesses.

In certain cases, such investments may take the form of participations in the equity profits and/or revenue streams of an underlying partner firm, which involves risks associated with investments in businesses at an early stage of development or with little or no variations in operating results. Although a Fund may not be able to control, influence or make investment decisions taken by the underlying partner firms in which such Fund acquires participations, the Fund may seek to have observer rights and other transparency rights with respect to such investments. If an underlying partner firm's investment fund experiences losses (or fails to meet performance benchmarks, including by providing its investors with a "preferred return" on their invested capital), such underlying partner firm will not be able to earn performance-based returns from that fund until it satisfies such benchmarks.

Underlying partner firms may make distributions to a Fund that are subject to clawback arrangements. The terms of a Fund's investments in underlying partner firms may require the Fund to return such distributions upon the occurrence of certain circumstances. Accordingly, a Fund may set aside amounts otherwise distributable to limited partners for the purpose of making clawback payments to asset managers, should they arise. Amounts set aside to fund clawback payments will reduce the amount of funds available for distribution to the limited partners.

*Revenue Participation Rights; Equity Interests.* Economic interests involve a high degree of business and financial risks that can result in substantial losses. Although it is not expected that the Funds will control or make investment decisions with respect to any underlying partner firm's operations, each Fund will own economic interests in underlying partner firms and in certain circumstances would seek to have observer rights and other transparency rights with respect to an underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company. Economic interests may be subordinated to indebtedness or other equity securities that rank senior to a Fund's investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of a Fund's investment. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of an underlying partner firm, holders of securities ranking senior to a Fund's investment would typically be entitled to receive payment in full before distributions could be made to the Fund. After repaying senior security holders, the underlying partner firm may not have any remaining assets to use for making distributions to or repaying amounts owed to the Fund. To the extent that any assets remain, holders of claims that rank equally with a Fund's investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets.

Many underlying partner firm funds or underlying partner firm portfolio companies also have “benchmarks,” “hurdles,” or “preferred returns” whereby the underlying partner firm does not earn performance-based income during the current period, as a result of losses in prior periods (or where current period results did not satisfy such benchmarks, hurdles or preferred returns), even though the underlying partner firm fund or underlying partner firm portfolio company had positive returns in the current period. If an underlying partner firm fund or underlying partner firm portfolio company experiences losses (or fails to meet performance benchmarks or preferred returns), the applicable underlying partner firm will not be able to earn performance-based returns from that fund until it satisfies such benchmarks or preferred returns.

The returns on a Fund’s investments in underlying partner firms will also depend on the profitability of underlying partner firms, who will retain control over their own operations, budgets, expenses, compensation and revenues. It is possible that an underlying partner firm may make decisions in the exercise of its discretion over these items that may adversely affect its performance or cash flows available for distribution by a Fund.

*Market Disruptions; Adverse Effect of Economic Conditions.* The Funds and the underlying partner firms may be adversely affected by the deterioration of and uncertainty in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Adverse market conditions could result in volatility and illiquidity in the global equity, credit and debt markets generally. As a result, certain securities may become less liquid or more difficult to value and thus harder to liquidate.

The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on 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 the underlying partner firms and may affect a Fund’s and the underlying partner firms’ 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 a Fund’s or underlying partner firm’s investments and could have a negative impact on the performance and/or valuation of an underlying partner firm fund and/or an underlying portfolio companies. The Funds’ and the underlying partner firm funds’ performance can be affected by deterioration in the capital markets and by market events, 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 a underlying partner firm fund or underlying partner firm fund portfolio company investment and performance. Such adverse effects may include the requirement of a Fund or an underlying partner firm fund to pay break-up, termination or other fees and expenses in the event the Fund and/or such underlying partner firm fund 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 a Fund or the underlying partner firm fund to dispose of investments at prices that PACT or the underlying partner firm believes reflect the fair value of such investments.

The duration and ultimate effect of market conditions cannot be forecast, nor is it known whether or the degree to which such conditions may improve or worsen. The deterioration of market conditions and uncertainty regarding economic markets generally could result in further declines in the market values of potential investments or declines in the market values of subsequently purchased investments. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds and the underlying partner firm funds to sell and/or partially dispose of portfolio investments. Such declines could lead to weakened investment opportunities for the Funds and the underlying partner firm funds, could prevent the Funds and the underlying partner firm funds from successfully meeting their investment objectives or could require the Funds and the underlying partner firm funds to dispose of investments at a loss while such unfavorable market conditions prevail. Furthermore, the credit markets may be volatile and the availability of, and commercially reasonable terms associated with, indebtedness may be more difficult to ascertain. As a result, the Funds and the underlying partner firm funds may be unable to secure a credit facility. This may have an adverse effect on the Funds' and the underlying partner firm funds' ability to acquire and dispose of investments and may also have an adverse effect on the returns associated with their investments.

The profitability of the underlying partner firms depends in part upon the ability of the underlying partner firms to raise significant capital from third-party investors. In the event of any deterioration of, or uncertainty in, the financial markets, this ability to raise third-party capital may be severely reduced. In this case, underlying partner firms may lack sufficient capital to make investments and/or may lack a fee base sufficient to achieve profitability.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds 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. A Fund's ability to dispose of investments may be limited for several reasons. The Funds expect to acquire a significant percentage of their investments from underlying partner firms in directly negotiated transactions, which are expected to be subject to legal and other restrictions on resale or are otherwise less liquid than exchange-listed securities or other securities for which there is an active trading market. The Funds may be unable to exit these investments unless and until the underlying partner firm fund or underlying partner firm portfolio company has a liquidity event such as a sale, buyback, refinancing or initial public offering. In addition, if a Fund is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the value at which it had previously recorded its investments, which could have a material adverse effect on such Fund's business and financial condition. Moreover, investments purchased by a Fund that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer, market events, economic conditions or investor perceptions.

*Leveraged Investments.* The Funds are permitted to make use of leverage by incurring (or having an investment or intermediate entity incur) debt on a secured or unsecured basis to finance a portion of their investment in a given investment, including in respect of companies not rated by credit agencies. Such lender or other counterparty would, accordingly, have a claim that has priority over any claim by a limited partner to such assets in an insolvency event or proceeding. It is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. Co-investors are expected to receive the benefit of such guarantee, although as co-investors typically do not agree to participate in guaranty arrangements in negotiating to participate in a transaction, co-investors are not expected to bear a commensurate percentage of potential liability. Additionally, the Funds expect to borrow through a subscription-based credit facility (e.g., “subscription line”), which poses additional risks and potential conflicts of interest as further described below. The Funds also reserve the right to have an investment incur leverage through the use of a Fund’s subscription line or otherwise to finance operations and/or add-on investments. Leverage generally magnifies both a Fund’s opportunities for gain and its risk of loss from a particular investment. Accordingly, a Fund could effectively be highly leveraged at any given time as there are few limits (except for the limits set forth in the Governing Documents) on the Fund’s ability to borrow amounts. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments purchased or carried. The use of leverage also often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will potentially constrain and impair its ability to operate its business as desired and/or finance future operations and capital needs. In addition, the leveraged capital structure of underlying partner firms will increase the exposure of the Funds’ investments to any deterioration in an underlying partner firm’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund’s investments in the leveraged underlying partner firms in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where an underlying partner firm’s creditworthiness is such that it must borrow at higher interest rates than are available to the Fund. In the event any underlying partner firm cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the underlying partner firm as well as any guaranteed amounts, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of an investment, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the underlying partner firms, underlying partner firm funds and/or underlying partner firm portfolio company in which the Funds will invest generally will not be rated by a credit rating agency. Except where otherwise required by the Governing Documents, the Funds will not be obligated to borrow on behalf of an underlying partner firm, underlying partner firm fund and/or underlying partner firm portfolio company, even in circumstances where a Fund’s creditworthiness would permit borrowing at a lower rate than is

available to the underlying partner firm or investment. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of businesses which the Fund may have been contracted to purchase. The Funds expect to periodically incur leverage on a joint and several basis with one or more other investment funds and entities managed by PACT and will potentially have a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that a Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guarantees), such amounts may be secured by capital commitments made by the Fund's limited partners and such limited partners' contributions may be required to be made directly to the lenders instead of the Fund. If investment results fail to cover the cost of borrowings, a Fund's assets (including uncalled commitments) could decrease faster than if there had been no borrowings. Additionally, if investments fail to perform to expectation or suffer losses, the value of a Fund's interests will decrease more than if the Fund had not incurred borrowings or other leverage, so that borrowings or other leverage will magnify any such adverse consequences. Repayment of borrowings and other leverage incurred by a Fund is an obligation senior to the interests of the limited partners, and the agreements for such obligations may prohibit distributions to limited partners in certain circumstances. Further, to the extent income received from investments is used to make interest and principal payments, the partners may be allocated income, and therefore may incur a tax liability, in excess of cash distributed to them. Additionally, tax-exempt limited partners should note that the use of leverage by the Funds may give rise to debt-financed "unrelated business taxable income" within the meaning of Section 512 of the Internal Revenue Code ("UBTI"). Because the Funds are permitted to engage in portfolio financings where several Fund investments are cross-collateralized, multiple Fund investments may be subject to the risk of loss. As a result, a Fund could lose its interests in performing Fund investments in the event such investments are cross-collateralized with poorly performing or non-performing Fund investments. The incurrence of a significant amount of indebtedness, directly or indirectly, by a Fund or a Fund investment may, among other things, (i) give rise to an obligation to make mandatory prepayments of debt, which will reduce distributions to limited partners, (ii) limit the ability of a Fund or Fund investment to adjust to changing market conditions, placing it at a disadvantage compared to its competitors who have relatively less debt, and (iii) limit the ability of a Fund or Fund investment to obtain additional financing or increase the cost of obtaining such financing. Additionally, the incurrence of leverage (such as through the utilization of NAV facilities) or certain guarantees by a Fund or a flow-through entity in (or through) which the Fund invests may cause tax-exempt Partners to recognize UBTI.

*Subscription Line, Asset-Backed Facilities and Fund-Level Borrowing.* The Funds are expected to enter into a subscription line with one or more lenders in order to finance their operations, including the acquisition, financing or refinancing of investments and the payment of expenses, 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 relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital directly to the Fund's lenders and/or contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against a Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

With respect to any asset-backed facility entered into by a Fund (or an affiliate thereof), a decrease in the market value of the Fund's investments would increase the effective amount of leverage and could result in the possibility of a violation of certain financial covenants pursuant to which the Fund must either repay the borrowed funds to the lender, which would, subject to any limitations set forth in the Governing Documents, require limited partners to make additional capital contributions in respect of such borrowings, or suffer foreclosure or forced liquidation of the pledged assets. Liquidation of a Fund's investments at an inopportune time in order to satisfy such financial covenants could adversely impact the performance of the Fund and could, if the value of its investments had declined significantly, cause the Fund to lose all or a substantial amount of its capital. Moreover, if additional capital contributions were required to satisfy such financial covenants, this would effectively reduce the amount of capital available for other investments and potentially adversely affect the diversification of a Fund's portfolio. In the event of a sudden, precipitous drop in the value of a Fund's assets, the Fund might not be able to dispose of assets quickly enough to pay off its debt resulting in a foreclosure or other total loss of some or all of the pledged assets.

In addition, Fund-level borrowing will result in additional expenses that will be borne by limited partners. 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, including amendment fees as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility (and any amendments or renegotiation thereof), as well as expenses relating to maintaining, renegotiating, amending or terminating the facility. Because a subscription line's interest rate is typically based in part on the creditworthiness of the limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually.

A credit agreement or borrowing facility typically contains other terms that restrict the activities of the Funds and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the General Partners' ability to consent to the direct or indirect transfer of a limited partner's interest in the Funds or impose concentration or other limits on the Funds' investments (and/or financial or other covenants that could affect the implementation of the Funds' investment strategy). In addition, in order to secure a subscription line, the General Partners are often required to 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. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, an investment or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant investment or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a Fund to make investments and pay expenses without calling capital, potentially for extended periods of time. To the extent provided in the Governing Documents, any such borrowing may remain outstanding for such time as the relevant General Partner deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that may decrease net returns of the Fund. 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 Partner called smaller amounts of capital incrementally over time as needed by the 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 General Partners reserve the right to use Fund-level borrowing to pay Management Fees and to reimburse the General Partner for expenses incurred on behalf of the Funds. The Funds are also permitted to utilize fund-level borrowings when a General Partner expects 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.

For purposes of distributions by a Fund, subject to the Governing Documents, limited partners would not receive a preferred return accrual on the amount invested by the Fund until such time as capital may be called from limited partners in respect of the investment.

*No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.* The interests may not generally be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of each Fund's General Partner, which may be withheld pursuant to the Governing Documents, and the volume of transfers permitted in any calendar year may be restricted in order to comply with certain safe harbors under the tax regulations promulgated under the Internal Revenue Code. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations in which retaining an interest in a Fund would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests have not been, and are not expected to be, registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be re-sold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is

available. Consequently, limited partners may not be able to liquidate their interests prior to the end of a Fund's life and should be prepared to bear the risks of an investment in the Fund for an extended period of time.

*Clawback Payments and Management Fee Rebates to Underlying Partner Firms.* Underlying partner firms will make distributions to the Funds that are subject to clawback arrangements with those underlying partner firm funds. The terms of each Fund's investments in an underlying partner firm generally will require such Fund to return such distributions to the underlying partner firm fund upon the occurrence of certain circumstances, such as the failure of a fund managed by the underlying partner firm to achieve an overall level of profitability or a distribution of excess fees that are not offset sufficiently by management fee revenue. Accordingly, the Funds are permitted to set aside amounts they could otherwise reinvest or distribute to limited partners for the purpose of fulfilling such obligations to the underlying partner firms or underlying partner firm funds, should these obligations arise. Amounts set aside to fund such payments will reduce the amount of funds available to make distributions to the limited partners or additional investments in underlying partner firms, underlying partner firm funds or underlying partner firm portfolio companies. In addition, to the extent that a Fund distributes to limited partners amounts that are subject to such obligations or does not set aside sufficient amounts to make such payments, limited partners may be required to return amounts distributed to them to fund any such clawback obligations to underlying partner firms, which may reduce a limited partner's overall returns from a Fund.

*General Partner's Carried Interest and Management Fee.* As is generally the case in private equity funds, the Governing Documents provides that the Funds' Management Fees will be calculated and charged on a basis that generally is not tied to each Fund's then-current net asset value. As further specified in the Governing Documents, from the effective date of a Fund until a date specified in the Governing Documents (the "Stepdown Date"), Management Fees generally will be charged based on a formula tied to the amount of the 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 uncalled commitments and investment contributions (including, where applicable, a Fund borrowing component) made by the Fund with respect to investments that have not been disposed of or completely written off for U.S. federal income tax purposes (such investments, "Impaired Value Investments").

Under the Governing 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 Governing 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 reorganization, partial sale, roll-over investment in connection with a sale or dividend distribution, except investments that have not been fully realized and investments meeting the relevant Impaired Value Investment standard under the Governing Documents.

Following the Stepdown Date, investments that have not been fully realized and Impaired Value Investments 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 investment is less than the aggregate investment contributions with respect to all existing and former investments in such investment.

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 Fund's investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of investments that have been fully realized and Impaired Value Investments. Except where the Governing Documents expressly provides 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 reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, or in circumstances where a Fund divests its investment(s) in the relevant investment, whether in whole or in part, in each case in circumstances that do not result in the complete disposition of the 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 Governing Documents in the event of realizations, dispositions or partial write-downs or write-offs that occur partway through the relevant calculation period.

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

*Limitations on Availability of Exit Opportunities.* Over time, each Fund is permitted, in the sole discretion of PACT, to take actions in an attempt to realize its investments or provide other means of liquidity to the partners. These actions include, but are not limited to, (i) a public offering, a listing of stock or common equity interests on a U.S. or non-U.S. securities exchange or comparable trading market or sale to a publicly-traded entity (including, for the avoidance of doubt, a special-purpose acquisition company or 1940 Act investment company, etc.), (ii) issuance of stock or common equity interests to qualified institutional buyers in the United States in reliance on Rule 144A and/or to institutional limited partners outside the United States pursuant to Regulation S, with or without a concurrent listing on an exchange, (iii) a securitization of future income streams, (iv) a sale or transfer to an existing private or public company in exchange for a more liquid security or (v) another type of offering of securities or financing. Although PACT may consult with the advisory committee regarding any liquidity event, the approval of the relevant advisory committee or the limited partners will not be required for PACT to implement liquidity events or certain other liquidity strategies. The Funds are under no obligation to take any of these actions and could face contractual, regulatory,

market and/or other constraints on their ability to affect any of these actions. To the extent that a Fund is unable to realize its investments due to such constraints, the limited partners will not be able to realize their investments in the Fund and the value of such investments would be impaired. A Fund may be required to accept securities or other assets of an acquiror in connection with any disposition of an investment or in connection with a restructuring or other liquidity event.

Additionally, the ability of a Fund to realize or otherwise liquidate its position in an investment in an underlying partner firm is expected to, potentially, be subject to the cooperation and/or approval of such underlying partner firm. There can be no assurance that any such approval or cooperation will be obtained from any underlying partner firm. Furthermore, in the event that the investment in an underlying partner firm involves multiple Funds, there may be circumstances where PACT is unable to, or decides not to, realize and liquidate the investment positions of each such Fund in such underlying partner firm. In such circumstances, PACT would be subject to conflicts of interest in determining which positions to realize and liquidate and which positions to retain and it is possible that terms of one Fund's exit may be less favorable to such Fund than the terms applicable to an earlier or later exit by another Fund.

*Risk Management Activities; Due Diligence.* Before making investments, PACT will typically conduct due diligence that it deems reasonable and appropriate based on the known facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to PACT's reduced control of the functions that are outsourced. In addition, if PACT is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected.

The Funds' investment strategy involves investments in private companies for which no market exists. Little public information exists about many of these companies, and the Funds will be required to rely on their diligence efforts to obtain adequate information to evaluate the potential risks and returns involved in investing in these companies. Incomplete or inaccurate information could impact both initial and ultimate valuations of investments, as well as a Fund's operating plan for such investments. Therefore, the risk that a Fund may invest on the basis of incomplete or inaccurate information may adversely affect the Fund's investment performance. The uncertainty regarding information about its prospective investments subjects a Fund to greater risk than investments in publicly-traded companies. There is no assurance that a Fund's diligence efforts will result in it obtaining fully complete and accurate information about prospective investments or that such efforts will result in an investment being successful or even ensure a return on invested capital. These risks may be heightened in the event investment analyses and decisions by PACT are required to be undertaken on an expedited basis to take advantage of certain investment opportunities, in which case the information available to PACT at the time of making an investment decision may be even more limited. Due diligence investigations

with respect to any prospective investment may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment. Moreover, there can be no assurance that attempts to identify risks associated with an investment will achieve their desired effect.

The amount and quality of risk due diligence, measurement and monitoring is dependent on access to the portfolio and risk management systems (if any) of the underlying partner firms. There is no assurance that the underlying partner firms will provide access to all or any of this data. When this information is unavailable, estimates of risk will be made that may turn out to be inaccurate. No amount of diligence can eliminate the possibility that one or more underlying partner firm may engage in improper or fraudulent conduct, theft, unlawful activities or trading or other similar behavior. The Funds may rely upon representations made by the underlying partner firms, accountants, attorneys and other investment professionals without independent verification. If any such representations are misleading, incomplete or false, this may expose the Funds to risk of loss of its investment.

In connection with PACT's initial and ongoing review of underlying partner firms, PACT may identify certain deficiencies with an underlying partner firm. PACT may decide to invest in such underlying partner firm despite the identification of such deficiencies or concerns for various reasons, including without limitation, because PACT determines in its sole discretion that such deficiencies are not significant or because such underlying partner firm is attempting to address such deficiencies.

PACT is under no obligation, and does not currently expect, to notify the limited partners in the event that it identifies any such deficiencies or concerns, or otherwise becomes aware of any negative information regarding an underlying partner firm.

Negotiating and executing transaction agreements, together with the process of identifying and diligencing an underlying partner firm, can be very time consuming and burdensome and result in high transaction costs, which generally would be borne by the Funds (and not split between a Fund and the target underlying partner firm unless specifically agreed).

*Recycling; Reinvestment.* PACT generally will have the right to reinvest or recall certain capital returned or distributed by a Fund to the partners, including to make additional investments, in accordance with the Governing Documents. Accordingly, during the life of a Fund, a partner may be required to make Capital Contributions in excess of its commitment (with certain limitations), and to the extent such recalled or retained amounts are invested, a partner will be subject to the risks associated with such investments.

*Reserves.* As is customary in the industry, PACT is expected to establish reserves for investments by a Fund, operating expenses of a Fund, Fund liabilities and other matters. Estimating the appropriate amount of such reserves is difficult and not systematic or precise. Inadequate or excessive reserves could impair the investment returns to the limited partners. If PACT determines reserves are inadequate, a Fund may be unable to take advantage of attractive investment opportunities or may not be able to pay its liabilities or expenses as they come due. If reserves for liabilities or expenses are excessive, a Fund may decline attractive investment opportunities.

*Key Persons; Non-Competition.* The underlying partner firms are expected to rely heavily on certain key personnel of underlying partner firms to manage and direct the operations of such underlying partner firms. The presence and retention of key personnel is particularly important to participants in the alternative investment managing sector, such as the underlying partner firms, and the departure of these key personnel or inability to fulfill their responsibilities has the potential to materially and adversely affect the ability of an underlying partner firm to effectively implement its investment program, which may have a material adverse effect on a Fund. The Funds expect to be entitled to receive a portion of an underlying partner firm's income. This may motivate an underlying partner firm's key managerial personnel to leave the employ of the underlying partner firm to go work for a new entity that is not subject to a requirement to share income with the Fund (and thus has greater flexibility to share income with key personnel), or create one or more new entities not affiliated with the underlying partner firm, in order to avoid sharing the new entity's income with the Fund.

Each Fund intends to negotiate with each underlying partner firm for contractual terms ("Investment Terms") that are favorable to such Fund, however, there is no assurance that each Fund will be able to obtain desired Investment Terms. The Funds expects to seek Investment Terms that condition the investment on some type of retention arrangements with key personnel being in place (including the execution of non-competition and non-solicitation agreements), and ongoing obligations designed to encourage retention. In addition, the Funds will seek terms designed to enable each Fund to participate in income from all affiliated sources, including new entities. However, there can be no assurance that the Funds will be able to obtain such an Investment Term, or that even if such an Investment Term is obtained, that key personnel will remain in place.

*Advisory Committees* Each Fund's General Partner will appoint one or more limited partner representatives to its advisory committee, which has the ability to review and waive compliance with certain provisions of the Governing Documents, including resolving potential conflict of interest situations, and whose approval is required or may be requested in certain circumstances under the Governing Documents, including certain approvals or consents required by U.S. federal securities laws. Pursuant to the terms of the Governing Documents, all limited partners are bound by the determinations of the relevant advisory committee, regardless of whether a limited partner is represented by a member of the advisory committee. The Governing Documents provide that to the fullest extent permitted by applicable law, none of the advisory committee members shall owe any fiduciary duties to a Fund or any other partner. Members of the advisory committee may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory committee for consideration or review. In addition, limited partners with representatives on the advisory committee potentially will have various business and other relationships with PACT and its partners, employees and affiliates. These relationships may influence their decisions as members of an advisory committee. Each General Partner is authorized to appoint limited partners to the advisory committee in its sole discretion, and is permitted to consider various factors including the timing and amount of a limited partner's commitment to a Fund and/or other funds managed by PACT, the relevant General Partner's perception of a limited partner's effectiveness on the advisory committee, legal and regulatory considerations, the interests of the limited partner and

the degree to which they are likely to align with a Fund and its General Partner and other factors including similar to those set forth with respect to co-investors (See “Co-Investments” below). To the extent members of an advisory committee vote regarding conflicts or otherwise participate in matters involving a vote or action, such members may not vote solely in accordance with their interests related to a Fund and may vote in a manner that is beneficial to such members’ other interests at the expense of such Fund. Such members are unrestricted from voting and have the potential to affirmatively vote in a manner that is in their own interest and adverse to the interests of other limited partners. Finally, advisory committee members may choose to abstain from voting on certain issues, which means that certain votes and issues could be decided only by non-abstaining members and less than a complete group of advisory committee members.

*Multiple Levels of Expense and Performance Fees.* Investments in underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company made by the Funds may significantly increase the fees, costs and expenses payable by a Fund and consequently borne by the limited partners. Both the Funds and in some cases the investments in an underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company, directly or indirectly, impose management fees and/or performance fees or incentive allocations on the limited partners. In addition, there will be organizational and operating expenses associated with each Fund and the investments. These various levels of fees, costs and expenses will be charged whether or not the performance of a Fund generates positive returns for the limited partners. As a result, the Funds, and indirectly the limited partners in the Funds, will bear multiple levels of fees and expenses, which in the aggregate may exceed the expenses which would typically be incurred by an investment in a single investment, and which will offset the Fund’s profits. In addition, because of fees and expenses payable by the Funds, a Fund’s returns on investments may be lower than the returns to a direct investor in the investments.

*Special Consultants.* PACT, its affiliates and their respective employees, and other professionals and personnel who may be engaged by PACT and its affiliates, are authorized to provide services on behalf of the Value-Add Platform to actual or prospective underlying partner firms, underlying partner firm funds and/or underlying partner firm portfolio companies.

Although PACT anticipates that such services will reduce costs borne by investments (and, ultimately, the Funds) and/or improving investment performance, a number of factors may result in limited or no cost savings. As a general matter, there can be no assurance that the Value-Add Platform will be effective and result in Fund returns. Moreover, PACT and/or its affiliates only anticipate providing services on behalf of the Value-Add Platform that will create value, while providing them with competitive Value-Add Platform 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 on behalf of the Value-Add Platform and/or able to provide them at lesser cost, and PACT does not commit to undertaking any benchmarking against other service provider rates.

*Valuation of Investments.* Generally, each General Partner will determine the value of a Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of the Funds' investments because, among other things, the investments held by the Funds generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that a General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by such Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the Fund's investment portfolios and risks, and may also affect the diversification and management of the Fund's portfolio of investments.

Furthermore, the Funds generally will be valued on the basis of the valuation information provided by the applicable underlying partner firms. In such cases, a General Partner generally will not have sufficient information in order to be able to confirm or review the accuracy of valuations provided by underlying partner firms, and the General Partner will generally rely entirely and conclusively, without limitation, upon the most recent valuation information (whether audited or unaudited) provided to it by such underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company without independent verification. There can be no assurance that the value of a Fund as reported will ultimately be realized.

*Co-Investments.* The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by PACT in its sole discretion, have the potential to not be in the best interests of a Fund or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, PACT may consider some or all of a wide range of factors, 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 PACT 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) the perceived ease of process in coordinating or completing the investment with the prospective co-investor or prospective co-investors similar thereto; (vii) PACT'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 PACT's ability to execute the relevant transaction in the desired time or on desired terms; (viii) the size of the investment allocation available to PACT (and not being allocated among Funds) and the practicality of splitting the allocation into smaller tranches; (ix) 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; (x) 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; (xi) whether the prospective co-investor is considered "strategic" to the investment because it is able to offer PACT or its affiliates or any Funds 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 PACT 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 to PACT or its affiliates or any Funds; (xii) whether the prospective co-investor has a history of consummating co-investment opportunities with PACT or its affiliates; (xiii) whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; (xiv) 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 investment, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the investor would be willing to defer to PACT and assume a more passive role in governing the investment); (xv) whether the prospective co-investor has any interests in any competitor of the underlying investment; (xvi) the expected investment holding period; (xvii) the services provided by the prospective co-investor in connection with the investment and/or to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment), including sourcing, establishing relationships, participating in diligence, providing operational or financing services post-closing and other services; (xviii) the size of the prospective co-investor's interest to be held in the investment as a result of the investment of another Fund (which is likely to be based on the size of the prospective co-investor's capital commitment and/or investment in such entity); (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 size and/or timing of a prospective co-investor's commitment to a Fund; and (xxi) other factors that PACT considers important in connection with the specific transaction or investment. PACT is authorized to grant certain co-investors the opportunity to

evaluate specified amounts of prospective co-investments in Fund investments or otherwise to have priority in co-investment opportunities.

Furthermore, PACT expects 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. When and to the extent that employees and related persons of PACT make capital investments (directly or indirectly through a General Partner) in or alongside a Fund, PACT is subject to potentially conflicting interests in connection with these investments. PACT's allocation of co-investment opportunities among the persons and in the manner discussed herein 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.

In addition, in order to consummate a transaction or facilitate the acquisition of an investment and ensure a Fund is afforded an investment opportunity or otherwise, PACT is authorized to cause a Fund to fund such investment (or commit to fund such investment) through capital contributions or use of a credit facility on behalf of certain co-investors (including another Fund) 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. Any such purchase from a Fund by a co-investor or co-invest vehicle generally is expected to occur shortly after a 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 PACT's sole discretion, PACT reserves the right 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 a 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 such Fund. 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 the Fund, the Fund will have an allocation to an investment that is larger than originally anticipated. In addition, the Funds 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, a Fund generally will bear the entire portion of any other fees, costs and expenses related to such investment, hold a larger than expected position in such investment and could realize lower than expected returns from such investment. Similarly, to the extent a Fund makes use of a credit facility to make an investment or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole, and co-investors will not have any obligations under such facility. Conversely, PACT generally does not permit prospective co-investors to benefit from break-up fees (if any), and the Funds would generally expect to receive the entirety of the fee (other than amounts allocable to other co-lead

investors or other Funds), to the extent not applied to reimburse PACT or its affiliates, prospective co-investors or others for certain expenses incurred in connection with such 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 Fund, 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.

PACT reserves the right, in its sole discretion, to charge a Management Fee and administration 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 a Fund, any compensation received by PACT in connection with a co-investment does not offset the Management Fee. As indicated above, in certain circumstances, PACT 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.

*Cyber Security Breaches and Identity Theft.* Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, including PACT, the Funds and/or underlying partner firms, as well as their third-party partners, may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. PACT, the Funds, the underlying partner firms, the Funds' service providers and/or their investments information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses; infiltration by unauthorized persons and security breaches; and other disruptive behavior including denial-of-service attacks. Furthermore, PACT, the Funds, the underlying partner firms, the Funds' service providers and/or its investments may be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

PACT, the underlying partner firms, their service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely

affect the Funds and the limited partners, despite efforts to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Funds and the limited partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of PACT, the underlying partner firms, the Funds' investments, the Funds' service providers, counterparties, or data within these systems, including through phishing or ransomware attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers, or other users of PACT's or the underlying partner firms' systems to disclose sensitive information in order to gain access to PACT's data, the limited partners (including limited partner account and wire instructions) or the underlying partner firms. Similarly, third parties may attempt to fraudulently issue capital call notices or other requests to limited partners that purport to come from PACT, and/or induce limited partners to disclose wire and account information. To the extent that PACT, the Funds, an underlying partner firm or an investment is subject to cyber-attack or other unauthorized access is gained to such entity's systems, such entity would be subject to substantial losses in the form of stolen, lost, or corrupted (i) customer data or payment information; (ii) customer or company financial information; (iii) software, contact lists, or other databases; (iv) proprietary information or trade secrets; (v) loss of capital; or (vi) other items. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments.

If technology or security systems are compromised, become inoperable for extended periods of time or cease to function properly, PACT, the Funds, an underlying partner firm and/or an underlying partner firm portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in PACT's, the Funds', an underlying partner firm's and/or an underlying partner firm portfolio company's operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners (and the beneficial owners of limited partners). Such a failure could harm PACT's, the Funds', an underlying partner firm's and/or an underlying portfolio company's reputation, subject any such entity and its respective affiliates to legal claims (from an individual or a governmental body) or otherwise affect their business and financial performance. In addition, PACT's, the Funds', an underlying partner firm's and/or an underlying partner firm portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates for incurred liabilities.

*Side Letters.* The Funds or their General Partners, without any further act, approval or vote of any limited partner, intend to enter into side letters or other similar agreements with certain limited partners that have the effect of establishing rights (including economic terms), many of which will not be subject to the "most-favored nation" provisions of the Governing Documents, under, or altering

or supplementing the terms of, the Governing Documents with respect to certain limited partners. As a result of such side letters, certain limited partners will receive additional benefits that other limited partners do not receive, and such benefits potentially will be significant. Further, PACT is likely to have certain contractual obligations, as well as its own economic and/or other business incentives to provide certain terms to certain limited partners (e.g., based on commitment amount to a Fund or the timing thereof, the ability of the limited partner to provide sourcing or other services to PACT, its affiliates and personnel or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to PACT, its affiliates and personnel 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 and/or receipt of a portion of a General Partner's or its affiliates' Management Fees, other fees and/or 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 PACT 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 a 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 limited partner's commitment in the Fund would exceed a certain percentage of the Fund's aggregate commitments; (vii) additional confidentiality protections; (viii) the right to disclose certain information to underlying limited partners, 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 a Fund's advisory committee; (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 may also relate to strategic relationships under which a limited partner agrees to provide support to PACT or to make capital commitments to multiple Funds. Side letters subject PACT to potential conflicts of interest, including in circumstances where a limited partner's right to serve on an advisory committee results in the limited partner receiving additional information relative to other limited partners. To the extent a limited partner is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other limited partners may be subject to increased losses or be required to bear an increased portion of indemnification amounts. Other side letter rights are likely to confer benefits on the relevant limited partner at the expense of a Fund or of limited partners as a whole, including in the event that a side letter confers additional reporting information rights and/or transfer rights, the costs and expenses of which are expected to be borne by such Fund. As a consequence of one or more limited partners being excused or excluded from, or from regulatory, tax or other factors altering or limiting their participation in, certain investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-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. Further, although PACT believes it to be unlikely, excuse 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 Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in a 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 the Fund. The other limited partners will generally have no recourse against the Funds, their General Partners 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. PACT 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 Governing Documents.

*Tax Liability Considerations.* The taxation of partnerships and partners is complex. A Fund 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 a taxing authority, a limited partner might be found to have a different tax liability for that year than that reported on its tax returns. In addition, a taxing authority's review of a Fund may result in a review of the returns of some or all of the limited partners, which examination could result in adjustments to the tax consequences initially reported by a Fund and affect items not related to a limited partner's investment in the Fund. If such adjustments result in an increase in tax liability for any year, a Fund or one or more of the limited partners 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 taxing authority's review of a Fund's tax returns will be borne by such Fund. The cost of any audit of a limited partner's tax return will be borne solely by the limited partner.

## **Conflicts of Interest**

If any matter arises that PACT determines constitutes an actual or potential conflict of interest, PACT reserves the right to take such actions as it believes necessary or appropriate to ameliorate such conflict (and upon taking such actions, PACT will be relieved of any responsibility for, and liability related to, such conflict to the fullest extent not prohibited by law and shall be deemed to have satisfied its

fiduciary duties related thereto to the fullest extent not prohibited by law, including in each case, the Advisers Act).

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of the Funds, PACT and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, limited partners should be aware that PACT and its personnel and affiliates likely will in the future engage in further activities that will result in additional conflicts of interest not addressed below. There can be no assurance that PACT will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund.

*Conflicts Related to Successor Funds; Separately Managed Accounts.* At such time as PACT is permitted to raise a successor investment fund, employees will continue to manage the investments, but also will focus investment activities on other Funds. Certain investments are permitted to be allocated between the current Funds and any successor fund in a manner as set forth in the Governing Documents.

Until such time as PACT is permitted under the Governing Documents to raise a successor investment fund, PACT generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the current Fund principally for the benefit of such Fund and not another co-mingled investment vehicle. However, the forgoing will not in any way limit the ability of PACT or any of its affiliates to act as sponsor, manager, adviser or sub-adviser of one or more single-asset or warehoused-asset investment funds or investment vehicles, continuation or extended duration vehicles, joint ventures, separately managed accounts, funds-of-one, and co-investment vehicles (“PACT Accounts”).

When permitted under the terms of the Governing Documents, PACT expects to manage other co-mingled investment funds similar to those in which the current Fund will be investing and expects to direct certain relevant investment opportunities or resources to those investment funds and investments. Over time, certain investment opportunities suitable for the current Funds are likely also to be suitable for other investment funds and accounts sponsored by PACT. In determining if a Fund or other PACT Accounts should participate in such investment opportunities, subject to the Governing Documents, PACT, the Founder and their affiliates are subject to potential conflicts of interest among the limited partners in the Funds and limited partners in the other PACT Accounts. To determine whether a Fund or other PACT Account will participate in the relevant investment opportunity, PACT generally assesses whether an investment opportunity is appropriate for each relevant fund based on the terms of such fund’s limited partnership agreement, side letter agreements and/or offering documents. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by a Fund, and because co-invest opportunities generally appeal to Fund limited partners and third parties, PACT expects to be subject to potential conflicts of interest in determining the amount of the investment opportunity that should be allocated to a Fund.

*Conflicts Arising from Other Investment Management Activities of PACT.* PACT reserves the right, in the future, to expand its investment management services to offer other products, which would give rise to potential additional conflicts of interest not specifically described in the Governing Documents. There can be no assurance that PACT will identify or resolve all such conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund. PACT expects that the investment activities of the other products would generally give rise to additional conflicts of interest in connection with allocating investment opportunities. The potential investments and activities of the other products may increasingly overlap with the potential investments and activities of the PACT Accounts (including the current Funds), and another product is permitted to invest in the same investments as one or more other PACT Accounts or in a target that would otherwise be suitable for a Fund or one or more other PACT Accounts. Notwithstanding the actual and potential conflicts of interest that arise, PACT generally expects to determine the allocation of investment opportunities among the Funds and any other products in accordance with PACT's allocation policies. If any other products are formed, investment opportunities are permitted to be allocated in any number of ways between the PACT Accounts and/or such other products, and there can be no assurance that the application of PACT's allocation policies and procedures will result in the allocation of any particular investment opportunity to the current Funds. In addition, the application of PACT's allocation policies may result in allocations of investment opportunities among PACT Accounts and/or other products on an other than pari passu basis. As a result, a Fund may not fully participate in all investment opportunities falling within its investment objective.

PACT's allocation of investment opportunities among the Funds and any other PACT Account in the future may not be proportional. Therefore, such allocations potentially may be more advantageous to one or more other PACT Account. While PACT will allocate investment opportunities in a way that it believes is fair and equitable to the Funds under the circumstances over time considering such factors as PACT 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 PACT expects to be subject did not exist.

PACT personnel are also permitted to serve on boards or act in other roles including for charitable and educational institutions, trade groups and industry associations.

*Conflicts of Interest Related to Co-Investments.* PACT reserves the right in its sole discretion to offer strategic and other investors (including one or more limited partners) the opportunity to participate in one or more Fund investments on a side-by-side basis, subject to its allocation procedures. Such opportunities may be provided to one or more limited partners and/or other persons, including PACT and other affiliates of PACT, PACT personnel and/or certain other persons associated with PACT and/or its affiliates, Value-Add Platform team members, advisers and service providers, finders, underlying partner firm management teams, other sponsors, strategic investors and market participants, in each case on terms to be determined by PACT in its sole discretion and subject to its allocation procedures. The terms of any such investment opportunity will be determined by PACT,



including any Management Fee or Carried Interest charged in connection therewith, and will likely vary with respect to any such investment opportunity.

*Conflicts Related to Fund Use of Leverage.* To the extent a particular limited partner's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns. Calculations of performance in respect of a Fund as used in marketing and reported to limited partners are generally based on the payment date of capital contributions received from limited partners and not the date of an investment by the Fund. This treatment also applies in instances where a Fund utilizes borrowings under the Fund's subscription line in advance of receiving capital contributions from limited partners to repay any such borrowings and related interest expense. Conflicts of interest have the potential to arise in that the use of a subscription line or similar borrowing or guarantees generally will result in a higher reported performance than if the facility had not been utilized and instead such limited partners' capital had been contributed at or prior to the inception of an investment, thereby resulting in benefits to PACT such as increasing the likelihood that the preferred return component of a Fund's Carried Interest arrangement will be met. An investment 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. 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, PACT has an incentive to cause the Funds to make investments and/or pay such amounts using a subscription line rather than making capital calls. 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. 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 Fund's Management Fee calculation under the Governing 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, 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 a Fund nor limited partners generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed without a preferred return accrual on the amount invested by the Fund (due to the absence of invested capital funded by limited partners prior to the determination of carried interest distributions). Accordingly, borrowings by a Fund may support the distribution of proceeds to limited partners and increase the potential Carried Interest for the relevant General Partner; however, the interest incurred by a Fund due to such borrowing would reduce such

distributions and the Carried Interest received by the General Partner. If an investment acquired with proceeds of such borrowing loses value, limited partners may be subject to capital calls to fund that loss as a Fund expense by repaying the credit facility, including related interest and expenses. Subject to the limitations in the Governing Documents, if any, this conflict of interest may incentivize PACT to permanently fund the acquisition and ongoing capital needs of investments of a Fund and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

If a Fund enters into any indebtedness with one or more other Funds and entities managed by PACT on a joint and several basis, PACT 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, PACT may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances, PACT funds may be prohibited from exercising (or PACT 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. PACT 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.

*Conflicting Limited Partner Interests.* Limited partners can be expected to have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. Conflicts will potentially arise in connection with decisions made by PACT regarding investments that will potentially be more beneficial to certain limited partners than to others, especially with respect to tax matters. In structuring, acquiring and disposing of investments, PACT generally will consider the investment, tax and other relevant objectives of each Fund and the partners as a whole, rather than the investment, tax or other objectives of any limited partner individually. Additionally, PACT is authorized to elect to exclude certain limited partners from particular investments for legal, tax, regulatory, accounting or other reasons applicable to any such investment, in which case non-excluded limited partners will be allocated a greater proportionate interest in such investment. It is also possible that the Funds, the underlying partner firms, underlying partner firm funds or underlying partner firm portfolio companies will be counterparties or participants in agreements, transactions, or other arrangements with a limited partner or an affiliate of a limited partner. Such transactions have the potential to include agreements to pay performance fees to service providers affiliated with limited partners in connection with the investment therein, which will reduce a Fund's returns and will not necessarily be subordinated to the return of the limited partner's capital contributions. Such limited partners described in the previous sentences may therefore have different information about PACT and the Funds than limited partners not similarly positioned. In addition, potential conflicts of interest will arise in dealing with any such limited partners, and PACT and its affiliates will not always be motivated

to act solely in accordance with its interest relating to the Funds. Similarly, not all limited partners monitor their investments in vehicles such as the Funds in the same manner. For example, certain limited partners may periodically request from PACT regarding a Fund and its investments that is not otherwise set forth (or has yet to be set forth) in the reporting and other information required to be delivered to all limited partners. In such circumstances, PACT is permitted to provide such information to such limited partner, which does not mean PACT will be obligated to affirmatively provide such information to all limited partners (although PACT will generally provide the same information upon request and treat limited partners equally in that regard). As a result, certain limited partners may have more information about a Fund than other limited partners, and PACT will have no duty to ensure all limited partners seek, obtain, or process the same information regarding a Fund and/or its investments.

*Conflicts Related to Management Fee and Carried Interest.* The Governing Documents provide PACT 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 the compensation of PACT. In making such determinations, PACT is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for PACT to make investments and to hold investments longer than otherwise would be the case in the absence of a Fund's Management Fee and Carried Interest compensation arrangements. PACT expects to be incentivized to cause the Funds 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 generate 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, PACT will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, PACT expects to be incentivized to pursue such transactions. Additionally, the amount of Carried Interest owed to a 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 PACT expects to be subject to related 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 Governing Documents. The Governing Documents provide PACT with wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by PACT 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 limited partner would agree with the substance or timing of PACT's determination that an investment is an Impaired Value Investment, and, except as set forth in the Governing Documents, neither PACT 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 a Fund's holding period. PACT is entitled to make its own determination taking into account

all facts and circumstances it deems relevant, subject to the provisions of the Governing 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 compensation to the General Partner and its affiliates is dependent in part on an investment's status as an Impaired Value Investment, PACT faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although PACT intends to operate in accordance with the Governing 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.

*Conflicts Related to Transaction Fees.* Although PACT does not expect to charge "Transaction Fees," PACT is permitted to do so as set forth in the Governing Documents in connection with Fund investments, which it expects could create 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 an investment 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, PACT expects that certain 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. Any Transaction Fees with respect to an investment or potential investment (including unconsummated transactions) generally will be allocated to a Fund only to the extent of the Fund's relative ownership or anticipated ownership of such investment or potential investment on a fully-diluted basis. Accordingly, a Fund will, in most cases, only benefit from any Management Fee offset with respect to its allocable portion of any such Transaction Fee and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated (including with respect to non-control investments, would have held an economic interest in) the applicable investment (including with respect to non-control investments)), including without limitation, (i) General Partner or affiliated partner commitments, (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by PACT, service providers, third parties, current or former portfolio company management or employees, 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. In addition, Transaction Fees will be offset only to the extent they are paid during the holding period of a Fund, and limited partners generally will not receive the benefit of Transaction Fees paid prior to a Fund's acquisition, or following a Fund's disposition, of the relevant investment. Similarly, to the extent a former employee performs services on behalf of the Value-Add Platform to, or is employed by, an investment, no compensation earned by such former employee will offset the Management Fee, whether or not such former employee has a remaining interest in a General Partner or affiliated entity. Conversely, in the event that PACT employs a person

that previously received compensation from an investment, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with PACT, 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. Each of the foregoing conditions described in the Governing Documents is expected to reduce the amount of Transaction Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to PACT over the life of the Fund, and the existence of such potential benefit creates an incentive for PACT to seek to increase such amounts.

In certain circumstances, such as those relating to short- or long-term investment liquidity needs, and regardless of whether the investment is undergoing financial stress, PACT reserves the right to accrue, defer or forego payments of Transaction Fees. In such cases, in accordance with the Governing 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, PACT also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund investments.

*Conflicts Related to Services Provided by Affiliates and Related Persons.* Over the life of a Fund, PACT generally expects to exercise its discretion to recommend to underlying partner firms, underlying partner firm funds or underlying partner firm portfolio companies that they contract for services or enter into other transactions with various service providers, potentially including, among others: (i) PACT (or an affiliate, which is likely to include Value-Add Platform team members at rates determined or substantively influenced by PACT); (ii) an entity with which PACT 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 personnel are seconded, or from which PACT receives secondees; or (iii) a limited partner or its affiliates. Such transactions could result in the provision of services at a rate higher than could be obtained by such underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company on the open market, or conversely, result in an underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company providing services to another underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company at a discounted rate. Additionally, PACT has incentives to engage limited partners to provide services to the Funds and/or their underlying partner firms, underlying partner firm fund or underlying partner firm portfolio companies, including financing, to maintain goodwill with such limited partners including with respect to investments made or that may be made in a Fund. As a result, in each case, the products or services recommended may not necessarily be the best or lowest cost option.

The foregoing subjects PACT 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, PACT 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 PACT and/or the investment (or amount of

investment) to be made in a Fund by such person. Additionally, there is a possibility that PACT, 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 PACT or a Fund, 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. PACT will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its investments to incur) the foregoing expenses. Although PACT 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, PACT expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more PACT Accounts, and due to the nature of the service provider relationships these persons have the potential to have information advantages relative to other investors or co-investors, and may be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Whether or not PACT 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. Based on the foregoing factors, limited partners should not expect service providers to PACT or its affiliates, including the Funds, to represent they provide services that will be the most beneficial to any limited partner.

In certain circumstances, current or former PACT personnel or Value-Add Platform team members also are permitted to serve in interim part-time or full-time roles at an underlying partner firm, underlying partner fund or underlying partner firm portfolio company, or will provide services to underlying partner firms, underlying partner firm fund or underlying partner firm portfolio company as secondees or in similar capacities, while maintaining certain benefits, office space, support services and/or indicia of employment at PACT. Under such arrangements, the relevant underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company generally will pay all or a portion of the compensation, expenses and benefits in respect of such employees or Value-Add Platform team members (including salary, bonus, insurance benefits and paid time off) which will not offset a Fund's Management Fee, or may supervise or oversee such employees. These arrangements could create conflicts of interest, in that any compensation (including benefits and other incentives or opportunities (including investment opportunities)) that would ordinarily be borne by PACT as overhead in respect of those personnel would be borne by the underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company when they are secondees or other personnel. Therefore, PACT 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 underlying partner firms, underlying partner firm fund or underlying partner firm portfolio companies. As seconded arrangements are often initiated to meet temporary needs of an underlying partner firms, underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company, they are expected to change over time, and in many cases will be ended by PACT when such 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 PACT. It is possible that certain PACT personnel and Value-Add Platform team members will serve as secondees or other personnel with respect to multiple underlying partner firms, underlying partner firm funds or underlying partner firm portfolio companies and perform services that directly or indirectly benefit PACT while serving as secondees or other investment personnel. In other circumstances, former personnel or Value-Add Platform team members potentially will become employees of, or service providers to, an underlying partner firm, underlying partner firm fund or underlying partner firm portfolio company. No compensation earned or benefits received by such former personnel or Value-Add Platform team member will offset a Fund's Management Fee.

*Conflicts Regarding Third-Party Service Providers.* As with other private equity fund sponsors, as part of PACT's business, PACT and its personnel have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include the Anchor Investor, investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and personnel of current and former underlying partner firms, underlying partner firm funds or underlying partner firm portfolio companies. Certain of these third parties are expected, from time to time, to: (i) introduce investment opportunities to PACT; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential investments; (iii) introduce underlying partner firms and/or investments to potential acquisition or merger candidates; (iv) facilitate the disposition of investments; or (v) solicit investors for a Fund or other PACT Account and/or (vi) provide investment banking, consulting, legal or advisory services to PACT, such PACT Accounts and/or underlying partner firms and/or investments. Such third parties are also expected to provide goods or services to or have business, personal, political, financial or other relationships with PACT personnel and to provide gifts and entertainment to PACT personnel in respect of services provided to a Fund or its investments even though the Fund and its investments bear such service provider costs. In addition, such third parties are permitted to invest in one or more Funds; co-invest in one or more investments; or provide other significant business or investment services to PACT, its Funds and/or their investments. These relationships have the potential to influence PACT in deciding whether to select or recommend any such third-party to perform services for the Funds or an investment. In some cases, PACT may secure preferential pricing or terms from third-party service providers based on its relationships and/or the volume of business provided to such service providers. These kinds of arrangements incentivize the use of such service providers even in cases where other service providers may provide more attractive terms or more tailored services. The cost of any services provided by such third parties generally will be borne directly or indirectly by the Funds or their investments, as applicable.

*Fees and Expenses.* The Funds will pay and bear all expenses related to their operations, including the Management Fee and the costs of holding, monitoring, maintaining and disposing of investments in portfolio companies, including investment banking fees and consulting fees, whether or not a Fund makes any profits. While it is difficult to predict the future expenses of each Fund, such expenses may be substantial and may surpass the Fund's operating income. In addition, such expenses will

reduce the actual returns realized by limited partners on their investments in a Fund and may, under certain circumstances, reduce the amount of capital available to be deployed by the Fund for investments. Such expenses include recurring and regular items, as well as extraordinary items for which it may be difficult to budget or forecast. As a result, the aggregate amount of such expenses over the life of a Fund and/or the amount called at any one time by PACT in respect of such expenses may exceed expectations. Although Organizational Expenses of the Funds are separately categorized and may be subject to a limit under the Governing Documents, with all Organizational Expenses in excess of the limit being borne ultimately by PACT, there are ongoing operating expenses to be borne by the limited partners that are not classified as Organizational Expenses under the Governing Documents, including, for example, the costs and expenses of administering side letters entered into with limited partners (including the process of distributing and implementing applicable elections pursuant to the “most favored nations” rights contemplated by the Governing Documents) and other expenses incurred in connection with compliance. An investment in a Fund should be viewed as a long-term investment and the management and operation of the Fund may continue for an indefinite period of time, subject to any applicable limitations set forth in the Governing Documents. As a result, there can be no assurance that PACT will be able to anticipate and describe in the Governing Documents all of the fees, costs and expenses that will be incurred and borne by the Funds in connection with its operation. To the extent that a fee, cost or expense is not contemplated in the Governing Documents, PACT may categorize such fee, cost or expense in such manner as PACT determines in its sole discretion is consistent with the spirit and intent of the expense provisions set forth in the Governing Documents, which may include charging such amounts to a Fund.

*Allocation of Expenses.* The Funds will pay and bear all costs and expenses related to their operations as described in the Governing Documents, to the extent not paid by the investments. The amount of these costs and expenses may be substantial and will reduce the actual returns realized by the limited partners on their investment in the Funds. As described further in “Fees and Expenses” above and in the Governing Documents, the fees, expenses and costs borne by the Funds encompass a broad range of items and activities. PACT and its affiliates expect from time to time to incur fees, costs and expenses, including in connection with transactions not consummated and services provided to investments on behalf of the Funds. To the extent practicable, as determined in PACT’s sole discretion, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable investment. To the extent such fees, costs and expenses are not charged to an investment, they will be paid by the Funds that participated or were expected to participate in such investment unless PACT determines, in its sole discretion, that a different allocation is fair and equitable. The Funds are expected to bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made or proposed to be made by each in respect of the entity to which the expense relates, or in such other manner as PACT determines, in its sole discretion. However, to the extent certain fees, costs and expenses are paid by a Fund rather than the investment, the Fund may bear a disproportionately higher percentage of fees and expenses than if such fees, costs and expenses were paid by the investment. In addition, in certain instances, a Fund may in the future bear expenses in respect of an existing or prospective investment that was not or will not be borne by other owners or investors where PACT has determined such arrangement to be



in the interest of a Fund (e.g., PACT or a Fund engages or pays for a consultant for services in respect of an investment without reimbursement from an investment). PACT's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by PACT in good faith will be final and binding on the Funds.

PACT will be faced with a variety of potential conflicts of interest when determining the allocation of various fees and expenses to and among the Funds and PACT. PACT expects that a number of resources will be shared among the Funds in order to, among other things, enhance efficiency and reduce the cost for each Fund. PACT will allocate fees and expenses in accordance with law and any applicable provisions of the Governing Documents of the Funds, and in a manner that it believes is fair and equitable to the Funds under the circumstances and considering such factors as it deems relevant. These factors will vary depending on the type of expense, and could include allocations based on assets under management, net asset value, investment holdings (including both number of positions and size of positions), the number of funds and accounts (and/or co-investors) receiving the benefit, the number of users of such resource, relative time spent, and whether a particular expense has a greater benefit to a Fund. Any determination of what is fair and equitable generally will be made based on what is expected over the long term, rather than with respect to a particular expense or type of expenses, and therefore it is expected that allocations of such expenses frequently will not be proportional. Such determinations involve inherent matters of discretion, and despite PACT's judgment to arrive at an appropriate expense allocation methodology, the use of any particular methodology will lead a Fund to bear relatively more expense in certain instances and relatively less in other instances compared to what the Fund would have borne if a different methodology had been used. There can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Any such determinations will involve inherent matters of discretion and conflicts of interest. From time to time, PACT expects to develop, revise or change previously determined allocation methodologies in an effort to ensure that such expenses remain fairly and reasonably allocated among the Funds.

Moreover, PACT and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will not be subject to Management Fee offset or otherwise shared with the Funds, limited partners and/or investments. For example, in the course of PACT's operations, including research, due diligence, investment monitoring and investment activities, PACT and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to a Fund or its investments' operations, terms, trends, market demands, investors, vendors and other metrics (collectively, "PACT Information"). In many cases, PACT Information will include tools, procedures and resources developed by PACT to organize or systematize PACT Information for ongoing or future use. Although PACT expects the Funds and their investments generally to benefit from PACT's possession of PACT Information, it is possible that any benefits will be experienced solely by some Funds or investments (or by PACT and its personnel) and not by other Funds or portfolio investments from which PACT Information was originally received. PACT Information will be the sole intellectual property of PACT and solely for the use of PACT. PACT reserves the right to use,

share, license, sell or monetize PACT Information, without offset to Management Fees, and the Funds or their investments will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, airline travel or hotel stays incurred as Fund expenses are expected to result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to PACT, its affiliates and PACT personnel (and not the Funds, limited partners and/or investments) even though the cost of the underlying service is borne by the Funds and/or their investments.

From time to time, PACT will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or PACT or its affiliates, on the other, and/or whether certain costs and expenses should be allocated between or among the Funds, on the one hand, and/or co-investors, on the other hand. PACT will make such judgments in accordance with the relevant Governing Documents, which will from time-to-time lead to an allocation of such costs and expenses on a disproportionate basis. To the extent the relevant Governing Documents are silent on a certain expense, such judgments will be made by PACT in its sole discretion. Travel and related expenses in connection with a trip taken by PACT personnel for purposes of multiple matters will be allocated by PACT in its sole discretion.

*Conflicts Arising from PACT's Relationship with the Anchor Investors.* As mentioned in Item 4 above, PACT has accepted a minority investment from the Anchor Investors. The Anchor Investors do not have any authority over the day-to-day operations or investment processes or decisions of PACT or PACT as they relate to the Funds, but they do have certain customary minority protections with respect to their ownership interests in PACT. PACT reserves the right to permit additional persons to become minority investors. The Anchor Investors will also have an economic interest in the Management Fee and Carried Interest distributions (as well as interests in certain other related economic entitlements, such as certain transaction fee income, if any, received by PACT), sponsor/ “GP” capital commitment (which is not subject to Management Fees or Carried Interest) and liquidity event proceeds, which will not be available to the other limited partners and therefore result in a different economic relationship with respect to the Funds. Because of the interests and rights described above, the Anchor Investors and their affiliates will have interests and rights that differ from those of other limited partners and that may be more closely aligned with the interests of PACT than with the Funds and their limited partners. Finally, the Anchor Investors (and/or their affiliates) are expected to have relationships with other private equity sponsors and managers, investment vehicles and accounts that could give rise to potential conflicts of interest.

In addition to the Anchor Investors, PACT expects in the future to have strategic

## **Item 9 – Disciplinary Information**

PACT does not have any legal or other disciplinary events to report that are material to a current or prospective limited partner's evaluation of the Firm's advisory business or the integrity of its management.

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

Neither PACT nor any of its related persons are engaged in other financial industry activities and have any other industry affiliations.

As noted in Item 8 above, PACT has accepted a minority investment from the Anchor Investors. Certain Anchor Investors are affiliates of insurance and reinsurance companies. A potential conflict of interest exists in that there is a possibility that PACT portfolio entities will or already do have business dealings with a Anchor Investor. PACT will address any such conflicts of interests by ensuring that any known relationships are transacted on terms deemed by an Anchor Investor to be market and review if any further mitigation is needed, as applicable.

PACT has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, fund administration, banking, investment banking, placement agent services, tax preparation, insurance brokerage, compliance, information technology and other services. Some of these professionals provide services to the principals, the Funds or their portfolio companies. Additionally, some of these professionals are expected to be limited partners in Funds, either personally or through their company.

As described above in Item 4, PACT will be affiliated with the Funds' General Partner which will be deemed registered with the SEC under the Advisers Act pursuant to PACT's registration. These General Partners together with PACT will operate as a single advisory business and serve as the General Partner, affiliate or managing members of private investment funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants, operating partners or persons occupying similar positions. These General Partners do not have employees of their own.

PACT does not recommend or select other investment advisers for the Funds.

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

### **Code of Ethics and Personal Trading**

Pursuant to Rule 204A-1 of the Advisers Act, PACT has adopted a written code of ethics ("Code of Ethics") that sets forth standards of conduct expected of supervised persons and addresses personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests and to maintain full compliance with the federal securities laws. With respect to third parties that are not subject to the trading restrictions under PACT's Code of Ethics and that may otherwise obtain sensitive and nonpublic information relating to a Fund deal (*e.g.*, co-investors, legal, financial, diligence, public relations and other similar service providers), such persons typically are subject to contractual provisions in confidentiality agreements or professional obligations that prohibit the misuse of any such information.

Supervised persons are required to certify their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code of Ethics will be subject to remedial actions, including, but not limited to, censure, fines, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware to the Chief Compliance Officer.

The personal trading policy for PACT supervised persons is set forth in PACT's Code of Ethics and is acknowledged as received and understood by each supervised person. PACT's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons do not misappropriate any benefit properly belonging to a Fund.

Because PACT's business focuses primarily on private market investments, PACT expects that instances of supervised persons having access to material nonpublic information regarding publicly traded securities will be relatively infrequent. PACT's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. PACT maintains a restricted list of issuers about which it has or may have material nonpublic information. Supervised persons are permitted to make securities transactions in their personal accounts, subject to pre-clearance. In addition, supervised persons are required to file certain reports and link certain brokerage accounts to the Firm's compliance software to enable monitoring of personal trading by the Chief Compliance Officer.

The principals and employees of PACT will occasionally carry on investment activities for their own account and for family members, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds, even if their investment objectives are the same or similar. In addition, principals and employees are permitted to buy securities in transactions offered to, but rejected by, the Funds or that are outside the investment mandate of the Funds. All such employee private investments are subject to pre-approval and/or review by the Chief Compliance Officer.

PACT will provide a copy of its Code of Ethics to any existing or prospective limited partner upon request to PACT's Chief Compliance Officer at [info@pactcp.com](mailto:info@pactcp.com).

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

Certain PACT employees are expected to be limited partners in the Funds either through a General Partner and/or as a Fund limited partner. PACT does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of limited partners in such Funds.

PACT will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent. In the context of PACT's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or PACT or a Fund General Partner purchasing the interest of an existing limited partner. In the context of PACT's business, a cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another.

In the event PACT were to recommend a principal transaction or cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory committee or limited partners, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

### **Conflicts of Interest**

If any matter arises that PACT determines in its good faith constitutes an actual conflict of interest, PACT will take such actions as are necessary or appropriate, and as permitted by any applicable Fund's Governing Documents, to address the conflict. The Governing Documents of each Fund include a description of what PACT believes to be the most significant conflicts of interest associated with an investment in that Fund. Many of these conflicts of interest are disclosed above in Item 8.

Because of the private nature of the Funds' investments, PACT does not typically face a situation where a supervised person buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for a Fund. A supervised person wishing to purchase or sell an interest in a PACT portfolio entity is required to seek pre-approval from the Chief Compliance Officer for such transaction.

### **Item 12 – Brokerage Practices**

While PACT generally focuses on securities transactions in the private market and purchases and sells such entities through privately negotiated transactions, the Funds are permitted to engage broker-dealers and investment bankers to perform various services for the Funds and portfolio companies. PACT has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions for the Funds. In executing transactions, PACT will seek best execution of the transaction. Best execution is a qualitative assessment that takes into account the full range and quality of a broker-dealer or investment banker's services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible commission rates.

Whether for private or public securities transactions, PACT will select a broker-dealer or investment banker based on PACT's judgment regarding a variety of factors, including but not limited to: PACT's

prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to the Firm; the broker-dealer or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services providers; and the commission rates, among other factors. PACT does not anticipate engaging frequently in public securities transactions; however, to the extent that PACT does engage in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt.

Although PACT generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker can thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services.

PACT does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive limited partner referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage. In the event PACT were to aggregate the purchase or sale of securities for client accounts, it would do so on a pro rata basis.

## **Item 13 – Review of Accounts**

### **Review of Fund Accounts**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature and accordingly PACT's review of them will not be directed toward a short-term decision to dispose of securities. PACT investment professionals will closely monitor the investments of the Funds. The team will include principals and other investment professionals of PACT at differing levels of seniority. Decisions as to when to purchase or sell an investment will be made by the investment committee.

### **Investor Reporting**

PACT will provide to limited partners on behalf of its Funds the following written reports: (i) annual audited financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") as promulgated by the Financial Accounting Standards Board ("FASB"), accompanied by the report of the independent certified public accountant within 180 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents); (ii) unaudited financial statements for the first three quarters of each fiscal year; and (iii) annual tax information necessary for the completion of tax returns (K-1). The Firm will also have contact with limited partners (*e.g.*,

personal visits, video conference, telephone and email) throughout the year as requested and/or as conditions warrant.

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

As described in Item 5 above, PACT is permitted to receive Transaction Fees and reimbursements from the investments held by the Funds. These types of fee arrangements present potential conflicts of interest and provide PACT with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by PACT or its employees in connection with services rendered to transactions of the Funds are expected to be offset against Management Fees payable by the Funds, as detailed in each Fund’s Governing Documents.

Other than as described above, PACT does not receive any monetary compensation or any other economic benefit from a non-client for PACT’s provision of investment advisory services to a client.

As of the date hereof, PACT has not directly or indirectly compensated any person who is not a supervised person for client referrals and does not use placement agents to assist in its fundraising efforts.

#### **Item 15 – Custody**

PACT expects it will be deemed to have custody of the Funds’ assets, within the meaning of Rule 206(4)-2 (the “Custody Rule”), subject to certain exemptions set forth in the Custody Rule and related guidance. The Funds will undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective limited partners within 180 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents). Limited partners are encouraged to carefully review such financial statements.

#### **Item 16 – Investment Discretion**

PACT will receive and exercise complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. Investment advice will be provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to limited partners in the Funds individually.

Generally, PACT’s only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, will be contained in the relevant Fund’s Governing Documents. However, a limited partner can seek to impose limitations on PACT’s authority through a side letter agreement, and the Firm and/or the relevant General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon

PACT's investment authority with respect to a limited partner's investment must be presented to PACT and the relevant Fund's General Partner in writing and agreed to by all applicable parties.

### **Item 17 – Voting Client Securities**

By virtue of the applicable Governing Documents, PACT will have the authority to vote proxy statements on behalf of the Funds.

PACT has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. PACT's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies, with a goal towards maximizing overall value. Pursuant to its policy, PACT will generally vote in accordance with management's recommendations unless PACT determines that voting in such a manner is in conflict with the best interests of the Fund's limited partners. In the event that there is a conflict of interest in voting proxies, PACT's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory committee on the proposed proxy vote, or through other alternatives as set forth in PACT's proxy voting policy. Limited partners in the Funds cannot direct how PACT votes proxies or shareholder consents, nor is PACT required to seek limited partner approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders.

PACT will provide a copy of its proxy voting policy to limited partners upon request to Chief Compliance Officer at [info@pactcp.com](mailto:info@pactcp.com). Limited partners can also obtain information from the Firm, free of charge, about how PACT voted any previous proxies, if any.

### **Item 18 – Financial Information**

PACT does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance; has no financial condition reasonably likely to impair its ability to meet contractual commitments to Funds or limited partners; and has not been the subject of a bankruptcy proceeding.