

**INVESTMENT ADVISER BROCHURE**

**SQ CAPITAL LLC**

**SQ Capital LLC  
520 Madison Avenue, 21st Floor  
New York, NY 10022  
[www.sqcapital.com](http://www.sqcapital.com)**

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of SQ Capital LLC (together, with its advisory affiliates, “SQ Capital”). If you have any questions about the contents of this Brochure, please contact us at (646) 435-3720. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

Additional information regarding SQ Capital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

SQ Capital is required to disclose a summary of material changes that have been made to this Brochure since its last annual update. Material changes generally relate to SQ Capital's policies, practices or conflicts of interest. As this is the initial filing of this Brochure, there are no material changes to report.

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## ADVISORY BUSINESS

SQ Capital, a Delaware limited liability company and a registered investment adviser, was recently founded by Mustafa M. Siddiqui. SQ Capital and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere.

SQ Capital will provide investment advisory services to private funds (the “**Funds**”) exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). SQ Capital LLC expects to form general partners (the “**General Partners**”) with authority to make investment decisions on behalf of the Funds. Each General Partner is subject to the Advisers Act pursuant to SQ Capital LLC’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with SQ Capital LLC. References throughout this Brochure to SQ Capital will also include references to the relevant General Partners, unless the context otherwise requires.

The Funds are private funds that primarily invest through negotiated transactions in interests in other investment vehicles (“**Underlying Funds**”) purchased in the secondary market from existing limited partners therein and through general partner-led secondary transactions, and may also, to a lesser extent, engage in other related investments. Fund investments shall generally be referenced herein as “**portfolio investments**.” SQ Capital’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments.

SQ Capital’s advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements, limited partnership or other operating agreements of the Funds, as applicable (each, a “**Partnership Agreement**” and, together with any relevant Memorandum, the “**Governing Documents**”), and are further described below under “*Methods of Analysis, Investment Strategies and Risk of Loss*.” Investors in the Funds (generally referred to herein as “**investors**” or “**limited partners**”) participate in the overall investment program of the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between SQ Capital and any investor. The Funds or the General Partners generally enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, as permitted by the Governing Documents, SQ Capital expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers,

portfolio investment management or personnel, SQ Capital personnel and/or certain other persons associated with SQ Capital and/or its affiliates (*e.g.*, a vehicle formed by SQ Capital’s principals to co-invest alongside a particular Fund’s transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) is permitted to purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio investment (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund’s initial purchase. Where appropriate, and in SQ Capital’s sole discretion, SQ Capital 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 the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of the date of this Brochure, SQ Capital does not manage any assets. However, SQ Capital expects to be eligible for SEC registration within 120 days of its registration being declared effective by the SEC. SQ Capital is ultimately controlled by Mustafa M. Siddiqui.

## **FEES AND COMPENSATION**

In general, SQ Capital receives a management fee and a carried interest in connection with the provision of advisory services to its clients. SQ Capital or other SQ Capital entities or affiliates receive additional compensation in connection with management and other services performed for portfolio investments of the Funds, and such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to SQ Capital to the extent provided by the relevant Governing Documents. In addition, in certain circumstances SQ Capital receives compensation for management and other services performed in connection with co-investments made in portfolio investments of the Funds. Investors in a Fund also bear certain expenses.

### **Management Fees**

In general, SQ Capital expects to charge each Fund a management fee (the “**Management Fee**”) based on a percentage of investor capital commitments (“**Commitments**”) during the Funds’ respective investment period. Management Fees are generally 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. Management Fees can differ from one Fund to another, as well as among limited

partners in the same Fund. Please refer to the relevant Governing Documents for additional information regarding Management Fees.

To the extent specified in a Fund's Governing Documents, SQ Capital or another SQ Capital entity will be permitted to receive from any portfolio investment or prospective portfolio investment in respect of the Fund's investment or prospective investment therein certain supplemental fees and other amounts ("**Supplemental Fees**") consisting of all closing fees, investment banking fees, placement fees, monitoring fees, consulting fees, directors' fees and other similar fees (whether in the form of cash, securities or otherwise). A Fund's Governing Documents generally will provide that Supplemental Fees received by SQ Capital and attributable to the Fund's actual or proposed investment in a portfolio investment or prospective portfolio investment will be credited against Management Fees otherwise owed to SQ Capital in a specified percentage. The remaining amount of such Supplemental Fees will be retained by SQ Capital. To the extent that such an offset credit would reduce the Management Fee for the relevant period below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon liquidation, SQ Capital is expected to retain the benefit, except where the Governing Documents require payment to be made to limited partners that have not elected to waive such amount (*e.g.*, where an adverse tax consequence potentially will result).

As a matter of practice, SQ Capital is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment, as well as other fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to its relevant allocable portion of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments; or (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by SQ Capital, service providers, third parties, current or former portfolio investment management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio investment and/or others), which have the potential to be significant. Unless otherwise agreed with investors, Supplemental Fees generally will be payable during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amounts of Management Fees actually offset. Supplemental Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Supplemental Fees paid prior to the Fund's acquisition, or following the Fund's disposition, of the relevant portfolio investment. For the avoidance of doubt, SQ Capital will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio investments. Each of the foregoing conditions is expected to reduce the amount of Supplemental Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to SQ Capital over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for SQ Capital to seek to increase such amounts.

Certain Governing Documents permit SQ Capital to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively

invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of SQ Capital in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by SQ Capital and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in the relevant Fund, resulting in a net additional benefit to SQ Capital.

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.

### **Carried Interest**

SQ Capital will be entitled to receive a carried interest allocation with respect to each Fund, as further described in the relevant Governing Documents. The carried interest distributed to SQ Capital is subject to a potential clawback or giveback at the end of the life of the Fund if SQ Capital has received excess cumulative distributions and at certain interim intervals, as provided in the Governing Documents.

### **Other Information**

SQ Capital is permitted to exempt certain "affiliated partner" investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including SQ Capital and any other person designated by SQ Capital, such as "friends and family" of SQ Capital or its personnel, or other investors meeting certain qualification requirements based on Commitment size or other strategic or relationship factors. The relevant General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by SQ Capital and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an SQ Capital professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the Governing Documents, certain General Partners have the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest. In general, the Management Fee offsets described above apply only with respect to the Commitments of fee-paying investors. SQ Capital retains flexibility to structure its compensation from investors and expects, in certain circumstances, to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

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

In addition to the Management Fee and carried interest payable to SQ Capital, each Fund bears certain expenses. As set forth more fully in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business (to the extent not reimbursed by a portfolio investment or applied to reduce Management Fees) attributable to, among other things, activities with respect to structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating or otherwise disposing of, as applicable, portfolio investments and prospective portfolio investments (including follow-on investments), or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful (including any expenses incurred in relation to an unconsummated transaction that would have been attributable to one or more co-investors, had the deal been consummated (including organizational expenses of any co-investment vehicle) (such expenses relating to unconsummated transactions, "**Broken Deal Expenses**")). Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio investments and intermediate holding vehicles through which the Fund invests. As is typical for private funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "*Brokerage Practices*."

Further, each Fund shall also reimburse SQ Capital and its affiliates for their proportionate share of the compensation and related overhead costs of legal, accounting, regulatory, tax and similar personnel of SQ Capital (or an affiliate thereof) who provide services for the benefit of the Fund or its investments; provided that: (i) under the relevant Governing Documents, such expenses would qualify as eligible expenses of the Fund, if such services were provided by third-party service providers; and (ii) SQ Capital reasonably believes that it would be advantageous to the Fund to have in-house personnel provide such services as compared to engaging a third-party, whether due to cost, quality, efficiency or other considerations relating to the in-house provision of such services. Except where the relevant Governing Documents or Side Letter(s) expressly provide to the contrary, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within a Fund, regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio investment (or intermediate entity) pays expenses,



including expenses of SQ Capital and/or its affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio investment management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. A full list of expenses borne by the Funds are found in their respective Governing Documents.

Principals or other current or former personnel of SQ Capital generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by SQ Capital or its affiliates. Except as otherwise noted above, excluded from Fund expenses are ordinary administrative and overhead expenses of SQ Capital incurred in connection with managing, originating and monitoring investments, including salaries of personnel, rent, utilities and other similar expenses specified in the Governing Documents.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of establishing, negotiating or maintaining the facility as a whole. While SQ Capital believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, SQ Capital, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds, with interest, to which such expenses relate.

As described above, in certain circumstances, SQ Capital is expected to permit certain investors to co-invest in portfolio investments alongside one or more Funds, subject to SQ Capital's related policies and practices and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of SQ Capital, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its *pro rata* share of such Broken Deal Expenses. To the extent a Fund makes use of a credit facility to invest in a portfolio 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.

SQ Capital and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio investment 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 investment's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and SQ Capital and/or its affiliates on the other hand.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "*Fees and Compensation*," SQ Capital generally receives a carried interest allocation on certain realized profits in the relevant Fund. SQ Capital does not advise Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain "affiliated partners," as described under "*Fees and Compensation*."

The existence of performance-based compensation has the potential to create an incentive for SQ Capital to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although SQ Capital generally considers performance-based compensation to better align its interests with those of its investors, 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.

#### **TYPES OF CLIENTS**

SQ Capital provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to SQ Capital's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals or other personnel of SQ Capital and its affiliates and members of their families or other service providers retained by SQ Capital or a Fund, as well as members of portfolio investment management.

SQ Capital is also generally permitted to establish Funds that are alternative investment vehicles ("**AIVs**") in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. AIV sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents of the related Fund.

The Funds generally have a minimum investment amount of \$5 million for third-party investors, and Fund interests are offered and sold solely to qualified purchasers (or qualified

knowledgeable SQ Capital personnel). SQ Capital generally is permitted to waive such minimum investment amount.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment and Operating Strategy**

SQ Capital is an investment firm focused on the secondary market. SQ Capital primarily invests in limited partner-led and general partner-led secondary investments in the private equity middle market in the U.S. and, to a lesser extent, western Europe, leveraging a combination of direct investing experience across a wide range of sectors and investment styles, deep general partner and investor relationships, a practitioner's understanding of general partner mindsets and methodologies, and cutting-edge data science capabilities.

### **Risks of Investment**

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

*Nature of Fund Investments in Private Investment Funds.* The Funds will generally acquire interests in privately held entities, including Underlying Funds and their general partners. Such Underlying Funds will be managed by sponsors unaffiliated with SQ Capital ("**Other Sponsors**"), over which neither SQ Capital nor its affiliates have control. Those Underlying Funds each have different risks that exist as a result of their different investment objectives, criteria and scope.

In addition, the Funds generally will not have withdrawal or redemption rights with respect to their interests in Underlying Funds. The market prices, if any, of such investments tend to be volatile, and the Funds may not be able to sell such investments when they desire or, upon sale, to realize what SQ Capital perceives to be fair value. Sales of Underlying Fund investments in the secondary market are typically priced at a discount to the then current net asset value.

While private company investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. The success of each of the Underlying Funds (and, as a result, the success of the Funds relating to such investments) in which the Funds invest is subject to those risks which are inherent in private equity investments. Among these risks are the general risks associated with investing in companies at various stages of development. These risks are generally related to (i) the ability of each of the Underlying Funds and their sponsors to select and manage successful investments, (ii) the quality of the management of each portfolio company in which the Underlying Funds invest, (iii) the ability of the Underlying Funds to liquidate their investments, and (iv) general economic conditions. There can be no assurance that investments in the Underlying Funds will result in attractive rates of return to the Funds. Although SQ Capital will monitor the performance of each investment, it will primarily be the responsibility of such Underlying Funds' sponsors to select portfolio company investments and monitor portfolio company performance, and each portfolio company's management team to operate each portfolio company on a day-to-day basis. Neither

SQ Capital nor its affiliates will control the composition of an Underlying Fund's investments. The Funds will not be able to participate in the management or control of any Underlying Funds nor of the companies in which those Underlying Funds invest. Consequently, the Funds generally will not be able to control the amount and timing of distributions from any Underlying Funds, which may affect an investor's returns.

Competition. Over the past several years, an increasing number of investment funds and other capital pools targeted at secondary private equity investments ("Secondaries") have been formed, and additional capital will likely be directed at this sector in the future. Other investment funds and other institutions currently in existence or organized in the future may have strategies similar to those of the Funds, or may otherwise adopt the Funds' strategies wholly or in part and, in each case, compete with the Funds. Such funds and institutions may have greater resources than the Funds, potentially resulting in fewer investment opportunities available for the Funds or unfavorable implications for the pricing and other terms of potential investments, which could adversely affect the implementation of the Funds' investment strategies and the Funds' overall return profiles. Some of these funds and institutions may have greater access to investment opportunities in Secondaries and other investments that may be targeted by the Funds and greater ability to complete investments than the Funds, or may have different return criteria than the Funds, any of which would afford them a competitive advantage.

Market Condition for Secondaries. The supply and consequently the pricing of Secondaries is dependent on a number of factors, including the rate at which investment funds (including the Funds) pursuing such investments are able to deploy capital, the performance and value of investments held by other investment funds and the ability of such investment funds to realize, recapitalize and/or refinance their own investments in order to return capital to their investors. Higher valuations and increased liquidity and return of capital in the private equity investments market may result in fewer attractive investment opportunities being available for the Funds. Regulatory changes affecting large financial institutions and other potential sellers of investments in the secondary market or otherwise have been another important aspect of overall conditions in this market, and the future pace and direction of such changes may adversely impact the availability of opportunities to investment funds, such as the Funds.

No Established Market for Secondaries. There is not an established market for Secondaries investments and although there has been an increasing volume of sales of Secondaries investments, no liquid market is expected to develop for Secondaries. Moreover, the market for Secondaries has been evolving and will continue to evolve. The Funds seek to deliver attractive returns to their investors by providing liquidity solutions in an increasingly complex private equity secondary marketplace. There can be no assurance that the Funds will be able to identify sufficient Secondaries investment opportunities or that they will be able to acquire sufficient Secondaries investments on attractive terms or otherwise carry out their investment objectives. Equally, there can be no assurance that the Funds will be able to realize any portfolio investments at a price that reflects what SQ Capital believes to be their market value.

Nature of Investment. An investment in the Funds is speculative and volatile, requiring a long-term commitment, with no certainty of return. The Funds will partner with third-party fund

sponsors and participate in secondary transactions through which the Funds will indirectly invest in underlying portfolio companies, which may include portfolio companies that are experiencing or are expected to experience severe financial difficulties, which difficulties may never be overcome. The underlying companies or assets of a portfolio investment may also be in a conceptual or early stage of development and may have no proven operating history on which to judge future performance, little or no profits or cash flow, uncertain market position and a high degree of regulatory risk. These investments are considered highly speculative and may result in the loss of such portfolio investment's entire investment therein. Since the range of underlying investments of a portfolio investment will only cover a limited number of underlying portfolio companies, investments or assets, and because many of such underlying portfolio companies, investments and assets will likely involve a high degree of risk, poor performance by a few of the underlying investments or assets could significantly reduce the total returns of the relevant portfolio investment to its investors (including the Fund). No assurances can be given that a portfolio investment will achieve its investment objectives or avoid substantial losses or that the investors of any portfolio investment (including the Fund) will receive a return of any of their capital. Investors should not invest unless they can bear the consequences of a partial or total loss of capital.

*Continuation Funds.* Each Fund's primary investment strategy includes making investments in transactions in the secondary market led by unaffiliated asset managers (including one or more funds, vehicles or accounts or other arrangements established to create liquidity for partners (each, a "**Continuation Fund**")). While SQ Capital will have the opportunity to evaluate investment opportunities in, and make investment decisions with regards to selecting investments in, Continuation Funds, SQ Capital expects the Funds to be passive investors with no management authority with respect to any investments in Continuation Funds. The Funds in some cases may not, by virtue of their investments in Continuation Funds, have the opportunity to negotiate the terms of such Continuation Funds' governing agreements. The Funds generally will have limited or no right or power to take part in the management of a Continuation Fund or its underlying asset(s), and the managers and/or advisers of a Continuation Fund generally will control the operations of such Continuation Fund (including decisions with respect to structuring, negotiating, purchasing, managing, financing and divesting of the underlying asset(s)).

In addition, certain risks that are generally associated with an investment in a private equity fund may be heightened and magnified in a Continuation Fund, in which one or more portfolio investments from an existing fund managed by the asset manager is transferred into a new Continuation Fund or other vehicle that will be managed by the same asset manager. For instance, portfolio investments that are held for a longer period of time may be more likely to experience employee and/or management turnover during the holding period with respect thereto as compared to many other private equity funds. While limited partners in Continuation Funds may have the option to elect to have their interests in such investments disposed of by the general partner, the value of such investments at the time of disposition may be materially less than if the general partner had not made and/or held such investment with the view of such investment having a longer holding period. Additionally, limited partners in Continuation Funds that elect to continue to hold a direct or indirect interest in such portfolio investments will have their interest attributable thereto adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the general partner to

the extent of its right to receive carried interest, if any), thereby diluting their interests in such portfolio investments. In addition, Continuation Funds will be controlled by the applicable general partner, which may have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds. Such general partners may be in a position to take action contrary to the Funds' business, tax or other interests, and the Funds may not be in a position to limit such contrary actions or otherwise protect the value of its investment. There can be no assurance that meaningful minority rights will be available to the Funds or that any rights received will provide full protection of the Funds' interests.

The Funds may have to exercise their voting rights as limited partners of Continuation Funds (including, in some cases, as representatives on such Continuation Funds' advisory committees) pursuant to the governing documents of such Continuation Funds. In such circumstances, the Funds' vote will be influenced by SQ Capital's role as itself a sponsor of private funds.

To the extent the Funds invests in single-asset continuation vehicles and/or makes a limited number of investments, the performance of any one asset could significantly impact the overall performance of the Funds.

*Complexity of Transactions.* Transactions of the kind targeted by the Funds can be extremely complex and time-consuming. They are frequently conducted through competitive processes (such as auctions) that may exacerbate pricing pressures and/or heighten the degree of execution difficulty. They may also be dependent upon multiple and uncertain consent processes involving underlying fund investors, lenders and other counterparties, co-investors and others. Finally, they may be of a size or nature that requires a Fund to arrange or syndicate participation by other buyers, and such contingent financing arrangements may prevent a Fund from successfully executing any given transaction. Even in situations where a Fund has expended considerable resources pursuing and negotiating a deal, there can be no assurance that a Fund will be successful in closing on an acquisition. This may result in unrecouped costs and expenses, which will be borne by the Fund, and may adversely affect the Fund's overall performance.

*Contingent Liabilities and Expanded Exposure Associated with Private Investment Fund Interests Acquired in Secondary Transactions.* In cases where a Fund acquires an interest in a private investment fund in a secondary transaction, the Fund may acquire contingent liabilities of the seller of such interest. More specifically, where the seller has received distributions from the relevant private investment fund and, subsequently, that private investment fund recalls one or more of these distributions, the Fund (as the purchaser of the interest to which such distributions are attributable and not the seller) may be obligated to return monies equivalent to such distributions to the private investment fund. While the Fund may, in some circumstances, make a claim against the seller for any such monies so paid to the applicable private investment fund, there can be no assurances that the Fund would prevail on any such claim.

Additionally, certain of such investments that are investment funds with substantial undrawn commitments generally will expose limited partners to more volatility in political, market and economic conditions and general market trends occurring after the formation of a Fund and

over a long-term period into the life of the Fund while other investments that are investment funds that are more mature in their term may expose limited partners to the effects of political, market and economic conditions and general market trends that occurred prior to the formation of the Fund, as well as future volatility in such conditions.

*Pooled Investments in Secondary Investments.* In many cases, the Funds expect to have the opportunity to acquire a portfolio of investment funds and/or private companies from a seller on an “all or nothing” basis. Interests in certain of the investment funds in the portfolio may be less attractive than others, and certain of the companies or the sponsors of such investment funds may be more familiar to the Funds than others, or may be more experienced or highly regarded than others. In addition, the Funds may have the opportunity to participate in “stapled secondaries” (e.g., a secondary market purchase of an existing limited partnership interest and corresponding commitment to a new fund in formation, typically sponsored by the same investment manager). In such cases, it may not be possible for the Funds to exclude from such purchases those investments which SQ Capital considers (for commercial, tax, legal, or other reasons) less attractive. With respect to stapled secondaries relating to secondary transactions in which the Funds participate, the Funds may be allocated a greater or lesser proportional share of commitments to new funds in formation than its proportional share of the secondary transaction. Moreover, in certain circumstances, agreements with counterparties regarding allocations of purchase price among secondary portfolio interests and/or deferred purchase price payment mechanics may be more or less advantageous to the Funds than other participating funds.

In addition, the Funds may invest with other investors through the use of joint ventures and similar arrangements. Such arrangements may involve the Funds taking on greater risk with an expected greater return or reducing its risk with a corresponding reduction in the expected rate of return. In addition, such arrangements expose the Funds to the risk that a third-party co-venturer may (1) have financial difficulties, resulting in a negative impact on the portfolio investment in question, (2) have economic or business interests or goals that are inconsistent with those of the Funds or (3) be in a position to take (or block) actions in a manner contrary to the Funds’ investment objectives. More generally, the use of joint ventures and similar arrangements may limit the degree of control that the Funds can exercise with respect to certain portfolio investments.

*No Assurance as to Maturity, Redemption, Liquidation or Disposal of Portfolio Investments.* While many portfolio investments will have maturity or redemption dates, or will otherwise be liquidated or disposed of, during the term of a Fund, such maturity or redemption dates may be extended and for other portfolio investments may fall outside the term of the Fund. There can be no assurance that any Fund will be able to sell or otherwise dispose of a portfolio investment at a time that SQ Capital considers to be economically opportune or at all.

*GP Interests.* Each Fund may acquire a limited partner interest in general partner and management company entities that represent an interest in general partner entity capital commitments or carried interest or management company net fee income (collectively, the “**GP Interest**”). The GP Interest will have the right to receive an interest in invested capital proceeds and carried interest proceeds from certain existing investment fund general partners and distributions of net management fee income, and may assume the unfunded commitments and

other obligations associated with those interests. As a result, the GP Interest, and accordingly, the investing Fund and its limited partners, would be subject to carried interest clawback provisions and other “all partner” giveback provisions, pursuant to which the Fund would be required to return distributions to such investment fund entities. As a result, distributions by the Fund to limited partners will be subject to the requirement to return distributions to the extent that the underlying funds require a return of such distributions.

*Minority Investments.* The Funds may invest a portion of their Commitments in minority, non-controlling positions of portfolio companies over which the Funds and/or SQ Capital have no right to exert significant influence and which are not managed or controlled by SQ Capital or its affiliates. As is the case with minority holdings in general, such minority stakes that the Funds will hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. SQ Capital expects that portfolio company management teams will control the day-to-day operations of their respective portfolio companies. In such cases, the Funds will rely on such other sponsors to monitor their portfolio companies. In holding non-controlling interests, the Funds will have a limited ability to create additional value in the entities in which it invests by effecting changes in the strategy and operations of these entities or to protect its positions in such entities. Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Funds invest alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or make minority investments, the other owners (including the other sponsors) of such portfolio companies may have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Funds’ business, tax or other interests, and there can be no guarantee that the Funds will be in a position to limit such contrary actions or otherwise protect the value of their investments.

Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests as compared to instances where it has a controlling interest in a portfolio investment. When taking non-control positions, the Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that such rights will be obtained, or if obtained, will provide sufficient protection of the Funds’ interests. The Funds generally will not be able to control the timing or occurrence of an exit strategy of any such minority investment, and will generally require the consent of the applicable other sponsor to transfer its interest in an investment fund.

*Effect of Multiple Levels of Fees and Expenses on Returns.* Both the Funds and portfolio investments that are themselves investment funds or other managed vehicles impose performance-based allocations or fees, management fees, administrative fees and other expenses. Such fees and expenses are in addition to those of the Funds. Such fees and expenses are expected to materially reduce the actual returns to limited partners, although the impact of such fees and expenses on investment returns may be reduced by time and dollar discounts associated with the initial acquisition of funds acquired through secondary transactions. Fees and expenses of the Funds (including Management Fees) and portfolio investments that are underlying investment funds will



generally be paid, regardless of whether the Funds or the underlying investment funds produce positive investment returns.

*Risk of Certain Dispositions.* The success of a Fund's exit strategies will depend upon favorable market conditions at the time of the desired exit. There can be no guarantee that such conditions will exist during the term of the Fund. In connection with the disposition of a portfolio investment or otherwise, the Funds may be required to make representations about the business and financial affairs of the portfolio investment typical of those made in connection with the sale of any business. The Funds may also be required to compensate or indemnify purchasers of such portfolio investments to the extent that any such representations are incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Funds or their limited partners.

*Risk of Loss.* Prospective investors must be aware that investments in private funds, such as the Funds, are speculative and involve substantial risk of loss. Investment in the Funds are suitable only for sophisticated investors for whom an investment in the Funds does not constitute a complete investment program and who fully understand, and are willing to assume, the risks involved in investing in the Funds. The possibility of partial or total loss of a Fund's capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of such loss. There can be no assurance that the Funds will achieve their investment objectives or target returns, or that there will be any return on capital. In particular, potential investors should take into account the fact that the actual return achieved may be more or less in any particular year, and that different returns may be achieved by different investments. Any losses in a Fund will be borne solely by investors in the Fund and not by SQ Capital; therefore, SQ Capital's losses in the Fund will be limited to losses attributable to the ownership interests in the Fund held by SQ Capital in its capacity as an investor in the Fund.

*Concentration of Investments; Lack of Diversification.* Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio investments and thus be less diversified. The identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. Competition for investment opportunities includes a growing number of strategic investors, non-traditional participants, such as private equity funds and other private investors, more traditional financial institutions, and established strategic investors. There can be no assurance that the investments made by the Funds will generate the targeted rates of return on invested capital, or that the Funds will achieve their investment objectives. It is possible that the Funds will never be fully invested if not enough quality investments are available or identified by SQ Capital. Regardless of the timing of a Fund's investments and whether or not the Fund is ever fully invested, for the duration of the life of the Fund, the limited partners will be required to pay the Management Fee based on the entire amount of their Commitments.

In addition, there can be no assurance that SQ Capital will be able to identify a sufficient number of attractive opportunities to meet the investment objectives of the Funds or deploy any amount of Commitments, or that the Funds will be able to negotiate favorable terms with respect to the acquisition (or disposition) of any target portfolio investments.

Further, SQ Capital's investment program involves investing primarily in the United States, and as such, each Fund's portfolio will be concentrated in investments in a particular geographic region. In addition, the Funds may make a limited number of investments and, as a consequence, the aggregate returns realized by limited partners, or the overall performance of the Funds, may be adversely affected by the unfavorable performance of a small number of investments. A portfolio that contains large investments in relatively few holdings may be subject to greater change in value (losses or gains, as the case may be) than a portfolio composed of smaller investments in a greater number of holdings. Additionally, poor conditions in a particular market where the Funds have multiple investments could significantly affect the Funds' total returns. If a Fund makes an investment in a transaction with the intent of refinancing or selling a portion of the investment, there is a risk that the Fund will be unable to successfully complete a financing or sale. This possibility could lead to increased risk as a result of the Fund's having an unintended long-term investment or reduced diversification, or holding a larger percentage of Commitments in a single investment or asset type than desired.

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

*Non-Controlling Investments; Investments with Third Parties.* The Funds expect to hold non-controlling interests in their investments and, therefore, may have a limited ability to protect their positions in such investments, although as a condition of investment, SQ Capital expects that appropriate rights generally will be sought to protect the Funds' interests. Some of the Funds' investments may be made as a co-investor with an unrelated third party. Such non-control investments or investments with co-investors may involve risks in connection with such material third-party involvement, including the possibility that a third-party partner may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. Action taken by such persons might subject the investment to liabilities in excess of, or other than, those contemplated. In addition, the Funds may rely upon the abilities and management expertise of third-party

partners. It may also be more difficult for a Fund to sell its interest in non-control investments or co-investments with other material third-party owners than to sell its interest in other types of control investments. In addition, the Funds may grant third-party partners veto powers with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks. A deadlock could adversely affect investment return or value, or require a Fund to use its assets to purchase the interest of the third-party partner under agreements providing for the forced sale of such interest. Additionally, the Funds may in certain circumstances be liable for the actions of their third-party partners.

*Risks Relating to the Use of Leverage.* The Funds are permitted to make use of leverage by incurring directly or having a portfolio investment or intermediate entity incur debt to finance all or a portion of its investment, whether on a temporary or long-term basis. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The use of leverage will also result in interest expense and other costs to the Funds or portfolio investments that may not be covered by distributions made to the Funds or by appreciation of their investments in portfolio investments. The leveraged capital structure of some portfolio investments in which the Funds may invest will increase the exposure of such portfolio investments to adverse financial or economic conditions. In the case of portfolio investments that are private investment funds, leverage (which could take the form of indebtedness for borrowed money as well as financial leverage in the form of short sales, forward contracts, options, derivatives, and other similar transactions) incurred could accelerate and magnify declines in the value of such portfolio investment. Under such conditions, the value of the portfolio investment could be significantly reduced or even eliminated.

The cost and availability of leverage is highly dependent on the state of the broader credit markets, which is difficult to accurately forecast. During periods in which credit markets are unfavorable, it may be difficult for portfolio investments to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a borrower, in addition to the burden of debt service, and potentially will constrain the borrower's ability to finance future operations and capital needs. The leveraged capital structure of certain portfolio investments will increase the effects of any deterioration in their condition or industry, competitive pressures, an adverse economic or industry environment or rising interest rates and could accelerate and magnify declines in the value of portfolio investments in a down market compared to an unleveraged investment. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio investment's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event that any portfolio investment cannot generate adequate cash flows to meet debt service, the Fund may suffer a partial or total loss of capital invested, which would adversely affect the returns of the Fund. Furthermore, the entities in which a Fund will invest generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio investment, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio investment. Should the credit markets be unfavorable at the time that a Fund determines that it is desirable to sell all or a part of a portfolio investment, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. In addition, in the case of a portfolio

investment that is a private investment fund, the use of leverage by such private investment fund may also result in a tax-exempt limited partner incurring a tax on unrelated business taxable income (“UBTI”).

The use of leverage involves a high degree of financial risk. For example, because amounts borrowed under a subscription line typically are secured by pledges of SQ Capital’s right to call capital from the limited partners, the limited partners may be obligated to contribute capital on an accelerated basis if a 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. Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows SQ Capital to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for the limited partners that would not arise had SQ Capital called smaller amounts of capital incrementally over time as needed by the relevant 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 partners to meet the accumulated, larger capital calls at the same time. SQ Capital is authorized to use Fund-level borrowing to pay Management Fees and to reimburse SQ Capital for expenses incurred on behalf of the Funds. The Funds are also permitted to utilize Fund-level borrowing when SQ Capital expects to repay amounts 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, the limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses and the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for SQ Capital, as reduced by any interest incurred by the Funds. Subject to any limitations in the relevant Governing Documents, this scenario potentially incentivizes SQ Capital to permanently fund the acquisition and ongoing capital needs of the Fund’s investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis. 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 always repaid out of disposition proceeds).

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

legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of a Fund's limited partners and the terms of the relevant Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a 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 even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the Fund's internal rate of return calculations and would thereby benefit the marketing efforts of SQ Capital and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio 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 amount has been drawn for an extended period of time. Because each Fund's preferred return typically does not accrue on outstanding borrowings, SQ Capital has an incentive to cause the Funds to make investments and/or pay such amounts using a subscription line rather than making capital calls. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Funds nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

In the event a Fund has a Fund-level credit agreement or borrowing facility, such agreement frequently will contain other terms that restrict the activities of the Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on SQ Capital's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments and/or financial or other covenants that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, SQ Capital may request certain financial information and other documentation from limited partners to share with lenders. SQ Capital 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 partner. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company 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 portfolio company or Fund subsidiary.

The extent to which a Fund or a portfolio investment uses leverage may have important consequences to investors, including, but not limited to, the following: (i) greater fluctuations in net assets, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions, or other purposes, (iii) to the extent that revenues are required to meet principal payments, investors may be allocated income

(and therefore incur tax liability) in excess of cash available for distribution, (iv) in certain circumstances it may be necessary to prematurely harvest investments to service its debt obligations, (v) limitations on the flexibility of the Fund to make distributions to investors or sell assets that are pledged to secure the indebtedness, and (vi) increased interest expense if interest rate levels were to increase significantly. There can also be no assurance that the Fund or a portfolio investment will have sufficient cash flow to meet its debt service obligations. As a result, the Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

Moreover, the capital and credit markets are both subject to (and currently experiencing extreme) volatility and disruption, which may reduce the availability of loans and could affect the cost for debt financing. Rising interest rates may significantly increase a Fund's and its portfolio investments' interest expense, causing losses and the inability to service debt levels. If a Fund or an investment's results fail to cover borrowing costs, returns to the Fund's limited partners will be lower than if there had been no borrowings. If a Fund defaults on secured indebtedness, the lender may foreclose on any investment that serves as collateral in respect of such indebtedness, and the Fund could lose its entire interest in such investment. Furthermore, Fund-level leverage or platform-level leverage may result in the cross-collateralization of multiple investments, in which case a default by a Fund with respect to borrowings incurred for the purpose of making any such investment may result in foreclosures on all such investments.

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

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for portfolio investments, and hence, most of the Funds' investments will be difficult to

value. Certain investments may be distributed in kind to investors, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such investors. After a distribution of securities is made to investors, many investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such investors may be lower than the value of such securities determined pursuant to the relevant Governing Documents, including the value used to determine the amount of carried interest available to SQ Capital with respect to such investment.

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

*Limited Availability of Information.* Due to confidentiality considerations, certain potential and/or actual portfolio investments may not permit the Funds to fully disclose information regarding such portfolio investment's investment strategies, risks, prior performance, underlying portfolio companies or other information. Additionally, information received from the sponsors of the portfolio investments may not always be accurate or timely. This limited access to, or the untimeliness or inaccuracy of, information provided by the sponsors may make it more difficult for SQ Capital to select, allocate among and evaluate the portfolio investments and their underlying portfolio companies.

*Reliance on SQ Capital and Portfolio Investment Management.* Control over the operation of a Fund will be vested with SQ Capital, and the Fund's future profitability will depend largely upon the business and investment acumen of the investment professionals of SQ Capital. The loss or reduction of service of one or more of the investment professionals of SQ Capital could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the investment professionals of SQ Capital may in the future, manage other investment funds besides the Funds, and the investment professionals of SQ Capital may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the investment professionals of SQ Capital. Limited partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of SQ Capital. In addition, certain changes in SQ Capital or circumstances relating to SQ Capital may have an adverse effect on the Funds or one or more of their portfolio investments, including potential acceleration of debt facilities.

Although SQ Capital will monitor the performance of each portfolio investment, it will primarily be the responsibility of (1) the investment professionals working for managers of underlying investment funds and (2) the management teams of underlying portfolio companies to operate such funds and companies, respectively, on a day-to-day basis. While a Fund generally intends to invest in portfolio investments with strong management teams, there can be no assurance that the existing management teams of such funds or companies will continue to operate such funds

or companies successfully or that such management teams will continue to be involved with management throughout the Fund's investment period. In the event that all or part of a management team ceases to be involved with management of a portfolio investment, the Fund may not have any rights or remedies in order to mitigate the effects of such cessation or may not be able to exercise any rights or remedies without the support of other investors in the affected portfolio investment, which may or may not be forthcoming.

*Asset Valuations.* The Funds may rely on, and take into account, the reported net asset values of Underlying Fund portfolio companies and assets that they receive from third-party sponsors. SQ Capital will generally have limited ability to assess the accuracy of the valuations received from the sponsors in connection with a Fund's portfolio investments. Furthermore, the net asset values received by SQ Capital in respect of the portfolio investments may be outdated, estimates or subject to further confirmation and will typically be unaudited. However, the Funds will be entitled to rely upon, and take into account, such net asset values in their own valuation of the Funds' investments and reporting.

More generally, there is no established market for the privately-held portfolio companies and assets in which the portfolio investments (and thus a Fund) will invest, and there may not be any comparable companies for which public market valuations exist. As a result, the valuation of a Fund's investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed on such investments by other investors and from prices at which such investments may ultimately be sold. In addition, third-party pricing information may at times not be available regarding certain of the portfolio investments' and the Funds' assets or, if available, may not be considered reliable.

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

*Impact of Potential Regulatory Developments.* The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense regulatory oversight and enforcement actions, both in the U.S. and Europe. Such scrutiny may increase the exposure of the Funds to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on SQ Capital, including, without limitation, those arising from responding to examinations and investigations and implementing new policies and procedures. Such burdens may divert SQ Capital's time, attention and resources from investment activities. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") was enacted in July 2010. The Dodd-Frank Act created a number of new regulatory, supervisory and advisory bodies and affects the regulation



of virtually every aspect of United States financial markets. The Dodd-Frank Act also mandates the preparation of studies of a wide range of issues, which could lead to additional regulatory change. Both in the U.S. and in Europe, new legislation may be enacted into law or new interpretations, rulings or regulations could be adopted, any of which could impact the Funds, SQ Capital and their affiliates and the limited partners, potentially with retroactive effect. While it is not possible to predict at this time whether any such change will benefit or adversely impact the Funds, SQ Capital or investors, there can be no assurance that any new developments (including enhanced scrutiny), whether in the U.S. or in Europe, will not have an adverse impact on the Funds' activities, including their ability to implement operating improvements or otherwise execute their investment strategies or achieve their investment objectives.

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

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

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

Certain hedging arrangements may create for SQ Capital and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging

arrangements, including under circumstances where the ability of a Fund or a portfolio investment to hedge its exposures becomes limited by such requirements.

***Inflation Risk.*** Inflation could potentially affect the Funds' performance in a number of ways. High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Funds' investments and their overall returns. For example, if a portfolio investment were unable to increase its revenue while the cost of relevant inputs were increasing, the portfolio investment's profitability would likely suffer. Likewise, to the extent a portfolio investment has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, the portfolio investment could increase revenue by less than its expenses increase. Conversely, as inflation declines, a portfolio investment may see its competitors' costs stabilize sooner or more rapidly than its own. In addition, during periods of rising inflation, interest rates of any floating-rate instruments held by the Funds or issued by their portfolio investments could increase, which would tend to reduce returns for the limited partners. The market value of the Funds' investments could potentially decline in value in times of higher inflation rates. Some of the Funds' investments could have income linked to inflation, whether by regulation, contractual arrangement or other means. However, as inflation could affect both income and expenses, any increase in income could potentially be insufficient to cover increases in expenses.

Moreover, as inflation increases, the real value of the interests in the Funds and distributions therefrom can decline. If the Funds are unable to increase the revenue and profits of its investments at times of higher inflation, it could be unable to pay out higher distributions to limited partners to compensate for the relative decrease in the value of money, thereby affecting the expected return of investors. The Funds could also be adversely affected if the market value of its investments declines during times of higher inflation.

***Financial Institution Risk; Distress Events.*** An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other Custodians (as defined below) of some or all of the Fund's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, SQ Capital, the Funds and/or their portfolio investments may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial

Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of SQ Capital to manage the Funds and their investments, and on the ability of SQ Capital, any Fund and/or portfolio investments to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to cause the Funds to pay fees and expenses in the event the Funds are not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of the Funds to acquire or dispose of investments at prices that SQ Capital believes reflect the fair value of such investments and/or the inability of portfolio investments to make payroll, fulfill obligations and maintain operations. Although SQ Capital expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that SQ Capital and/or the Funds maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s) (each, a “**Custodian**”), which heightens the risks associated with a Distress Event with respect to such Custodians. Although SQ Capital seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, SQ Capital is under no obligation to use a minimum number of Custodians with respect to the Funds, or to maintain account balances at or below the relevant insured amounts.

*Reliance on Third-Party Service Providers.* The Funds and SQ Capital will utilize the services of third-party service providers, such as auditors, administrators, external counsel, accountants, custodians and other consultants. The Funds and SQ Capital generally rely on such service providers for their professional judgment with respect to legal, tax, accounting, operational, regulatory and other matters. Service providers will be selected by SQ Capital on behalf of the Funds with due care and consistent with their obligations under applicable law. Nevertheless, there exists a risk that such service providers may provide incorrect advice or may otherwise make errors when providing services, and the Funds may bear the risk of any errors or omissions by such service providers. Additionally, subject to certain limitations, the Funds may be required to exculpate and indemnify such service providers for any losses incurred.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling

market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio investments to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio investments.

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

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

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by asset managers. SQ Capital's adoption and adherence to such is expected to vary over time. SQ Capital's ESG policies could become subject to additional regulation, regulated scrutiny, penalties or enforcement in the future, and SQ Capital cannot guarantee that its current approach will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burden and costs.

*Risks Relating to Due Diligence of and Conduct at Portfolio Investments; Expedited Transactions.* Before making an investment, SQ Capital generally will conduct such due diligence as it deems reasonable and appropriate based on the known facts and circumstances applicable to such 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 are expected to be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and SQ Capital generally will rely on the advice received from such third parties. Such involvement of third-party advisors or consultants presents a number of risks primarily relating to SQ Capital's reduced control of the functions that are outsourced. In addition, if SQ Capital is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. Investment analyses and decisions by SQ Capital will often be undertaken on an expedited basis in order for the Funds to compete for investment opportunities and/or consummate investments. In such cases, the information available to SQ Capital at the time of an investment decision may be limited, and SQ Capital may not have access to the detailed information necessary for a full evaluation of an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

*Cyber Security Breaches, Identity Theft and Fraud.* The information and technology systems maintained by SQ Capital or particular portfolio investments and that of their third-party providers for products and services such as cloud computing ("**Systems**") may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although SQ Capital (and its vendors) has implemented, and such portfolio investments may implement, various measures to manage risks relating to these types of events, if these Systems are compromised, become inoperable for extended periods of time or cease to function properly, SQ Capital and/or the Funds may have to make significant investments to fix or replace the impacted Systems and remediate the effects of such issues. There can also be no assurance that cybersecurity risk management processes will be fully implemented as currently anticipated, complied with or effective in protecting the Systems and data contained on such Systems, particularly because threat actors are increasingly sophisticated and using tools such as AI that circumvent controls and evade detection, making mitigation and recovery challenging and uncertain. The failure of these Systems and/or of disaster recovery plans for any reason could cause significant interruptions in SQ Capital's and/or a Fund's operations and result in a failure to maintain the security, confidentiality or privacy of personal data and other sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm SQ Capital's and/or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and regulatory actions, or otherwise affect their business and financial performance. To the extent that SQ Capital, the Funds or their portfolio investments are subject to cyber-attack or other unauthorized access is gained to their Systems, they may be subject to substantial losses in the form of stolen, lost or corrupted: (i) data or payment information (including personal data); (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. In certain events, SQ Capital's, the Funds' or any portfolio investment's 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. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio investments or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. In addition, in the event that such a cyber-attack or other unauthorized access is directed at service providers or other counterparties holding its financial or investor data, SQ Capital, the Funds, their portfolio investments, and/or their respective affiliates may also be at risk of substantial losses, despite efforts to prevent and mitigate such risks under applicable policies and practices.

Any of such circumstances, including disruption in any Systems designed to manage risk or the failure of any of these Systems to operate as expected, could subject a portfolio investment, or the Funds, to substantial losses. Portfolio investments individually determine overall insurance requirements, including cybersecurity, and will be covered by their own policies. There is no guarantee that any individual portfolio investment will obtain or maintain such insurance coverage, or that any insurance coverage will adequately cover losses from cybersecurity events.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, “**Privacy Laws**”) could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of SQ Capital, the Funds and/or their portfolio investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for SQ Capital, the Funds and/or their portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include SQ Capital, the Funds and/or their portfolio investments.

*Risks Related to Outbreaks of Infectious or Contagious Diseases.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19 resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity, all of which may result in significant losses to the Funds.

The ultimate impact of any such health emergencies — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact on, and result in significant losses to, the Funds. The extent of the impact on the Funds and their portfolio investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal, and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of investment funds, portfolio investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio investments and SQ Capital may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies and any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*International Conflicts.* Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal, and regulatory frameworks and systems in ways that are adverse to the investment strategy which the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives.

## Conflicts of Interest

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

During the investment period of a Fund, all appropriate investment opportunities will be pursued by SQ Capital principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and SQ Capital’s Investment Allocation Policy. Without limitation, SQ Capital principals expect to manage several investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. SQ Capital personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. SQ Capital’s principals and SQ Capital’s investment staff will continue to manage and monitor such investments until their realization. Such other investments that SQ Capital principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, SQ Capital principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund’s investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in SQ Capital’s sole discretion, SQ Capital and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, SQ Capital personnel are permitted to serve on boards or act in other roles unaffiliated with SQ Capital, the Funds or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio investments, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

SQ Capital expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of SQ Capital. In determining which investment vehicles should participate in such investment opportunities, SQ Capital and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents,



SQ Capital is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of SQ Capital in a portfolio investment also have the potential to raise the risk of using assets of a client of SQ Capital to support positions taken by other clients of SQ Capital.

SQ Capital must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. SQ Capital generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors including, but not limited to, the Fund's investment restrictions and objectives, strategies, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), availability of financing, applicable tax and regulatory considerations, life cycle, structure, and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of SQ Capital in the manner set forth in the Governing Documents and SQ Capital's Allocation Policy. SQ Capital will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with SQ Capital's obligations and reserves the right to take into consideration factors such as those set forth above.

Following such determination of allocation among Funds, SQ Capital reserves the right to offer co-investment opportunities to one or more potential co-investors, including vendors, service providers and/or other third parties, as determined by the Governing Documents, Side Letters and SQ Capital's Allocation Policy. SQ Capital's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates (including in the Secondaries industry); perceived ability to quickly execute on transactions; ability to enhance the value of the investment; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; SQ Capital's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, tax, accounting, 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 SQ Capital's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; the expertise, knowledge and sophistication of the potential co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; any requirements or restrictions relating to such matters in a Fund's Governing Documents or Side Letters; whether SQ Capital believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide direct or indirect longer-term benefits to any Fund or SQ Capital; and other factors relevant to the relationship of a particular investment opportunity to a given prospective co-investor. Although SQ Capital reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole

determining factor considered by SQ Capital in identifying co-investors. SQ Capital reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio investments or otherwise to have priority in co-investment opportunities.

Furthermore, SQ Capital or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and SQ Capital expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the “most-favored nation” provisions of a Fund’s Governing Documents and (iii) co-investors’ proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund’s Governing Documents. In order to facilitate the acquisition of a portfolio investment, a Fund reserves the right to make (or commit to make) an investment with a view to selling a portion of it to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when SQ Capital believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, SQ Capital’s interest in limiting the relevant Fund’s exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio investment, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that personnel and related persons of SQ Capital and its affiliates make capital investments in or alongside certain Funds, SQ Capital and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund’s return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

SQ Capital’s allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such

allocations likely will be more or less advantageous to some such persons relative to others. While SQ Capital will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which SQ Capital expects to be subject, discussed herein, did not exist.

In certain cases, SQ Capital will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, SQ Capital will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, SQ Capital will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, SQ Capital expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in SQ Capital's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by SQ Capital or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense

has greater benefit to a Fund or SQ Capital. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

Additionally, a portfolio investment is typically expected to reimburse SQ Capital or service providers retained at SQ Capital's discretion for expenses (including, without limitation, travel expenses) incurred by SQ Capital or such service providers in connection with its performance of services for such portfolio investment. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by SQ Capital personnel. This subjects SQ Capital and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. SQ Capital determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

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

SQ Capital generally exercises its discretion to recommend to a Fund or to a portfolio investment thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) SQ Capital or a related person of SQ Capital (which is

permitted to include a portfolio investment of such Fund); (ii) an entity with which SQ Capital or its affiliates or current or former personnel has a relationship or from which SQ Capital or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where SQ Capital personnel are seconded, or from which SQ Capital receives secondees; or (iii) certain limited partners or their affiliates. For example, SQ Capital expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects SQ Capital to conflicts of interest, because, although SQ Capital selects service providers that it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, SQ Capital has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that SQ Capital, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or SQ Capital), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. SQ Capital will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses. Although SQ Capital 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, SQ Capital expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to SQ Capital or any Fund to provide services that will be the most beneficial to any limited partner.

In certain circumstances where SQ Capital commits or has committed to seek "market" or "arms-length" rates or terms, SQ Capital will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. SQ Capital reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, SQ Capital undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, SQ Capital reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not SQ Capital has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

SQ Capital reserves the right to cause a Fund to enter into a transaction whereby the Fund (i) purchases securities from, or sells securities to, other Funds managed by SQ Capital, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio investment owned by one Fund is acquired by a portfolio investment acquired by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Fund supports the value of portfolio investments owned by another Fund; or (ii) the transaction allows SQ Capital or its affiliates to realize carried interest or receive future Management Fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. SQ Capital intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances SQ Capital generally will not seek a fairness opinion or Advisory Board consent, given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Governing Documents.

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

SQ Capital, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio investment finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former personnel, and current and former portfolio investment executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, SQ Capital and/or its affiliates and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors

are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through SQ Capital entities, whether or not relating to financing SQ Capital personnel obligations to fund General Partner commitment obligations) to SQ Capital personnel and their estate planning vehicles. SQ Capital expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide SQ Capital information about markets and industries in which SQ Capital operates (or is contemplating operations) or will provide other services that are beneficial to SQ Capital or one or more other Funds.

SQ Capital, its affiliates, and equity holders, officers, principals and personnel of SQ Capital and its affiliates reserve the right to buy or sell securities or other instruments that SQ Capital has recommended to a Fund. In addition, officers, principals and personnel reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in SQ Capital's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of SQ Capital have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio investments directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than SQ Capital deems suitable for a Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Except to the extent prohibited by the Governing Documents, SQ Capital and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-“assignment” provisions of the Advisers Act, SQ Capital and its personnel are also permitted to offer, restructure and monetize interests in SQ Capital.

Since SQ Capital is permitted to retain certain Supplemental Fees (as described under “*Fees and Compensation*”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees are based on enterprise value or other metrics relating to a portfolio 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 Supplemental Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio investment. Additionally, SQ Capital, its personnel, affiliates or others designated by SQ Capital expect to receive compensation in the form of portfolio investment securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, SQ Capital and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio investment and/or SQ Capital) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund.

In certain circumstances, such as those relating to short- or long-term portfolio investment cash or liquidity needs, and regardless of whether the portfolio investment is undergoing financial stress, SQ Capital reserves the right to accrue, defer or forego payments of Supplemental Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

SQ Capital and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of SQ Capital's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's Advisory Board, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic, procedural and other terms, many of which will not be subject to the “most-favored nation” provisions of a Fund's Governing Documents.

SQ Capital is likely to have 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 a limited partner to provide sourcing or other services to SQ Capital,



its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to SQ Capital, its affiliates and personnel, or the Funds. Further, Side Letters also are expected to relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Except in the circumstances and on the timing required by Governing Documents and/or applicable law, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, SQ Capital or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject SQ Capital to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's Advisory Board results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors 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 the relevant 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 the relevant Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in 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. Although SQ Capital believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the 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 the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, SQ Capital will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by SQ Capital are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal.

As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in SQ Capital's insurance coverage are higher or lower than that set forth in the Governing Documents.

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

#### **DISCIPLINARY INFORMATION**

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

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

SQ Capital is affiliated with other SQ Capital investment advisers, including General Partners and equivalent entities formed and subject to the Advisers Act pursuant to SQ Capital's registration in accordance with SEC guidance. These entities operate as a single advisory business together with SQ Capital and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, personnel, consultants or persons occupying similar positions.

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

SQ Capital has adopted the SQ Capital Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of SQ Capital principals and personnel and addresses conflicts that arise from personal trading. The Code requires certain SQ Capital personnel to report their personal securities transactions and obtain pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits SQ Capital personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the SQ Capital Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Michael Petryczenko, the SQ Capital Chief Compliance Officer, at (646) 435-3720.

Personal securities transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

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

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

Principals and personnel of SQ Capital and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio investments as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of SQ Capital, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio investment or through an intermediate entity. Such co-investment opportunities generally will be allocated in the manner described under "*Methods of Analysis, Investment Strategies and Risk of Loss.*"

SQ Capital and its affiliates, principals and personnel expect to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The Governing Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

In borrowing on behalf of a Fund, SQ Capital is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue

after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or *in lieu* of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had SQ Capital called capital, and thus could result in SQ Capital receiving carried interest sooner than it would without borrowing. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

SQ Capital will effect such borrowings consistent with a Fund's Governing Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

### **BROKERAGE PRACTICES**

SQ Capital focuses on securities transactions in Underlying Funds and private companies and generally purchases and sells such securities through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, SQ Capital reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer.

If SQ Capital sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by SQ Capital. In such event, SQ Capital will seek to select brokers on the basis of best price and execution capability.

In SQ Capital's private securities transactions on behalf of the Funds, SQ Capital reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio investments. In determining to retain such parties, SQ Capital reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although SQ Capital generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **REVIEW OF ACCOUNTS**

The investments made by the Funds generally are private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, SQ Capital monitors the Funds' portfolio investments, and the SQ Capital Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) annual GAAP audited and quarterly unaudited financial statements and (ii) annual tax information necessary for each limited

partner's tax return. Some limited partners may receive more frequent or additional reporting pursuant to Side Letter or other arrangements.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

SQ Capital and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation in many cases will offset the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio investment), these fees are in addition to Management Fees. *See* "Fees and Compensation."

SQ Capital reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund's Form D. Any fees payable to any such placement agents generally will be borne by SQ Capital indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

#### **CUSTODY**

SQ Capital generally expects that it will be deemed to have "custody" (within the meaning of Advisers Act Rule 206(4)-2 (the "**Custody Rule**")) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the qualified custodians identified in Part 1A of SQ Capital's Form ADV.

#### **INVESTMENT DISCRETION**

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

#### **VOTING CLIENT SECURITIES**

SQ Capital has adopted the SQ Capital Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for the Funds' (and any Fund's) portfolio investments. The Proxy Policy seeks to ensure that SQ Capital votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of

interest in voting proxies. SQ Capital generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and, therefore, will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that SQ Capital may address the conflict using several alternatives set forth in the Proxy Policy. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by SQ Capital when voting proxies on behalf of a Fund. Clients or investors that would like a copy of SQ Capital's complete Proxy Policy or information regarding how SQ Capital voted proxies for particular portfolio investments may contact Michael Petryczenko, the SQ Capital Chief Compliance Officer, at (646) 435-3720, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

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