

ITEM 1 – COVER PAGE

PALLADIUM EQUITY PARTNERS ADVISOR, L.L.C.

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Palladium Equity Partners Advisor, L.L.C. (the “Registrant”). If you have any questions about the contents of this Brochure, please contact us at (212) 218-5150 or InvestorRelations@palladiumequity.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Registrant is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

Palladium Equity Partners Advisor, L.L.C. (the “Registrant”) is required to identify and discuss any material changes made to its Brochure since its last annual update, dated March 31, 2023. There has not been a material change to this Brochure since the annual update on March 31, 2023. As part of Palladium’s ongoing assessment to ensure consistency with what we consider to be best practice levels, we regularly review our compliance program and disclosures and make updates as deemed necessary or advisable. As a result, we have updated this Brochure at Item 4 (Advisory Business) and Item 8 (Methods of Analysis, Investment Strategies, and Risk of Loss).

Investors and prospective investors should review this entire Brochure carefully. In this regard, investors and prospective investors may request a marked copy of this Brochure that identifies changes from the prior version on file with the SEC. If the Registrant makes any material changes to this Brochure, this section will be revised to include a summary of such change.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure can be requested by contacting Nancy Mitchell at (312) 543-7608 or by emailing InvestorRelations@palladiumequity.com.

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ITEM 4 – ADVISORY BUSINESS

A. General Description of Advisory Firm

Palladium Equity Partners Advisor, L.L.C. (the “Registrant”), located in New York, New York, is an investment advisor to multiple pooled investment vehicles commonly known as private equity funds (collectively, the “Funds”). For purposes of this Brochure, “Palladium” or the “Firm” includes the Registrant, along with its affiliated Investment Managers and General Partners (as discussed below) and other affiliates such as Palladium Heritage Management, LLC (the “Heritage Advisor”). Palladium was founded in 1997. The Registrant was organized in May 2011, and, as of December 31, 2023, is principally owned, indirectly through controlled subsidiaries, by the most senior professionals of the Firm: Marcos A. Rodriguez (Chairman and Chief Executive Officer), Kevin L. Reymond (Vice Chairman), Adam Shebitz (Partner), Daniel Ilundain (Partner), Justin R. Green (Partner), Chris Allen (Partner), Suzanne Wong (Chief Financial Officer), and Susan Lyons (Partner). These individuals are members of the Management Committee (“Management Committee”).

The Registrant is controlled by its sole member, Palladium Investment Partners, LLC, which in turn is ultimately controlled by Palladium Manager, LLC. Palladium Manager, LLC is controlled by the Management Committee and there are no non-employee members of Palladium Manager, LLC.

In June 2021, affiliates of Palladium entered into a preferred equity financing transaction with certain private investment funds affiliated with Landmark Equity Advisors, LLC (collectively, “Landmark”) pursuant to which Landmark is entitled to receive, indirectly vis-à-vis their limited partnership interests in PEP Professionals Capital, L.P. (the “SPV”), a Delaware limited partnership controlled by an affiliate of Palladium, repayment proceeds representing 5% of the management fee income from the Investment Managers and 2% of the carried interest distributable with respect to certain potential future private equity funds that may be sponsored by Palladium, until such time as set forth in the governing documents of the SPV.

B. Description of Advisory Services

a. Advisory Services

Palladium’s “Investment Managers” Palladium Capital Management IV, L.L.C., Palladium Capital Management V, L.L.C. and Palladium Capital Management VI, L.L.C. The Investment Managers are generally responsible for carrying out the day-to-day investment activities of the Funds, and each is under the common ownership of Palladium Equity Partners Advisor, L.L.C. The duties and obligations of each Investment Manager are described more specifically in the Advisory Agreement that each Investment Manager enters into with the applicable Fund.

Palladium's "General Partners" are Palladium Equity Partners IV, L.L.C., PEP Fluid G.P., L.P., PEP V GP, L.L.C., PEP VI GP, L.L.C., and Palladium Equity Partners IV CF GP, L.L.C. Each General Partner is generally responsible for the management, operation and policy of its affiliated Fund, which includes making investments on behalf of its affiliated Fund, entering into contracts on behalf of its affiliated Fund, acquiring, holding, and selling investments on behalf of its affiliated Fund, and serving as the agent designated to carry out the investment objectives of each Fund on behalf of all partners. The duties and obligations of each General Partner are more specifically described in the Limited Partnership Agreement ("Partnership Agreement") that all partners in the relevant Fund enter into in connection with their investment in each such Fund.

b. Private Funds

Palladium's affiliated private Funds are Palladium Equity Partners IV, L.P. ("Fund IV"), Palladium Equity Partners V, L.P. ("Fund V"), Palladium Equity Partners VI, L.P. ("Fund VI"), and Palladium Equity Partners IV CF, L.P. Each of these Funds is organized as a Delaware limited partnership. Investments in each Fund are governed by such Fund's Partnership Agreement, which include written investment guidelines that must be followed by the applicable General Partner in the course of investing on behalf of each Fund, as well as side letter agreements with particular Fund investors that require certain provisions relating to their investments in the relevant Fund. We collectively refer to the Partnership Agreements, side letter agreements and Advisory Agreement of the Fund as each Fund's "Governing Documents."

All Funds are exempt from registration as an "investment company" under Section 3(c)(7) of the Investment Company Act of 1940 (the "Company Act"), and investments in the Funds are only offered to qualified investors via private placements of securities that are exempt from registration with the SEC under the Securities Act of 1933 (the "Securities Act"). Investment advice is provided by the Investment Managers and General Partners directly to the Funds, and not individually to the investors in the Funds. Pursuant to the Governing Documents of each Fund, investors are not permitted to impose restrictions on a Fund's investments after such Governing Documents are finalized.

The Funds invest primarily in lower middle-market private companies, with a general aim to invest in companies with annual revenues of approximately \$25 million to \$500 million, although from time to time certain investments fall outside this range. The Funds focus on investing in sectors including consumer/food, business and financial services, industrial and healthcare. Fund IV, Fund V, and Fund VI also focus on partnering with company founders, and on companies which Palladium believes would benefit from the growth of the U.S. Hispanic population. The investment strategy of each Fund is set forth in greater detail in its applicable offering documents and Governing Documents. Palladium does not participate in wrap fee programs.

c. Co-Investment Vehicles

From time to time, Palladium offers equity co-investment opportunities to invest alongside a Fund in Fund investments. Typically, such opportunities arise where the Fund's General Partner determines that the aggregate amount to be invested would exceed the amount determined to be appropriate or applicable for the relevant Fund, pursuant to such Fund's Governing Documents and in the related General Partner's good faith judgment. Each Fund's Governing Documents contain provisions addressing allocation of co-investment opportunities, and Palladium maintains written allocation policies in its compliance manual. The considerations relating to the allocation of co-investments are described in greater detail at Item 11 (Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading) below. In certain instances, Palladium establishes dedicated co-investment vehicles to invest alongside a Fund in a Fund investment. As of the date of this Brochure, Palladium has only one co-investment vehicle to which it provides investment advisory services, PEP Fluid Co-Invest, L.P. This is not the only vehicle with co-investors that have invested alongside a Palladium Fund. It is likely that Palladium will continue to establish co-invest vehicles in the future, to which it may or may not provide investment advisory services. To the extent that another co-investment vehicle is established to which Palladium provides investment advisory services, this Brochure and Palladium's Form ADV, Part 1A will be updated accordingly to reflect such new vehicle.

From time to time, in connection with obtaining funding for portfolio investments, lenders may request equity co-investment opportunities as part of a lending agreement. When such circumstances arise, the General Partner will review the Fund's opportunities to obtain funding in the market, and determine whether it is in the Fund's best interest to agree to such request or to pursue alternative financing.

d. Employee Investment Vehicles

Certain Palladium employees are permitted to participate in Fund investments via specific investment vehicles established for such purpose. These employment investment vehicles do not invest alongside the related Fund's investment, but rather participate by investing in or alongside the related General Partner in the applicable Fund. Palladium interests in Fund investments are discussed in greater detail at Item 11 (Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading) below.

e. Assets Under Management

Palladium's Regulatory Assets Under Management as of December 31, 2022 total \$3,421,020,551.

ITEM 5 – FEES AND COMPENSATION

Palladium's compensation arrangements vary among the Funds. The specific compensation terms are set forth in each Fund's Governing Documents. All Fund investors are "qualified purchasers" (as defined in Section 2(a)(51) of the Company Act) or "knowledgeable employees" (as defined in Rule 3c-5 under the Company Act).

A. Management Fees

Palladium typically receives a management fee (the "Management Fee," as defined and described in each Fund's Governing Documents) as compensation, which is generally paid quarterly in advance. Management Fees for the Funds are typically in the range of 1.6–2 percent per annum of third-party investors' committed capital during the relevant Fund's investment period. After the active investment period ends, Management Fees are based on a percentage of the Fund's capital, pursuant to the terms of each Fund's Governing Documents and typically range from 1.25–2 percent per annum.

From time to time, the Management Fee is further modified, reduced, waived or rebated at Palladium's discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which will typically not be disclosed to all other investors in the same Fund. Fees differ from one Fund to another, as well as among investors in the same Fund. In certain cases, the rate of Management Fees payable by certain investors in a Fund will be lower than other investors if such investors have a personal, professional and/or strategic relationship with Palladium, if the size of their investment in the Fund is larger than such others, if such investor subscribed to a Fund prior to a designated date or for other reasons determined in Palladium's discretion. In the event that Palladium does not provide services for the full quarterly period, the Management Fee is typically required to be returned on a pro rata basis to the investors in the applicable Fund. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.

The Management Fee is paid by either Fund investors making capital contributions, or by the Firm withholding the fee amount from investment proceeds that would otherwise be distributable to Fund investors. When such investment proceeds are withheld, Palladium provides written notice to affected Fund investors explaining the withholding. The notice provides information about the amount withheld for the Management Fee and also the aggregate amount of investment proceeds.

B. Carried Interest

In addition to the Management Fee, Palladium receives certain performance-based distributions referred to as "Carried Interest." Carried Interest is discussed in detail at Item 6 (Performance-Based Fees and Side-by-Side Management) below.

C. Other Fees

In addition to the Management Fee and Carried Interest, as described in each Fund's Governing Documents, Palladium also receives advisory fees from portfolio companies for performing advisory services for portfolio companies, though such fees may be, and from time to time have been, waived in the Investment Manager's discretion. Such advisory fees are compensation for services provided by the Investment Manager to the portfolio company, including: designing financing structures, the disposition of assets and/or potential business acquisitions, evaluating and analyzing significant business development opportunities, developing cash management and portfolio company-level treasury functions, risk management and related insurance coverage, developing financial reporting packages, budgeting, forecasting and other financial planning activities for the portfolio company. The fees Palladium is permitted to receive for these types of services are described in each Fund's Governing Documents, and in addition to advisory fees, such fees also from time to time include break-up and topping fees, monitoring and directors' fees, organization fees, set-up fees, consulting fees, closing and other similar fees (together, "Other Fees").

As described in each Fund's Governing Documents, the Management Fee is reduced by a portion of, or by the entire amount of, Other Fees (after deducting expenses incurred by Palladium in connection with providing these services). If a Fund does not pay Management Fees, any such reductions will not benefit it. Also, Management Fees will generally be reduced by the entire amount of fees paid by the Funds to persons acting as a placement agent in connection with the offer and sale of interests in the applicable Fund to certain potential investors, pursuant to applicable laws and regulations and in accordance with the Fund's Governing Documents. In Fund III, Broken Deal Expenses (as defined below) were borne by the Investment Manager, and such expenses reduced the offset to the Management Fee. In Fund IV and Fund V, Broken Deal Expenses are borne by the applicable Fund as a Partnership (as defined below).

From time to time, Palladium engages and retains for various services senior advisors, advisors, consultants, and other similar professionals who are not employees or affiliates of Palladium and certain of whom receive payments from portfolio companies, either at the close of a Fund's investment in a company, or for services provided to the portfolio company after closing. Amounts paid to such consultants, advisors or professionals by portfolio companies will not be deemed paid to or received by Palladium, and such amounts will not offset the Management Fees paid by the Funds. The nature of the relationship with each of these professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they provide Palladium with industry-specific insights, assist in transaction due diligence, make introductions to and provide reference checks on management teams. For certain Funds, fees for these services by such consultants, advisors or professionals are paid by the applicable Fund as "Partnership Expenses" pursuant to such Fund's Governing Documents. Such advisors or consultants may (i) further take on more extensive roles and contribute to the origination of new investment opportunities, for which their fees are paid by Palladium or the applicable Fund in accordance with the applicable Governing Documents, or

(ii) serve as executives or directors on the boards of portfolio companies, for which their fees are paid by the applicable portfolio company.

In addition, from time to time Palladium engages independent industry executives and independent board members to serve on portfolio company boards or otherwise assist with portfolio company operations. Such industry executives and independent board members are paid for by Palladium or by the relevant portfolio company to which services are provided. Amounts paid to such industry executives and independent board members will not be deemed paid to or received by Palladium, and such amounts will not offset Management Fees paid by the Funds.

Moreover, Palladium and its employees can be expected to receive certain intangible and/or other benefits and/or discounts and/or perquisites arising or resulting from their activities on behalf of the Funds that will not be subject to any Management Fee offset or otherwise shared with the Funds, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Partnership Expenses typically result in “miles” or “points” or credit in loyalty/status programs, and such benefits or amounts will, whether or not de minimis or difficult to value, inure exclusively to Palladium and/or such personnel (and not the Funds, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, investors, and/or portfolio companies. Palladium, its personnel, and other related persons also may receive discounts on products and services provided by portfolio companies and/or customers or suppliers of such portfolio companies.

D. Fund Expenses

Over the life of a Fund, aggregate expenses to be borne by that Fund are usually substantial and will reduce returns to investors. As explained in their Governing Documents, the Funds are responsible for paying expenses related to their operations (such expenses, “Partnership Expenses”). Partnership Expenses vary from Fund to Fund, as described in each Fund’s Governing Documents.

Not all Funds bear all categories noted below; each Fund is governed by its Governing Documents, which identify Partnership Expenses applicable to such Fund. Partnership Expenses typically include, but are not limited to:

(i) fees, costs and expenses related to third party expenses, including but not limited to, tax advisors, accountants, administrators, legal counsel (including legal services provided in connection with complying with provisions in side letter agreements, including “most favored nations” provisions), investment bankers, consultants, depositaries or custodians, operating partners and other third-party professionals, advisors (including, but not limited to, consulting fees or other compensation (whether in the form of cash or equity) for senior or special advisors, and other similar professionals incurred by a Fund for the benefit of such Fund and/or portfolio companies but excluding any general retainer paid by Palladium to any senior or special advisor that is not specific to any particular portfolio company), brokers, agents,

auditors, valuation firms and other advisors and professionals, the costs and expenses of any lenders, investment banks and other financing sources,

(ii) all fees, costs and expenses, if any, incurred by or on behalf of a Fund in developing, negotiating and structuring prospective or potential Investments which are not ultimately made, including without limitation any legal, tax, accounting, advisory, consulting, printing and other related costs and expenses in connection therewith and any liquidated damages, forfeited deposits, reverse termination fees and/or similar payments and commitment fees in respect of investments that are not ultimately consummated (“Broken Deal Expenses”),

(iii) all out-of-pocket fees, costs and expenses (excluding travel expenses except to the extent that they are paid by the relevant portfolio company), if any, incurred in developing, negotiating, structuring, purchasing, trading, settling, monitoring, holding, disposing and liquidating of actual and prospective investments, including without limitation, any financing, legal, tax, administrative, accounting, advisory and consulting and other similar costs and expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses reimbursed by a portfolio company or other third parties or capitalized as part of the acquisition price of the transaction) and any costs and expenses associated with vehicles through which a fund or its limited partners directly or indirectly participate in investments;

(iv) brokerage commissions, hedging costs, prime brokerage fees, custodial expenses, other bank service fees, underwriting commissions, clearing and settlement charges and other investment costs, fees and expenses actually incurred in connection with making, holding, settling, monitoring or disposing of actual portfolio investments (including, without limitation, any costs or expenses relating to currency conversion in the case of investments denominated in a currency other than U.S. dollars (see Item 12 (Brokerage Practices) for additional information on transaction costs));

(v) market data and research-related expenses, including, without limitation, news and quotation equipment and services;

(vi) technology-related expenses, including, without limitation, costs and expenses of technology service providers and related software, hardware and subscription-based services utilized in connection with a Fund’s investment and operational activities, including but not limited to, the sourcing, origination and monitoring of investments;

(vii) expenses relating to ongoing compliance-related matters and regulatory reporting obligations specifically relating to a Fund’s activities (including, without limitation, expenses relating to the preparation and filing of Form PF, reports and notices to be filed with the U.S. Commodity Futures Trading Commission and/or reports, filings, disclosures and notices prepared in connection with the laws and/or regulations of jurisdictions in which a Fund engages in activities, including any notices, reports and/or filings required under the European Union Directive on Alternative Investment Fund Managers (the “Directive”) and any related

regulations) and/or other regulatory filings, notices or disclosures of the Investment Manager and its affiliates relating to a Fund and its activities;

(viii) interest on and fees and expenses incurred in respect of a Fund's borrowings, guarantees and credit support obligations, including, but not limited to, the arranging thereof;

(ix) the costs of and expenses of any litigation involving a Fund or a portfolio company and the amount of any judgments, fines, remediation or settlements (whether involving alleged wrongdoing or otherwise) paid in connection therewith,

(x) the costs and expenses of insurance policies covering directors and officers, liability or other insurance and indemnification (including advancement of any fees, costs or expenses to persons entitled to indemnification) or extraordinary expense or liability relating to the affairs of a Fund, in each case, to the extent such costs, expenses and amounts relate to claims or matters that are otherwise entitled to indemnification pursuant to the Governing Documents, including the costs and expense of such insurance policies that cover the General Partners, Investment Managers, and/or employees thereof in connection with their asset management activities;

(xi) expenses of liquidating the Fund;

(xii) expenses associated with the preparation and distribution of a Fund's periodic reports and related statements (e.g., financial statements, tax returns and Schedules K-1) and other printing and reporting-related expenses (including the preparation and distribution of other notices and communications relating to a Fund) in respect of the Fund and its activities;

(xiii) subject to the Funds' Governing Documents, any taxes, fees or other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund; and

(xiv) to the extent permitted under the Funds' Governing Documents, the expenses and costs relating to the Limited Partner Advisory Committee ("LPAC") and its members and observers, and meetings of partners as well as expenses of third-party advisory committees of the Funds.

Other than as described herein, and pursuant to each Fund's Governing Documents (as applicable to each), neither Palladium nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

E. Co-Investment Vehicle Expenses

Subject to the Fund's Governing Documents, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors alongside a Fund may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is

created, the related Fund shall not bear expenses related to its organization and formation or other expenses incurred solely for the benefit of the co-investment or similar vehicle. For the avoidance of doubt, expenses incurred on behalf of, or in relation to, a co-investment or similar vehicle but which are incurred for the benefit of a portfolio company may be borne by such portfolio company, and accordingly, may indirectly be borne in part by the Fund. If a proposed transaction is not consummated (i.e., a “broken deal”), and no such co-investment or similar vehicle has been closed, the related Fund shall not bear the co-investment or similar vehicle’s pro rata amount of any expenses relating to such broken deal.

F. Allocation of Expenses

From time to time, Palladium, the Funds and/or portfolio companies will receive products or services from third parties, the costs and expenses of which are allocable (in whole or in part) between or among Palladium, the Funds and/or the portfolio companies.

Palladium allocates expenses among parties in the manner prescribed by the applicable Governing Documents for such Funds, and in cases where costs and expenses are properly allocable between or among multiple parties, the allocation would be done in a manner that Palladium considers to be fair and equitable, taking into account factors such as the actual or estimated relative benefits to each applicable party of the expense-generating item (which typically would include consideration of the Funds’ relative position sizes in an expense-generating item or investment). A conflict of interest could arise in Palladium’s determination whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of Partnership Expenses for which such Fund is responsible, or whether such expenses should be borne by Palladium. The Funds will be reliant on the determinations of Palladium in this regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Palladium to be the most appropriate corrective measure. There can be no assurance that allocation errors will not arise or that corrective measures will be possible in all circumstances.

Palladium will allocate shared fees and expenses between a given Fund and any other vehicles managed or controlled by Palladium, including any other Palladium-sponsored funds, vehicles and accounts, including registered investment companies, joint ventures or similar partnerships or arrangements (collectively, “Other Palladium Funds”), including, without limitation, Palladium Heritage Fund, L.P. and Palladium Heritage (Parallel) Fund, L.P. (together, the “Heritage Funds”) in accordance with such funds’ governing documents and in a manner that Palladium and its affiliates consider to be fair and equitable.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The General Partner of each Fund typically receives a portion of the profits of the affiliated Fund if certain thresholds for Fund performance are met. This is referred to as “Carried Interest,” and is defined and described in detail in each Fund’s Governing Documents.

The performance thresholds necessary for Carried Interest to be paid are set forth in each Fund’s Governing Documents and offering documents. If Carried Interest is paid to the General Partner, it is separate and distinct from the Management Fees charged for advisory services. If Carried Interest is paid, the fee amount is distributed to the General Partner from investment proceeds that would otherwise be distributable to Fund investors, and all investors are provided written notice of the fee payment. Certain General Partners, from time to time in their discretion, have elected to waive, defer, or reduce an investor’s obligation to pay Carried Interest in connection with their respective Fund(s), and other General Partners retain the right to do so, per each respective Fund’s Governing Documents. Carried Interest differs from one Fund to another, as well as (with respect to certain Funds) among investors in the same Fund. In certain cases, as explained in the Governing Documents of each relevant Fund, the rate of Carried Interest payable by investors in certain Funds will be lower the larger the size of the investment in the Fund made by the investor.

The provisions for Carried Interest may give rise to an incentive for the General Partner to make investments that are riskier or more speculative for the Funds than would be the case if it did not receive Carried Interest, though all Funds require performance standards to be met before Carried Interest may be paid. To the extent that the Funds have varying rates of Carried Interest or varying performance hurdles, an incentive may arise for the Firm to disproportionately allocate time, services, or functions to Funds paying an effective higher rate of Carried Interest or effective lower hurdle, or to allocate investment opportunities to such Funds.

To the extent that the Firm launches a new fund while a current Fund is being actively invested, all investments are made pursuant to Palladium’s allocation policy. Each Fund’s Governing Documents set forth specific requirements designed to ensure that all investors are treated fairly, and to prevent such potential conflict from unduly influencing the allocation of investment opportunities among funds (including the Funds and Other Palladium Funds), including (but not limited to) provisions outlining the parameters of the Firm’s ability to launch new funds while current funds are being actively invested.

ITEM 7 – TYPES OF CLIENTS

Palladium provides investment advisory services to pooled investment vehicles that are exempt from registration under the Company Act and whose securities are exempt from registration under the Securities Act. Investment advice is provided directly to the Funds and not individually to investors in the Funds. In general, the minimum initial investment in a Fund is \$10 million, although lesser amounts are from time to time accepted at the discretion of the applicable Fund's General Partner.

All Fund investors are "qualified purchasers" as defined in the Company Act and include, among others, some or all of the following: public and private corporate pension plans, charitable organizations, endowments, high net worth individuals, banks, profit sharing plans, trusts, estates, corporations, limited partnerships, limited liability companies and other entities.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

The Funds invest primarily in middle-market private companies, with a general aim to invest in companies with revenues of approximately \$25 million to \$500 million, although certain investments may fall outside this range. The Funds focus on investing in companies in sectors including consumer/food, business and financial services, industrial and healthcare. Fund III, Fund IV, and Fund V also focus on partnering with company founders, and on companies which Palladium believes would benefit from the growth of the U.S. Hispanic population.

While each Fund's investment strategy may generally be characterized by its middle-market focus, operating strategy and industry expertise, Fund III, Fund IV, and Fund V focus especially on investing in founder-owned companies that are well-positioned to capitalize upon the U.S. Hispanic market. In Palladium's view, this market exhibits favorable characteristics for private equity investing, including a young, fast-growing population which fuels growth in consumption and business formation and a lack of focused attention by Wall Street and the established U.S. private equity community. Palladium believes the characteristics of this market make it particularly attractive for the Firm given the Funds' target industry sectors, value-added investment strategy, and the Firm's prior experience in the market and access to U.S. Hispanic business leaders and investment opportunities.

An investment in any Fund is a long-term, illiquid investment involving a high degree of risk and potential conflicts of interest. Such investment is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Fund and for which the Fund does not represent a complete investment program.

A Fund investment should only be made by persons that can afford a loss of their entire investment. The possibility of partial or total loss of capital will exist, and an investor contemplating an investment in a Fund must be both prepared and able to bear capital losses that may result from such investment.

While certain risks and potential conflicts of interest are summarized below, investors should refer to each Fund's offering documents, which further describe relevant risks and potential conflicts relating to a potential investment in a Fund. Investors should carefully review and consider all of the risks related to investing in a Fund that are set forth in the offering documents for the applicable Fund.

No Assurance of Investment Return. An investment in a Fund requires a long-term commitment with no certainty of return. Palladium cannot provide any assurance whatsoever that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that the Funds will be able to generate

returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Actual realized returns on unrealized investments will depend on various factors, including future operating results, market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of disposition, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the returns indicated. There can be no assurance that any limited partner will receive any distribution from the Funds. Furthermore, distributions to limited partners may be subordinated in the event of a default under any credit facility of a Fund or its related entities. Partial or complete sales, transfers or other dispositions of investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in the Funds should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment.

Highly Competitive Market for Investment Opportunities. The activity of identifying, managing, monitoring, completing and realizing attractive private equity investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. In particular, in light of changes in such conditions, including changes in long-term interest rates, certain types of investment opportunities may not be available to the Funds on terms that are as attractive as the terms on which opportunities were available to previous investment programs sponsored by Palladium or other sponsors. Potential competitors include Other Palladium Funds, whether formed now or in the future. The Funds will be competing for investments with many other private equity investors, including, without limitation, other investment partnerships and corporations, strategic investors, hedge funds, merchant banks, business development companies, sovereign wealth funds, domestic and international public pension plans, the public debt and equity markets, individuals, financial institutions, industrial groups and other financial investors investing directly or through affiliates, and the Funds may be unable to identify a sufficient number of attractive investment opportunities for the Funds to meet its investment objectives. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Funds. New competitors constantly enter the market, and in some cases existing competitors combine in a way that increases their strength in the market. Further, over the past several years, an ever-increasing number of private equity funds have been formed and others have been consolidated (and many such existing funds have grown substantially in size), resulting in an unprecedented amount of capital available for private equity interest. Additional funds, vehicles and accounts with similar investment objectives may be formed in the future by Palladium or by other unrelated parties and further consolidations may occur (resulting in larger funds and vehicles). Some of these competitors may have more relevant experience,

greater financial and other resources and more personnel than Palladium, the General Partner, the Registrant and the Fund. Further, there continues to be a significant amount of equity capital available for private equity investments. There can be no assurance that the Fund will be able to: (i) locate, complete and exit investments which satisfy the Fund's rate of return objective or (ii) invest fully its available capital.

Consequently, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. The Funds will incur bid, legal, due diligence and other costs (including deposits which may not be refundable) on investments which are not consummated or are otherwise not successful. As a result, the Funds will not recover from such investments all of its costs, which will detract from such Funds' returns. Because competition for appropriate investment opportunities is expected to increase, the Funds may be required to participate in auctions more frequently. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of investment opportunities available to the Funds and potentially adversely affecting the terms upon which investments can be made. Participation in auction transactions will also increase the pressure on the Funds with respect to pricing of the transaction. The Funds will seek to implement a sourcing strategy that targets proprietary or limited auction investment opportunities; however, a degree of competition in identifying proprietary investment opportunities and limited auctions exists and, although limited in participants as compared to competitive auctions, limited auctions nonetheless are competitive and such competition affects the price paid for, and the terms of, such Funds' investments. There can be no assurance that proprietary or limited auction opportunities will be available to the Fund or that the Fund will be able to successfully implement its sourcing strategy. Limited partners will be dependent upon the judgment and ability of the General Partner and the Registrant in sourcing and diligencing transactions and investing and managing the capital of the Funds. There can be no assurance that any Fund will be able to locate, consummate and exit investments that satisfy such Fund's investment criteria, target equity size range, rate of return objectives or realize upon their values or that it will be able to invest fully its available capital. To the extent that a Fund encounters competition for investments, returns to investors are likely to be negatively impacted.

In addition, Palladium's investment strategies in certain sectors may depend on its ability to enter into satisfactory relationships with joint venture partners or operating partners. There can be no assurance that Palladium's current relationship with any such partner or operator will continue (whether on currently applicable terms or otherwise) with respect to the Fund or that any relationship with other such persons will be able to be established in the future as desired with respect to any sector or geographic market and on terms favorable to the Fund.

Illiquid and Long-Term Investments. Investment in a Fund requires a long-term commitment with no certainty of return. Many Fund investments will be highly illiquid, and there can be no assurance that a Fund will dispose of such investments in a timely manner.

Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the partners. A Fund's ability to realize an investment can be dependent on the public equity markets (e.g., demand for new public offerings and security sales) and investments in publicly traded securities are subject to restrictions under relevant securities laws (e.g., Section 16 of the 1934 Act). Although investments by a Fund may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such 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 investment is made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. Therefore, no assurance can be given that, if the General Partner is determined to dispose of a particular investment held by the Funds, it could dispose of such investment at a prevailing market price, and there is a risk that disposition of such investments may require a lengthy time period or may result in distributions in kind to investors. The Funds will generally not be able to sell investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited by contract or legal or regulatory reasons from selling certain securities for a period of time. To the extent that there is no liquid trading market for an investment, the Fund may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of any Fund's investments will be found.

No Market for Limited Partnership Interests; Restrictions on and Limitations Relating to Transfers. The interests have not been registered under the 1933 Act or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the 1933 Act and any other applicable securities laws or an exemption from such registration is available. It is not contemplated that registration of the interests under 1933 Act or other securities laws will ever be effected. Interests may only be offered, sold or transferred to individuals or entities who or which are qualified investors under applicable securities laws. There is no public market for the interests and one is not expected to develop. Accordingly, it may be difficult to obtain reliable information about the value of the interests. Each limited partner will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its interests for investment purposes and not with a view to resale or distribution and that it will only sell and transfer its limited partnership interest to a qualified investor under applicable securities laws or in a manner permitted by the Partnership Agreements and consistent with such laws. A limited partner will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the General Partner, whose consent may be given or withheld in accordance with the Partnership Agreements, and transfers are also subject to the other terms and conditions of the Partnership Agreements. The General Partner may condition its consent to any transfer of a limited partner's interest on, without limitation: (i) the receipt of additional information regarding the transaction in which such interest will be sold, including, representations from the transferee that the transfer price was negotiated on an arm's length

basis and reflects, in such limited partner's good faith determination, the fair value of such interest, (ii) the transferee or transferor making an unrelated investment in an Other Palladium Fund or (iii) other matters which are solely in the interest of Palladium. Accordingly, Palladium may influence the set of potential transferees who may acquire an interest from a limited partner that is seeking to transfer, which may affect the terms on which such transfer is completed, including by reducing the transfer price. Any transfer by a limited partner to a person other than an affiliate of such limited partner or otherwise approved by a General Partner prior to such limited partner's admission to the Fund will be subject to a right of first refusal for the benefit of the other Partners, including the General Partner, which right may be waived by the General Partner in its sole discretion. Except in extremely limited circumstances, withdrawals from the Fund will not be permitted. Limited partners must be prepared to bear the risks of owning interests for an indefinite period of time. In extraordinary and very limited circumstances that are set out in the Partnership Agreements, generally where the continued involvement of the limited partner with the Fund creates a material adverse effect in respect of the Fund, the General Partner, the Investment Managers, any portfolio company, or any of their affiliates or for the limited partner in certain limited circumstances, a limited partner may be required to withdraw, or may be permitted to withdraw, in respect of some or all of its interest. To the extent the circumstances giving rise to a withdrawal relate to a single investment, a limited partner may be required to withdraw solely in respect of its participation in such portfolio investment.

A transferee's commitment(s) will not be aggregated with one or more commitments associated with interests acquired from an unaffiliated transferor for purposes of determining such transferee's applicable Management Fee rate. Finally, to the extent a limited partner transfers a portion of its interest, such limited partner's applicable management fee rate will be recalculated based upon its remaining commitment following such transfer and such rate will be applied in future Management Fee periods (subject to additional transfers).

Valuation Matters. The fair value of all portfolio investments or of property received in exchange for any portfolio investments will be determined by the relevant General Partner in accordance with the relevant Partnership Agreement, pursuant to which such General Partner prepares valuations in good faith in accordance with GAAP. Accordingly, the carrying value of a portfolio investment may not reflect the price at which the portfolio investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. Additionally, under certain conditions a Fund may be forced to sell portfolio investments at lower prices than it had expected to realize or defer, potentially for a considerable period of time, sales that it had planned to make. In addition, under limited circumstances, a General Partner may not have access to all material information relevant to a valuation analysis with respect to a portfolio investment. As a result, the valuation of portfolio investments, and as a result the valuation of Fund interests themselves, may be based on imperfect information and is subject to inherent uncertainties.

The valuation of portfolio investments will affect the amount and timing of the relevant General Partner's Carried Interest and, under certain circumstances, the amount of

Management Fees payable to the Investment Managers. Valuations are subject to determinations, judgments and opinions and other third parties or investors may disagree with such valuations. The valuation of portfolio investments may also affect the ability of Palladium to raise a successor fund to the Funds. As a result, there may be circumstances where a General Partner is incentivized to determine valuations that may be higher than the actual fair value of portfolio investments.

Dependence on Key Personnel. Palladium will be relying extensively on the experience, relationships and expertise of its investment professionals to successfully manage the respective Funds. There can be no assurance that these individuals will remain in the employ of Palladium, or otherwise continue to be able to carry on their current duties throughout the term of a Fund. In addition, members of the investment teams are not dedicated exclusively to any one Fund and will have other responsibilities for Palladium. Conflicts of interest are expected to arise in allocating management time, services or functions, and the General Partners and their affiliates' ability to access other professionals and resources within Palladium for the benefit of the Funds as described in this Brochure may be limited. Such access may also be limited by the internal compliance policies of Palladium or other legal or business considerations, including those constraints generally discussed herein.

Dependence on Operating Partners. Though they are not Palladium employees, Palladium coordinates and works with a network of independent operating partners, consultants, and directors, which it continually seeks to improve and enhance for the benefit of the Funds and portfolio companies. Operating partners may, and from time to time do, provide services to portfolio companies or potential portfolio investments across multiple funds. Accordingly, a conflict of interest may arise with respect to how such operating partners allocate their time for Palladium-related services relating to portfolio companies across multiple Funds. Moreover, operating partners engage in other activities unrelated to their respective Palladium engagement, which activities may give rise to potential conflicts of interest. Palladium strives to align operating partner incentives to mitigate these risks by, among other things, providing operating partners an opportunity to invest in portfolio companies on the same economic basis as the related Fund. See also "Operating Partners and Other Consultants" below. In addition, in the case of any operating partner planned in good faith to join Palladium as an employee or Palladium partner, there is a risk that any such individual will not join Palladium.

Lack of Management Rights; Reliance on Palladium. Limited partners will generally have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. In order to safeguard their limited liability for the liabilities and obligations of the Funds, limited partners must rely entirely on the General Partners and the Investment Managers to conduct and manage the affairs of the Funds. The applicable General Partners and Investment Managers will generally have sole discretion in structuring, negotiating and purchasing, financing and eventually divesting portfolio investments on behalf of their respective Funds. Consequently, the limited partners will generally not be able to evaluate for

themselves the merits of particular portfolio investments prior to a Fund making such portfolio investment.

A purchaser of interests must rely upon the ability of the applicable General Partner and Investment Manager to identify, structure and implement portfolio investments consistent with a Fund's investment objectives and policies. The General Partners and the Investment Managers may be unable to find a sufficient number of attractive opportunities to meet their respective Fund's investment objectives. The success of each Fund will depend on the ability of the applicable General Partner and Investment Manager to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments.

Broad Investment Mandate. Within the investment strategy to be executed by the Funds, there are generally no material limitations on the instruments, markets or countries in which the Funds may invest or the specific investment strategies that may be employed on behalf of the Funds. As such, the General Partners have and are expected to continue to implement on behalf of the Funds whatever strategies or discretionary approaches within such broad mandates believed from time to time may be best suited to prevailing market conditions. In light of the Funds' broad investment mandates, the Funds may make equity and/or debt investments that do not involve control or influence over the underlying portfolio company. The Funds will be permitted to invest (and may actually invest) in any number of companies operating in a wide range of industries or activities. The Funds' portfolios may be concentrated at various points in time, including, for example, with respect to the number of investments included in the portfolio (which will be particularly limited when the Funds commence their investing activities), the nature of such investments and the geographies or industry sectors represented by the companies in which the Funds invest.

Non-U.S. Investments. From time to time, the Funds invest in portfolio companies outside the United States. In addition, investments in companies that are organized, headquartered or that principally operate in the United States often have operations in, sales to or other exposure to countries outside of the United States. With any portfolio investments outside the United States, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. Non-U.S. investments involve certain risks not typically associated with investing in companies that are organized, headquartered and principally operating in, and whose customers are primarily in, the United States, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Fund's non-U.S. portfolio investments are denominated; and costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries;

(v) governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies; (vi) less extensive regulation of the securities markets; (vii) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (viii) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities; (ix) differing, and potentially less well-developed or well-tested laws regarding corporate governance, fiduciary duties, the protection of investors and intellectual property rights; (x) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xi) political hostility to investments by foreign or private equity investors and (xii) less publicly available information.

Risk of Limited Number of Investments. The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single investment (which may be exacerbated by the use of leverage). In addition, investors generally have no assurance as to the degree of diversification of investments, either by geographic region, industry, asset or transaction type. To the extent the Funds do not accept commitments in the range of its target for aggregate commitments, or to the extent the Funds concentrate investments in a particular issuer, industry, asset, security, geographic region or other measures, limited partners will be subject to concentration levels higher than may have been targeted for such Fund, which concentration would result in the limited partners' interests being more susceptible to fluctuations in value resulting from adverse economic, business or market conditions. Moreover, there are no assurances that all of a Fund's investments will perform well or even return capital. Therefore, if certain investments perform unfavorably, for a Fund to achieve above-average returns, one or a few of its investments must perform exceptionally well. There are no assurances that this will be the case. As a consequence, the aggregate return of the Funds may be adversely affected by the unfavorable performance of one or a small number of investments.

Reliance on Portfolio Company Management. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the General Partners and the Investment Managers will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to successfully operate the portfolio company in accordance with a Fund's plans. Additionally, portfolio companies need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of their management teams and, as a result, the Funds may be adversely affected thereby. In addition, even though members of portfolio company management are generally compensated by the portfolio company (and therefore indirectly by a Fund), they may be consulted by Palladium with respect

to market insight and other matters related to other funds, vehicles or accounts managed by Palladium or its affiliates.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Risk of Fraud in Portfolio Companies. Before making investments, the General Partner and/or the Investment Managers will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence generally entails evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties often are involved in the due diligence process to varying degrees depending on the type of investment, the costs of which will be borne by the relevant Fund. Such involvement of third-party advisors or consultants presents a number of risks, including that the relevant General Partner has reduced control of the functions that are outsourced. In addition, if the relevant General Partner and/or Investment Manager are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the relevant General Partner and/or the Investment Manager will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations and/or consumer surveys. The due diligence investigation that the relevant General Partner and/or the Investment Manager carry 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. This risk is further exacerbated by the impact of COVID-19, which has caused commercial disruption on a global scale and has disrupted the manner in which due diligence investigations have historically been conducted. Moreover, such an investigation will not necessarily result in the investment being successful. In circumstances where Palladium accesses non-public confidential information, there is a possibility that certain trading restrictions would apply to Palladium and its affiliates, which may affect a Fund's ability to transact. There can be no assurance that attempts to provide downside protection with respect to investments, including pursuant to risk management procedures and environmental, social and governance guidelines, will achieve their desired effect and potential investors should regard an investment in a Fund as being speculative and having a high degree of risk.

Conduct occurring at portfolio companies, even activities that occurred prior to a Fund's investment therein, could have an adverse impact on such Fund. There can be no assurance that a Fund will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor an investment on an ongoing basis or that any risk management procedures implemented by a Fund will be adequate.

Misconduct of Employees and Third-Party Service Providers. There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to a Fund. Misconduct by employees of the Investment Managers or by

third-party service providers could cause significant losses to the Funds. Employee misconduct could include, among other things, binding the Funds to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to the a Fund or Palladium. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future activities. Furthermore, because of Palladium's diverse businesses and the regulatory regimes under which they operate, misdeeds by a Palladium entity (or its personnel) may result in foreclosing a Fund's ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by employees or service providers, and the precautions a General Partner or Investment Manager take to detect and prevent this activity may not be effective in all cases.

Uncertainty of Financial Projections. Palladium will generally establish the pricing of transactions and the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Estimated operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the assumptions will be accurate or that the estimated results will be obtained, and actual results may vary significantly from the projections. General economic, political and market conditions, which are difficult to predict, can have a material adverse impact on the reliability of such projections. Other participants in the industry may disagree with the feasibility of projections.

Risks Associated with Hedging Transactions. In connection with the acquisition, holding or disposition of certain portfolio investments, the Funds, on behalf of itself or any co-investment vehicles, may employ hedging techniques designed to reduce certain risks, including, among others, adverse movements in interest rates, securities prices and currency exchange rates, but there shall be no obligation to engage in such hedging activities. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the Funds than if it had not entered into such hedging transactions. These arrangements may also require the posting of cash collateral at a time when a Fund has insufficient cash or illiquid assets such that the posting of the cash is either impossible or requires the sale of assets at prices that do not reflect their underlying value. Moreover, these hedging arrangements may generate significant transaction costs, including potential tax costs, which may reduce the returns generated by a Fund. The relevant General Partner may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills that are different than the skills used in selecting and monitoring portfolio investments. There can be no assurance that any risk management procedure will be

effective in reducing risks associated with the use of hedging techniques or that the use of such techniques by a Fund will not result in poorer overall performance for such Fund than if it had not utilized such techniques.

Syndication Risks. The Funds are expected to initially acquire a portion of certain investments (including through borrowings on a subscription-based credit facility) intended as co-investments as described herein and to syndicate all or part of such co-investments to one or more co-investors. In such instances, co-investors are expected to reimburse the applicable Fund for its carrying costs (including interest with respect to any borrowings on a subscription-based credit facility). However, the value of the investment during such period is likely to fluctuate. If the value of the investment increases prior to syndication, the applicable Fund will generally not receive the full benefit, or any benefit, of such increase. Similarly, in the event of a decrease in the investment's value, any such planned syndication may not be completed on the terms previously contemplated or at all, in which case the applicable Fund's investment may be larger than desired.

Capital Calls and Use of Subscription Lines and Asset-Backed Credit Facilities. A General Partner may fund the making of portfolio investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, one or more assets of a Fund, i.e., asset-backed facilities, or the unfunded commitments of investors, i.e., subscription lines) prior to calling commitments. Each Fund is permitted to borrow under subscription lines for any purpose permitted under its Partnership Agreement. For administrative convenience, capital calls, including those used to pay interest on subscription lines, asset-backed facilities and other indebtedness, may from time to time be "batched" together into larger, less frequent capital calls or closings, with a Fund's interim capital needs being satisfied by the Fund borrowing money from such credit facilities. In particular, it is expected that capital needs of Funds during the fundraising period may be met through drawdowns from such credit facilities rather than capital calls. The interest expense and other costs of any such borrowings will be Partnership Expenses and, accordingly, decrease net returns of such Fund. In addition, the batching of capital calls may amplify the magnitude of potential defaults by limited partners as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on limited partners and/or limited partners facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Finally, the existence of a subscription facility may impair a limited partner's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

While the Funds are subject to certain limits on borrowings as set forth in the partnership agreements, portfolio companies, holding companies and/or special purpose entities formed by Funds to hold portfolio investments (i.e., asset level vehicles) may engage in borrowings and incur leverage, which will not count towards any caps on borrowings and guarantees on the relevant Fund, as contained in the partnership agreements, as such

borrowings are not recourse to the Fund and do not reduce unfunded commitments of the limited partners. This is the case even if such borrowings or leverage by entities owned by the Fund engage in joint borrowings and/or are cross-collateralized with or among other such entities, such that multiple portfolio investments are pledged to and at risk with respect to a borrowing in connection with a single portfolio investment (even if the amounts involved are greater than the single investment limitation set forth in the partnership agreements).

The General Partners may enter into one or more margin loans, including to effect a distribution to the partners, which are not subject to the restrictions on borrowings generally in the partnership agreements.

It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which does not accrue on such borrowings and will begin accruing when capital contributions to fund such portfolio investments, or repay borrowings used to fund such portfolio investments, are actually made to the Fund. As a result, the use of a subscription facility with respect to portfolio investments and ongoing capital needs may reduce or eliminate the preferred return received by the limited partners and accelerate or increase distributions of Carried Interest to the relevant General Partner. Because the preferred return does not accrue on such outstanding borrowings, the General Partners have an incentive to cause the Funds to borrow in this manner in lieu of drawing down commitments and, in view of the fact that the Management Fee payable by the Funds is the same whether investments are funded with capital contributions or Fund borrowings, the General Partners may benefit from operating the Fund in this manner. As a general matter, use of leverage in lieu of drawing down commitments amplifies returns (either negative or positive) to limited partners. See also “Investments in Highly Leveraged Companies; Use of Leverage; Risk of Borrowing by the Funds” below.

Investments in Highly Leveraged Companies; Use of Leverage; Risk of Borrowing by the Funds. Each Fund’s investments are expected to include investments in companies whose capital structures may have significant leverage. Instruments issued by such companies may have limited covenants (e.g., “covenant lite” securities), and the lack of robust covenants can increase the risk associated with an investment in such issuers. While investments in leveraged companies offer the opportunity for capital appreciation and the relevant Fund’s General Partner will seek to use leverage in a manner it believes to be prudent, such investments also involve a higher degree of risk and increases the investment’s exposure to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment, as further described below.

Each Fund’s investments may involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other changes that affect the relevant investment or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such investments. In using leverage, these companies may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance

or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates will, unless such rates are fixed pursuant to the terms of any such indebtedness, significantly increase such investments' interest expense, causing losses and/or the inability to service debt levels. If an investment cannot generate adequate cash flow to meet its debt obligations, the relevant Fund is likely to suffer a partial or total loss of capital invested in such investment. In addition, to the extent there is not ample availability of financing for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders) a Fund's ability to consummate certain transactions could be impaired. See also "General Economic and Market Conditions" below. Borrowings by a Fund will further diminish returns (or increase losses on capital) to the extent overall returns are less than such Fund's cost of funds. As a general matter, the presence of leverage can accelerate losses.

Benchmark Reform and the Impact on LIBOR and other Interest Rate Benchmarks. The London Interbank Offered Rate ("LIBOR") and other inter-bank lending rates and indices (together with LIBOR, the "IBORs") are the subject of ongoing national and international regulatory reform. Most LIBOR settings are now transitioned to alternative near risk-free rates ("RFRs") (but not all, as discussed further below). This followed an announcement in 2017 by the UK Financial Conduct Authority that the sustaining of LIBOR by the expert judgement of panel banks could not continue indefinitely, initiating the process to transition LIBOR to the RFRs.

From January 1, 2022, most LIBOR settings ceased to be published. The remaining, most liquid U.S. dollar LIBOR settings will no longer be published after June 30, 2023 (though use of U.S. dollar LIBOR in most contracts entered into after December 31, 2021 is also restricted). On November 16, 2021, the Financial Conduct Authority ("FCA") confirmed it will allow the temporary use of 'synthetic' sterling and yen LIBOR rates in all legacy LIBOR contracts (other than cleared derivatives) denominated in the relevant currencies until the end of 2022. This followed the announcement by the FCA on September 29, 2021 of its decision relating to a fair, transparent and appropriate way of calculating synthetic LIBOR, for the purposes of approximating what LIBOR might have been had it not been subject to permanent cessation and therefore remained available for use by market participants in their contracts.

For the most part therefore, it is expected that many new financing arrangements entered into by the Funds, their affiliates or their portfolio companies will therefore likely reference an RFR as the applicable interest rate. The RFRs are conceptually and operationally different from LIBOR: for example, overnight rate RFRs may only be determinable on a 'backward' looking basis and therefore are only known at the end of an interest period, whereas LIBOR is a 'forward' looking rate. Moreover, certain RFRs (such as SOFR for U.S. dollar debt) are not well established in the market, and all RFRs remain novel in comparison to LIBOR, which has only recently been discontinued as described above. There consequently remains some uncertainty as to what the economic, accounting, commercial, tax and legal implications of the use of RFRs will be and how they will perform over significant time periods, particularly as market participants are still becoming accustomed to the use of such benchmarks. As a

result, it is still possible that the use of RFRs may have an adverse effect on the Funds and therefore limited partners. For example, the efficacy of new financing arrangements entered into by the Funds or portfolio companies may be less than expected or desired, which could reduce the returns available to investors.

Investors should be aware that there may be difficulties with transitioning an existing financing arrangement from LIBOR to the applicable RFR. Such difficulties could adversely impact the Funds and therefore limited partners. For example, there may be delays or failures in meeting the conditions to amend such a financing arrangement and there may be mismatches if the reference rate cannot be remediated or if a hedge related to such financing arrangement and the financing arrangement itself cannot be transitioned to the same RFR at the same time. The potential impact of wider conceptual and operational differences between LIBOR and RFRs, as described above, would also likely apply to remediation of these contracts in due course. In addition, higher borrowing costs may apply to the applicable Fund's and/or its portfolio company's (as applicable) financing arrangements following the transition to RFRs.

Therefore, prospective investors should be aware that the Funds are likely to bear (directly and, through the exposures of its portfolio companies, indirectly) additional costs and expenses in relation to LIBOR discontinuation and the use of RFRs. Given the relative novelty of the use of RFRs in financial markets (as discussed in further detail above), the exact impact of the use of the RFRs remains to be seen. Further, to the extent that a Fund or portfolio company does enter into a LIBOR-linked financing arrangement, there may be further costs or other adverse effects incurred by the relevant Fund in relation to remediation of these to RFRs in due course.

Investments in Less Established Companies. A Fund may invest a portion of its assets in the securities of less established companies and family-owned companies. Certain of the investments may be in businesses with little or no operating history. Investments in such early-stage or family-owned companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by the Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies and family-owned companies tend to have lower capitalizations and fewer resources, and therefore, are often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises and family-owned companies may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment therein. In addition, less mature and family-owned companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Fund invests, the Fund may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on such Fund's other assets.

Investments Longer than Term. The Funds may make investments, which may not be advantageously disposed of prior to the date that such Fund will be dissolved, either by expiration of a Fund's term or otherwise. Although the General Partners expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution or disposition at dissolution and a General Partner typically has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of the dissolution of such Fund. In addition, although upon the dissolution of a Fund, the relevant General Partner (or the relevant liquidator) will be required to use its reasonable best efforts to reduce such assets of the Fund to cash and cash equivalents, on such terms as the General Partner or such liquidator shall deem advisable to sell, subject to obtaining fair value for such assets taking into account any contractual, tax, market, legal or other considerations (including legal restrictions on the ability of a limited partner to hold any assets to be distributed in-kind). Consequently, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the limited partners will occur.

Litigation and Regulatory Investigations. Palladium and its affiliates and any supervised persons engage in a broad variety of activities. These activities have subjected Palladium, or one or more of its affiliates or supervised persons to risks of becoming involved in litigation by third parties, including shareholder actions, or may subject Palladium or any such affiliate or supervised persons to civil and criminal investigations or proceedings initiated by governmental authorities or other potential claims. It is difficult to determine what impact, if any, such litigation, investigations, proceedings or other claims may have on Palladium, such affiliates or supervised persons and the relevant Fund. As a result, there can be no assurance that the foregoing will not have an adverse impact on Palladium, or such affiliates or supervised persons, or otherwise impede a Fund's ability to effectively achieve its objectives. The regulatory environment for private funds and capital markets is also evolving, and changes in the regulation of private funds, their managers and their trading activities and capital markets could negatively affect the ability of each Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments. In the ordinary course of business, Palladium is a party to litigation, investigations, inquiries, employment-related matters, disputes and other potential claims.

Palladium currently is and expects to continue to be, from time to time, subject to examinations, formal and informal inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to, the SEC, Department of Justice and state attorneys general and the UK Financial Conduct Authority. Palladium routinely cooperates with such examinations, inquiries and investigations, and they may result in the commencement of civil, criminal, or administrative or other proceedings against Palladium and/or its personnel. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against Palladium or its personnel by a regulator were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm Palladium and/or the Funds. While it is difficult to predict what impact, if any, the foregoing may have, there can be no assurance that any of the foregoing would not

have a material adverse effect on the Funds and their ability to achieve their investment objectives.

Currency and Exchange Rate Risk. Most of the Funds' portfolio investments are expected to be denominated primarily in U.S. dollars and the books of the Fund will be maintained, and capital contributions to and distributions from the Fund generally will be made, in U.S. dollars. However, the Fund may make portfolio investments that are denominated in a foreign currency, which are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar. Accordingly, changes in currency exchange rates, costs of conversion and exchange control regulations may materially adversely affect the U.S. dollar value of portfolio investments, interest and dividends received by the relevant Fund, gains and losses realized on the sale of portfolio investments and the amount of distributions, if any, to be made by such Fund. In addition, a Fund will incur costs or experience substantial delays when, or be prohibited from, converting currency into another. While a General Partner may enter into hedging transactions designed to reduce such currency risks, there can be no assurance that any such transactions would achieve their intended results. Further, such hedging transactions could result in diminished returns (or increased losses on capital) to the extent overall returns are less than the relevant Fund's costs or losses associated with such hedging transactions. A Fund may also experience gains attributable solely, or in large part, to favorable movements in exchange rates as of any date of valuation or realization of a portfolio investment, even despite relatively adverse performance of the relevant portfolio company.

Certain Restrictions on Ownership. Current laws and regulations in various jurisdictions give heads of state and regulatory bodies the authority to block or impose conditions with respect to acquisitions of and investments in local entities by foreign persons if that acquisition threatens to impair national or economic security. These U.S. and foreign laws could limit a Fund's ability to invest in some entities or impose burdensome notification requirements, operational restrictions or delays in pursuing and consummating transactions, and could result in a Fund excluding (in whole or in part) the participation of certain limited partners in any such transaction.

In some cases, portfolio investments by a Fund involving the acquisition of or investment in a U.S. business (including a U.S. branch or subsidiary of a company domiciled outside of the United States) may be subject to review and approval by the Committee on Foreign Investment in the United States ("CFIUS") or any other non U.S. equivalents thereof. In the event that CFIUS or any other non U.S. equivalents thereof reviews one or more investments, there can be no assurance that the relevant Fund will be able to maintain or proceed with such portfolio investments on any terms, or on terms that are acceptable to the relevant General Partner. CFIUS may recommend that the President block such transactions, or CFIUS may impose conditions on such transactions, certain of which may materially and adversely affect the Fund's ability to execute its investment strategy. Additionally, CFIUS may seek to impose limitations on one or more such portfolio investments that may prevent a Fund from maintaining or pursuing investment opportunities that the Fund otherwise would have maintained or pursued, which could adversely affect the performance of the Fund's investment

in such portfolio investments and thus the performance of such Fund. Legislation to reform CFIUS was signed into law by the U.S. President on August 13, 2018, and final regulations implementing this legislation were enacted in 2020. The legislation and its implementing regulations, among other things, expand the scope of CFIUS' jurisdiction to cover more types of transactions and empower CFIUS to scrutinize more closely investments in U.S. "critical infrastructure", "critical technology" and "data" companies, including investments involving foreign limited partners that may be deemed "non-passive."

A Fund's portfolio investments may face delays, limitations, or restrictions as a result of notifications made under and/or compliance with these legal regimes and rapidly-changing agency practices. Similar foreign direct investment rules or regulations exist in many jurisdictions outside the U.S., and could operate in ways that adversely affect the Fund's performance and investment activities. Some of these non-U.S. national security investment clearance rules and regulations have recently been made more rigorous. Other countries continue to establish and/or strengthen their own national security investment clearance regimes, including in response to U.S. encouragement of other countries to impose CFIUS-like regulations on foreign investment in certain sectors and assets on national security grounds, which could have a corresponding effect of limiting the Fund's ability to make investments in such countries. These requirements and the disclosure process may delay or otherwise impact the Fund's acceptance and drawdown of capital commitments from certain investors and approval of transfers by or to certain limited partners. Delays in the Fund's ability to accept or draw down capital commitments may adversely impact the ability of the Fund to make investments in certain jurisdictions. The foregoing requirements may also result in circumstances in which the Fund determines not to pursue certain potential investment opportunities in these countries.

In particular, in October 2020, the EU (the "EU") implemented an EU-wide mechanism to coordinate the screening of foreign investment on national security grounds across EU member states, which could impede, restrict, and/or delay the Fund's portfolio investments with a nexus to the EU. In addition, on April 22, 2020, the India Ministry of Finance enacted the NDI Rules, 2020, which states that any foreign investment by or from an entity of any country which shares its land border with India or where the beneficial owner of an investment into India is situated in, or is a citizen of, any country which shares its land border with India, can only be made with prior approval of the Government of India. Further clarity is awaited from the Government of India/RBI on what would constitute beneficial owner. The application of the NDI Rules may inhibit the Fund's ability to consummate portfolio investments in India and may require partial or full exclusion of any limited partners from countries bordering India from such portfolio investments. Uncertainty resulting from the application of the NDI Rules may also lead to higher amounts of, or longer durations of, borrowings by the Fund. Also, in Australia, legislation passed in 2020 expands the criteria used to determine whether a transaction must be notified to the country's Foreign Investment Review Board and affords the government new call-in powers to review transactions that may pose a national security risk. In the United Kingdom ("UK"), a new national security regime was implemented pursuant to the country's National Security and Investment Act 2021 and commenced on January 4, 2022, requiring

mandatory notification for certain acquisitions in 17 strategic sectors and giving the UK government broad powers to review certain acquisitions in any economic sector. Other jurisdictions, such as the Netherlands, are similarly in the midst of ongoing reform that may establish further restrictions and pose additional risk by enhancing governments' powers to scrutinize, impose conditions on and potentially block mergers, acquisitions and other transactions.

Heightened scrutiny of foreign direct investment worldwide may also make it more difficult for the Funds to identify suitable buyers for portfolio investments upon exit and may constrain the universe of exit opportunities for a portfolio investment in a portfolio company. As a result, the above laws may prevent, delay, impede or restrict syndication or sale of Fund assets to certain buyers. As a result of such regimes, a Fund may incur significant delays and costs, be altogether prohibited from making a particular investment or be impeded or restricted in syndication or sale of Fund assets to certain buyers, all of which could adversely affect a Fund's ability to meet its investment objectives.

The outcome of CFIUS's and other foreign direct investment processes may be difficult to predict, and there is no guarantee that, if applicable to a portfolio investment, the decisions of the applicable regulator would not adversely impact a Fund's investment in such entity. The Partnership Agreements contain certain provisions that may require certain limited partners to be excluded from participating in a portfolio investment, for example where their participation is at risk of jeopardizing a Fund's ability to successfully acquire, hold, operate, sell, transfer, exchange, pledge or dispose of an actual or prospective portfolio investment in light of legal, regulatory or other similar considerations.

Force Majeure Risk. Investments may be affected by force majeure events (e.g., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, trade war, cyber security breaches, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to the Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company or the Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest specifically. Additionally, a major governmental intervention into an industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets (including recent government action in response to COVID-19), could result in a loss to the Fund, including if its investment in such portfolio company is canceled, unwound or acquired (which could be without what the Fund considers to be adequate compensation). Deterioration in economic conditions could cause decreases in or delays in spending and reduce and/or negatively impact the Fund's or portfolio companies' short-term ability to grow revenues. Further, any early termination of agreements due to deterioration in

economic conditions could negatively impact results of operations of portfolio companies. Any of the foregoing may therefore adversely affect the performance of the Funds and their investments. See also “Coronavirus and Public Health Emergencies” below.

Coronavirus and Public Health Emergencies. There is currently an ongoing outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a global pandemic. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity, and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The global ramifications of the outbreak have been rapidly evolving, and many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, factories, schools, retail stores, restaurants, hotels, courts and other public venues, vaccine mandates (e.g. for certain public sector employees) and other restrictive measures designed to help slow the spread of COVID-19. Many businesses have at different times and to different degrees also implemented similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created, and continue to create, significant disruption in the global public and private markets, supply chains and economic activity and are especially impactful on transportation, hospitality, tourism, entertainment, healthcare, consumer and other industries. Moreover, with the continued spread of COVID-19, in particular in certain nations and localities, governments and businesses have taken, and may continue to take, increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 has and could in the future continue to spread throughout the world, the likelihood of an ongoing and/or exacerbated impact, including a global, regional or other economic recession (which recessions some financial experts opine have already arrived), is increasingly uncertain and difficult to assess.

Any public health emergency, including any new outbreaks or variants of COVID-19, SARS, H1N1/09 flu, avian flu, respiratory syncytial virus or RSV other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could negatively impact the Funds and their portfolio companies and could meaningfully affect their ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on the Funds’ and the portfolio companies’ operational and financial performance will depend on many factors, including but not limited to the duration and scope of such public health emergency (as well as the availability of effective treatment and/or vaccination); the extent of any related travel advisories and voluntary or mandatory government or private restrictions (including on component parts and raw materials) implemented; the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels; the extent of government support and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. For example, the shortage of workers and lack of key components and raw materials that has come as a result of COVID-19 has and may continue to contribute to manufacturers and distributors being unable to

produce or supply enough goods to meet increasing demands. The impact of these global supply chain constraints may not fully be reflected until future periods and may have an adverse impact on the Funds and their portfolio companies at a future point when COVID-19 may not be as prevalent in the public. For this reason, valuations in this environment are subject to heightened uncertainty and subject to numerous subjective judgments, even beyond what is traditionally the case, any or all of which could turn out to be incorrect with the benefit of hindsight. Furthermore, traditional valuation approaches that have been used historically may need to be modified in order to effectively capture fair value in the midst of significant volatility or market dislocation. The effects of a public health emergency may negatively impact the value and performance of the portfolio companies, a Fund's ability to source, manage and divest investments (including but not limited to circumstances where potential transactions are already signed but not closed) and a Fund's ability to achieve its investment objectives, all of which could result in significant losses to the Funds. In particular, a public health emergency like COVID-19 may have a greater impact on leveraged assets.

Any such disruptions may continue for an extended and uncertain period of time. In addition, the operations of the Funds, the portfolio companies and Palladium may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity, including possibly the Senior Investment Team, or the personnel of any such entity's key service providers. The impact to businesses in such circumstances has been and is expected to continue to be substantial.

In connection with the impacts of the current pandemic and any future such public health crisis, the Funds are expected to incur heightened legal expenses which could similarly have an adverse impact to their returns. For example, but not by limitation, the Funds or portfolio companies may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by the Funds and/or their portfolio companies. There is also a heightened risk of cyber and other security vulnerabilities during the ongoing public health emergency and any future one, which could result in adverse effects to the Funds or their portfolio companies in the form of economic harm, data loss or other negative outcomes.

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines and these vaccines are currently available to the general public in the U.S. and in many non-U.S. jurisdictions, a substantial proportion of the U.S. population and the population of other jurisdictions has, despite the availability of vaccines, not been vaccinated, which is believed to be prolonging the effects of COVID-19. In addition, the vaccines have been found to be less than 100% effective and to have waning effectiveness within an extended period of time following inoculation, which means a portion of the population that receives such vaccinations is less than fully protected against the disease and may still experience symptoms, hospitalization or death (and be contagious to others even if asymptomatic). Furthermore, such vaccines (even among individuals who have received one or

more “booster” vaccinations) have shown reduced efficacy against certain existing or emerging variants of COVID-19, and emerging variants may continue to be more transmissible or deadly than existing variants of COVID-19. COVID-19 is likely to continue to affect the economy generally, and the pandemic and its economic impact may affect the Funds and their ability to achieve its investment objectives to a degree that is not currently known, given the situation continues to evolve.

An extended period of remote work arrangements could strain Fund or portfolio company business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair a Fund’s or portfolio company’s ability to manage its business. The business operations of the Funds and their portfolio companies could be significantly disrupted if its critical workforce, key vendors, third-party suppliers or counterparties with whom the Funds or their portfolio companies, as applicable, transact are unable to work effectively, including because of illness, quarantines, government actions in response to the COVID-19 pandemic, disruptions in access to remote working capabilities, including as a result of internet service outages, or other reasons. The Fund and its portfolio companies may outsource certain critical business activities to third parties. As a result, the Funds and their portfolio companies may rely upon the successful implementation and execution of the business continuity planning of such entities. Successful implementation and execution of business continuity strategies by these third parties are largely outside a Fund’s or portfolio company’s control. If one or more of the third parties to whom a Fund or its portfolio companies outsource certain critical business activities experience operational failures as a result of the impacts from the spread of COVID-19, or claim that they cannot perform due to a force majeure, it could cause a material adverse effect on the business, financial condition, results of operations and cash flows of such Fund and its portfolio companies.

Counterparty Risk. The Funds are exposed to the risk that third parties that may owe the Fund money, securities or other assets will not perform their obligations. These parties include trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations to the Funds or their portfolio companies, due to bankruptcy, lack of liquidity, operational failure or other reasons. Nonpayment and nonperformance by such parties may reduce revenues and increase expenses, and any significant level of nonpayment and nonperformance could have a negative impact on the portfolio companies’ ability to conduct business, operating results, cash flows and its ability to service debt obligations and make distributions to the Funds. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Funds or their portfolio companies, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Also, any practice of rehypothecation of securities of the Funds or their investments held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties.

General Risks of Investment in Latin America. Potential investors should be aware that capital invested by the Funds in companies with exposure to operations in Latin America will be subject to risks connected with the ownership and management of investments in Latin America. Investors should recognize that business operations and investment activities in Latin America involve a high degree of risk and special considerations not typically associated with investing in more developed and stable environments. Participation in investments in companies with exposure to operations in Latin America is thus suitable only for investors capable of understanding the specific risks involved and able to bear the potential economic loss. The overall value of the Funds' investments in companies with exposure to operations in Latin America will be affected by the distinctive economic, political and regulatory environment in Latin America, including interest rate levels, inflation, the availability of financing in the local markets, as well as changes of the legal environment on both the federal and local level in such markets.

OFAC, FCPA and Anti-Bribery Considerations. Economic sanction laws in the U.S. and other jurisdictions may prohibit Palladium, Palladium's professionals and the Fund from transacting with or in certain countries or jurisdictions and with certain individuals and companies. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, sanctions evaders and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries or jurisdictions regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict the Funds' investment activities. Other jurisdictions maintain different and/or additional economic and trade sanctions.

In some countries, there is a greater acceptance than in the U.S. of government involvement in commercial activities, and of corruption. Palladium, Palladium's professionals and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Fund may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Fund to act successfully on investment opportunities and for investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, UK has continued to broadly enforce the UK Bribery Act of 2010 ("UK Bribery Act"). Other countries have also adopted or improved their anti-corruption legal regimes in recent years. While Palladium has developed and implemented

policies and procedures designed to ensure strict compliance by Palladium and its personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of Palladium's policies and procedures, affiliates of portfolio companies, particularly in cases where a Fund or another Palladium sponsored fund or vehicle does not control such portfolio company, may engage in activities that could result in FCPA violations. Any determination that Palladium has violated the FCPA, the UK Bribery Act or other applicable anti-corruption laws or anti-bribery laws could subject Palladium to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect Palladium's business prospects and/or financial position, as well as the Fund's ability to achieve their investment objectives and/or conduct their operations. Other jurisdictions maintain different and/or additional economic and trade sanctions.

United Kingdom – Exit from the European Union. As part of the process of the UK leaving the European Union, the EU and the UK agreed to an EU-UK Trade and Cooperation Agreement ("TCA") that governs the trading relationship between the UK and the member states of the EU from and after January 1, 2021. Broadly, the TCA provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin, but is subject to both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid, and tax transparency.

Firms that conduct or depend on the provision of cross-border services, including UK regulated firms in the financial sector, are adversely affected by these arrangements because the TCA does not provide for continued access by UK firms to the EU single market - although there is the possibility that in time, the UK may obtain a recognition of equivalence from the EU in certain financial sectors which would enable varying degrees of access to the EU market. Similarly, notwithstanding zero tariffs and zero quotas on goods, market access for those firms that conduct cross-border trade in goods will fall below what the single market previously allowed. Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax and value added tax purposes, and other sources of friction have the potential to impair the profitability of a business, require it to adapt, or even relocate to operate through an establishment in the EU. Understanding and preparing for these new arrangements may result in increased operational and compliance burdens for the Fund.

It will take some time to observe the many and varied effects on UK and EEA businesses (and therefore asset values) of the consequences of the UK leaving the single market and customs union, taking into account the flow of goods and services in both directions and the complications of the Northern Ireland protocol. Given the size and global significance of the UK's economy, uncertainty, at least in the near term, about the effect of the TCA on the day-to-day operations of those businesses that engage in the cross-border trade of goods or services between member states of the EU and the UK, may be a continued source of currency fluctuations or have other adverse effects on international markets, international trade and

other cross-border cooperation arrangements. The present uncertainty could therefore adversely affect the Funds, the performance of their portfolio investments and their ability to fulfil their investment objectives (especially if a given Fund's portfolio investments include, or expose it to, businesses that have historically relied on access to the single market for their custom or that have historically relied on sourcing goods, materials or labor from the single market).

The withdrawal of the UK from the EU may also increase the compliance and regulatory burden of the Fund. The UK legal and regulatory framework may, with time, increasingly differ from EU laws and regulations and the General Partner will need to consider both systems to ensure compliance with applicable laws and regulations.

Investors should also be aware of the on-going disagreements between the UK government and the European Union regarding the Northern Ireland Protocol ("NIP"). The NIP is part of the arrangements put in place as part of the TCA to address cross-border trade in goods between Great Britain, Northern Ireland and the European Union. The UK government has subsequently raised concerns as to the manner in which the NIP has been interpreted and implemented and has indicated it may take action to suspend and/or override aspects of the NIP. The European Commission has stated it reserves the right to take retaliatory measures in response to actions taken by the UK government.

Any prolonged dispute regarding the TCA and/or the NIP may have a material adverse effect on cross-border trade between the United Kingdom and the European Economic Area which could prove disruptive to their respective economies. Negative impacts on portfolio investments that are exposed to the economies of the United Kingdom and/or the European Economic Area may therefore arise which could cause a material adverse effect on the business, financial condition, results of operations and cash flows of the Fund and its portfolio investments.

Generally, the withdrawal of the UK from the EU may increase the compliance and regulatory burden of the Fund. The UK legal and regulatory framework may, with time, increasingly differ from EU laws and regulations and Heritage will need to consider both systems to ensure compliance with applicable laws and regulations.

European Union Directive On Alternative Investment Fund Managers. The Directive imposes requirements on alternative investment fund managers ("AIFMs") which market alternative investment funds ("AIFs") to professional investors within the EEA or the UK and/or manage AIFs within the EEA or the UK (as applicable). If a General Partner were subject to the Directive, the relevant Fund would be a non-EEA AIF marketed by a non-EEA AIFM.

The Directive allows member states to permit the marketing of an AIF by a non-EEA AIFM under a national private placement regime provided that the national private placement regime meets the requirements of Article 42 of the Directive. There is no requirement for a member state to operate or maintain a national private placement regime and, if it does, the member state is free to impose stricter rules than the minimum requirements. In summary, the

AIFM must at a minimum: (i) provide pre-investment and periodic disclosure to investors; (ii) provide prescribed information to regulators on a periodic basis; (iii) prepare an annual report and make it available to investors and regulators; and if applicable: (a) comply with notification and disclosure requirements in relation to the acquisition and control of non-listed companies and issuers; and (b) comply with restrictions on early distributions, capital reductions and share redemptions in respect of portfolio companies (the asset-stripping rules).

Were a General Partner to market a Fund in a member state in compliance with the national private placement regime resulting in investors from that member state investing in such Fund, such General Partner's ongoing compliance with the laws of that member state would continue until all of such investors dispose of their interests in such Fund. The Directive would therefore have the potential to adversely affect the operations of such Fund by: (i) limiting the territories in the EEA in which such Fund may seek investors to those that operate a private placement regime, (ii) affecting the range of investment and realization strategies that such Fund is able to pursue, (iii) disadvantaging the Fund vis-à-vis non-AIF competitors, and (iv) adding to the costs associated with compliance, monitoring and reporting over the life of such Fund.

In the future it may be possible for a General Partner to seek, or it may determine that it should seek, authorization as an AIFM in an EEA member state (should that option become available) or under a similar regime elsewhere. Alternatively, it might be determined in the future that a Fund should be managed by an associate of the relevant General Partner that is an authorized AIFM and has its registered office in an EEA member state. Authorization would enable the relevant Fund to be marketed within the EEA pursuant to a pan-European marketing "passport" instead of under national private placement regimes, but it would entail full compliance with the Directive (or with similar requirements of a similar regime). In such circumstances, the AIFM would become subject to rules relating to remuneration, minimum regulatory capital requirements, professional indemnity insurance, restrictions on the use of leverage, requirements in relation to liquidity and risk management, valuation of assets, appointment of a depositary, etc. Such requirements could adversely affect a Fund, among other things by increasing the regulatory burden and costs of operating and managing such Fund and its investments. Any required changes to compensation structures and practices could make it harder for the AIFM and its associates to recruit and retain key personnel.

General Economic and Market Conditions. Turmoil such as that recently experienced by the U.S. and global financial markets as a result of the ongoing COVID-19 (as defined above) pandemic, and such as that which markets endured during the global financial crisis of 2008, illustrates the risk that the financial markets can experience uncertainty, volatility and instability, potentially for protracted periods of time. Lending and the global credit markets continue to experience substantial volatility, disruption, liquidity shortages and to some extent financial instability. Global financial markets have experienced considerable and prolonged declines in the valuations of equity and debt securities and periodic acute contraction in the availability of credit. There can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of a Fund's investments (including with

respect to performing under or refinancing their existing obligations), a Fund's access to capital or leverage, a Fund's ability to effectively deploy its capital or realize investments on favorable terms or a Fund's overall performance. Please see "Coronavirus and Public Health Emergencies" for additional important considerations regarding global economic conditions.

The success of the Funds' activities will be affected by the current economic volatility as well as general economic and market conditions, such as interest rates, availability and spreads of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of a Fund and such Fund's investments), trade barriers, currency exchange controls, continued technology disruption, tax reform or other significant policy changes as well as national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts, security operations or public health considerations).

A Fund's investment strategy and the availability of opportunities satisfying a Fund's risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the General Partners will prove correct and actual events and circumstances may vary significantly.

Inflation. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, if a portfolio company is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Portfolio companies may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, a portfolio company may earn more revenue but incur higher expenses. As inflation declines, a portfolio company may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Further, certain countries, including the U.S., have recently seen increased levels of inflation and there can be no assurance that continued and more widespread inflation will not become a serious problem in the future and have an adverse impact on the Fund's returns.

Ongoing Turmoil in the U.S. and Global Financial Markets. General fluctuations in the financial markets, market prices of securities and/or interest rates may adversely affect the value of the Funds' investments and/or increase the risks inherent in the Fund's investments. The ability of companies, businesses, projects or assets in which the Funds hold investments to refinance debt securities may depend on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets, which in recent months have been extraordinarily difficult to access at favorable rates. The precarious state of global credit

and equity markets, coupled with the uncertainty for financial services companies and in the global financial system generally, may make it significantly more difficult than it had been in the recent past for financial sponsors like Palladium to obtain favorable financing terms for its investments. Any deterioration of the global debt markets, any possible future failures of certain financial services companies and a significant rise in market perception of counterparty default risk will likely significantly reduce investor demand and liquidity for investment grade, high-yield and senior bank debt, which in turn is likely to lead some investment banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer committed financing for investments on less favorable terms than had been prevailing in the recent past. Any Fund's ability to generate attractive investment returns may be adversely affected to the extent it is unable to obtain favorable financing terms for its investments.

Enhanced Scrutiny and Potential Regulation of the Private Equity Industry. The ability of the Fund to achieve its investment objectives, as well as their ability to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. There have been significant legislative developments affecting the private investment fund industry and there continues to be discussion regarding enhancing governmental scrutiny and/or increasing the regulation of the private investment fund industry. It is difficult to determine what impact, if any, any increased regulatory scrutiny or initiatives will have on the private investment fund industry generally or on Palladium and the Funds specifically. Future legislative, judicial or administrative action could adversely affect the ability of the Funds to achieve its investment objectives, as well as their ability to conduct its operations.

The alternative asset management and financial services industries are subject to enhanced governmental scrutiny and/or increased regulation, and a number of legislative initiatives have been signed into law affecting alternative investment firms, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), a key feature of which is the potential extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") to nonbank financial companies that are not currently subject to such regulation but that are determined to pose risk to the U.S. financial system. The Dodd-Frank Act defines a "nonbank financial company" as a company that is predominantly engaged in activities that are financial in nature. The Financial Stability Oversight Council (the "FSOC"), an interagency body created to monitor and address systemic risk, has the authority to subject such a company to supervision and regulation by the Federal Reserve Board (including capital, leverage and liquidity requirements) if the FSOC determines that such company is systemically important, in that its material financial distress or the riskiness of its activities could pose a threat to the financial stability of the United States. The Dodd-Frank Act does not contain any minimum size requirements for such a designation, and it is possible that it could be applied to private funds, particularly large, highly leveraged funds. If regulations were to extend the regulatory and supervisory requirements, such as capital and liquidity standards currently applicable to banks, or a Fund were considered to be engaged in certain "shadow banking" activities, either in the United States or in any other jurisdiction in which such Fund engages in investment activities, the regulatory and operating costs associated

therewith could adversely impact the implementation of the Fund's investment strategy and the Fund's returns and may become prohibitive.

The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with certain private equity funds and hedge funds and other provisions that affect the private equity industry, either directly or indirectly. Included in the Dodd-Frank Act is the so-called "Volcker Rule," which takes the form of Section 13 of the Bank Holding Company Act of 1956, as amended. Among other things, the Volcker Rule (as amended by the Reform Act, as defined below, and together with its implementing regulations) generally prohibits any "banking entity" (generally defined as any insured depository institution, subject to certain exceptions, including for depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets or significant trading assets and liabilities, any company that controls such an institution, a non-U.S. bank that is treated as a bank holding company for purposes of U.S. banking law, and any affiliate or subsidiary of the foregoing entities) from sponsoring or acquiring or retaining an ownership interest in a private equity fund or hedge fund that is not subject to the provisions of the Company Act in reliance upon either Section 3(c)(1) or Section 3(c)(7) of the Company Act, subject to certain exclusions. The Volcker Rule also permits the Federal Reserve to require, by rule, that certain nonbank financial companies that have been determined to be systemically important by the FSOC and subject to supervision and regulation by the Federal Reserve Board (as discussed above) comply with additional capital requirements for, and additional quantitative limits with regards to, such activities, although such nonbank financial companies are not expressly prohibited from engaging in sponsoring or investing in such funds.

Although the Registrant is currently registered under the Advisers Act of 1940 (the "Advisers Act") and the Investment Managers are relying Advisors under the Advisers Act, the enactment of these reforms and/or other similar legislation could nonetheless have an adverse effect on the private investment funds industry generally and on Palladium and/or the Funds specifically, and may impede a Fund's ability to effectively achieve its investment objectives. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and / or on the Fund or Palladium.

As a registered investment adviser under the Advisers Act, the Registrant is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws (including, without limitation, the obligation of the Registrant and its affiliates to make regulatory filings with respect to the Funds and its activities under the U.S. Advisers Act (including, without limitation, Form PF and Form ADV)). In light of the heightened regulatory environment in which the Funds and the Registrant operate and the ever-increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for the Funds, the Registrant and their affiliates to comply with such regulatory reporting and compliance-related obligations. For example, Form PF requires that Palladium report the regulatory assets under management of the Funds, and because the Funds could be required to bear expenses relating to compliance-related matters and regulatory filings, the Funds will bear the costs and expenses

of initial and ongoing Form PF compliance applicable to them, including costs and expenses of collecting and calculating data and the preparation of such reports and filings. Such expenses are likely to be material, including on a cumulative basis over the life of the relevant Fund. Any further increases in the regulations applicable to private investment funds generally or the Funds and/or the Registrant in particular may result in increased expenses associated with Fund activities and additional resources of the Registrant being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for the limited partners and/or have an adverse effect on the ability of the Funds to effectively achieve their investment objectives.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on Palladium or the Funds, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on Palladium or otherwise impede a Fund's activities. The current regulatory environment in the United States may be impacted by future legislative developments, such as amendments to key provisions of the Dodd-Frank Act. For example, on May 24, 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the "Reform Act") was signed into law. Among other regulatory changes, the Reform Act, together with implementing regulations adopted by U.S. federal regulatory agencies in July 2019, amends various sections of the Dodd-Frank Act, including by modifying the Volcker Rule to exempt depository institutions that do not have, and are not controlled by a company that has, more than \$10 billion in total consolidated assets and significant trading assets and liabilities. In July 2019, U.S. federal regulatory agencies adopted certain targeted amendments to the Volcker Rule regulations to simplify and tailor certain compliance requirements relating to the Volcker Rule. In June 2020, U.S. federal regulatory agencies adopted certain clarifying amendments to the Volcker Rule's restrictions on sponsoring and investing in certain covered hedge funds and private equity funds, along with certain new exemptions that allow banking entities to sponsor and invest without limit in credit funds, venture capital funds, customer facilitation vehicles and family wealth management vehicles (the "Covered Fund Amendments"). The Covered Fund Amendments also loosen certain other restrictions on extraterritorial fund activities and direct parallel or co-investments made alongside covered funds. The Covered Fund Amendments should therefore expand the ability of banking entities to invest in and sponsor private funds. The ultimate consequences of the Reform Act and such regulatory developments on the Fund and its activities remain uncertain, and the private investment fund industry may in the future be subject to further enhanced governmental scrutiny and/or increased regulation, including resulting from changes in U.S. executive administration or Congressional leadership. Any significant changes in, among other things, banking and financial services regulation, including the regulation of the asset management industry, could have a material adverse impact on the Funds and their activities.

In February 2022, the SEC voted to propose new rules and amendments (collectively, the "SEC Proposed Rule") to existing rules under the Advisers Act specifically related to registered advisers and their activities with respect to private funds. If enacted, the SEC Proposed Rule could create additional regulatory uncertainty and may have a significant impact

on advisers to private funds, including Palladium. In particular, the SEC has proposed to limit circumstances in which a fund manager can be indemnified by a private fund; increase reporting requirements by private funds to investors concerning performance, fees and expenses; require registered advisers to obtain an annual audit for private funds and also require such fund's auditor to notify the SEC upon the occurrence of certain material events; enhanced requirements, including the need to obtain a fairness opinion and make certain disclosures, in connection with adviser-led secondary transactions (also known as GP-led secondaries); prohibit advisers from engaging in certain practices, such as, without limitation, charging accelerated fees for unperformed services or fees and expenses associated with an examination to private fund clients and seeking reimbursement, indemnification, exculpation or otherwise limiting an adviser's liability for certain activities; and impose limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with an adviser. If adopted, including with modifications, this new SEC Proposed Rule could have a significant effect on private fund advisers and their operations, including increasing compliance burdens and associated regulatory costs, reducing the ability to receive expense or indemnification reimbursements, and increasing the risk of regulatory action, including public regulatory sanctions, and may result in a change to Palladium's practices and risk appetite in respect of Palladium's investment programs. Further, we note that in connection with the SEC Proposed Rule, if such rule were to be enacted, it could also significantly increase the cost of insurance, specifically D&O and E&O insurance, or may even make such insurance coverage unavailable.

In May 2022, the SEC proposed amendments to rules and reporting forms to promote consistent, comparable, and reliable information for investors concerning investment advisers' incorporation of environmental, social, and governance (ESG) factors (the "ESG Proposed Rule"). The ESG Proposed Rule seeks to categorize certain types of ESG strategies broadly and require advisers to provide census type data in Form ADV Part 1A and provide more specific disclosures in adviser brochures based on the ESG strategies they pursue.

The SEC Proposed Rule and ESG Proposed Rule, if adopted, may result in material alterations to how Palladium operates its business and/or the Fund, as well as Palladium's implementation of the Fund's investment strategy, and there can be no assurance that such alterations will not have a material adverse effect on Palladium, the Registrant, the General Partner, the Fund, its portfolio investments and/or the limited partners. To the extent permitted under the Partnership Agreements, the incremental costs of compliance by the Investment Manager, the General Partner and/or the Fund with any new SEC rules may be borne by the Fund, which may be significant.

Furthermore, various federal, state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investment by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that the General Partner and its affiliates may be exposed to claims and/or actions that could require a limited partner to withdraw from the Fund.

Relatedly, Heritage may be required to provide certain information regarding some of the limited partners in the Fund to regulatory agencies and bodies in order to comply with applicable laws and regulations including the FCPA and FOIA. Moreover, the SEC has specifically focused on private equity. In connection with that focus, the SEC's list of examination priorities includes, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities and other conflicts of interests. Relatedly, Heritage may be required to provide certain information regarding some of the limited partners to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the FCPA and Freedom of Information Act ("FOIA"). In addition, elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private investment firms on a variety of matters of interest to organized labor. There can be no assurance that the foregoing will not have an adverse impact on Heritage or the Fund or otherwise impede the Fund's activities. The recent negative perception of the private investment fund industry in certain countries could make it harder for funds sponsored by private investment firms, such as the Fund, to successfully bid for and complete investments.

This increased political and regulatory scrutiny of the private investment fund industry has been particularly acute since the 2008-2009 global financial crisis. In addition to the U.S. legislation described above, other jurisdictions, including many European jurisdictions, have proposed modernizing financial regulations that have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, hedge funds and private equity funds such as the "Directive" discussed below. There is therefore a material risk that regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the funds they sponsor, including the Fund.

Increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the General Partner, and may furthermore place the Fund at a competitive disadvantage to the extent that Palladium is required to disclose sensitive business information.

In addition, as private fund firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private fund industry has recently been subject to criticism by some politicians, regulators and market commentators. The recent negative perception of the private fund industry in certain countries could make it harder for the Fund to successfully bid for and complete portfolio investments.

The outcome of the 2020 U.S. presidential, the 2022 U.S. federal elections and other elections create uncertainty with respect to legal, tax and regulatory regimes in which the Fund and its portfolio companies, as well as Palladium, Heritage and their affiliates, will operate. In

addition to the proposed legislation described above, any significant changes in, among other things, economic policy (including with respect to interest rates), the regulation of the asset management industry, tax law, immigration policy and/or government entitlement programs could have a material adverse impact on the Fund and its portfolio companies.

Registration under the U.S. Commodity Exchange Act. Registration with the U.S. Commodity Futures Trading Commission (the “CFTC”) as a “commodity pool operator” or any change in any Fund’s, General Partner’s or affiliates’ operations (including, without limitation, any change that causes a General Partner or its principals to be subject to certain specified covered statutory disqualifications) necessary to maintain a General Partner’s or Investment Manager’s ability to rely upon an exemption from registration could adversely affect the relevant Fund’s ability to implement its investment program, conduct its operations and/or achieve its objectives and subject such Fund to certain additional costs, expenses and administrative burdens. Furthermore, any determination by a General Partner to cease or to limit holding or investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC may have a material adverse effect on such Fund’s ability to implement its investment objectives and to hedge risks associated with its operations.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory changes, including new interpretations of existing laws or regulations, could occur during the term of a Fund that may adversely affect such Fund. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financings for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to the risks involved in such transactions.

Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the applicable manager and may divert time and attention from portfolio management activities. There is a material risk that regulatory agencies in the U.S., Latin America or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the alternative asset management (including private equity) industry, or other changes that could adversely affect alternative asset management firms, private equity firms and the funds they sponsor, including the Funds. In addition, and in particular in light of the changing global regulatory climate, a Fund may be required to register under certain foreign laws and regulations and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market interests to potential investors. The effect of any future regulatory change on a Fund could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulatory environment for private funds and capital markets is also evolving, and changes in the regulation of private funds, their managers and their trading activities and capital markets could negatively affect the ability of a Fund to pursue its

investment and trading strategies, its ability to obtain leverage and financing and the value of investments held by a Fund.

Regulatory Risks. Financial services, healthcare, and other industries in which the Funds may invest operate in a highly regulated environment and are subject to both extensive legal and regulatory restrictions and limitations, and also to supervision, examination and enforcement by regulatory authorities. Failure to comply with any of these laws, rules or regulations, many of which are enacted at both the federal and state levels, and some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, which may have material, adverse effects on a Fund's investment in companies operating in such industries. In addition, recently enacted laws and regulations have changed, and will continue to change, the regulation of the financial services industry, the full impact of which may not be known for many months or years.

Risks in Effecting Operating Improvements. In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of a Fund to restructure and effect improvements in the operations of a portfolio investment. The activity of identifying and implementing restructuring programs and operating improvements in portfolio investments entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements. Companies in certain industries in which the Fund expects to invest will be subject to additional pressures to continuously upgrade their facilities through ongoing renovations and capital improvements in order to stay competitive. There is no assurance that a company's management team will undertake such capital improvements or that cash flow and reserves from operations will be adequate to meet costs of such improvements. In these circumstances, a Fund may be required to provide additional funding and may be adversely affected thereby. In addition, owned properties that become unprofitable may not be easily converted to other uses.

U.S. Tax Reform. According to publicly released statements, a top legislative priority of President Biden's administration and of Democrats in the Senate and the House of Representatives is significant tax increases and various other changes to U.S. tax rules, and legislation has been proposed to that effect. It is unclear whether any legislation will be enacted into law or, if enacted, what form it would take, and it is also unclear whether there could be regulatory or administrative action that could affect U.S. tax rules. The impact of any potential tax changes on an investment in the Funds is uncertain.

Tax Legislation Adversely Affecting Palladium Employees and Other Service Providers. Palladium's ability to achieve the investment objectives of the Funds depends to a substantial degree on its ability to retain and motivate its investment professionals and other key personnel, and to recruit talented new personnel. Palladium's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation. Legislation enacted on December 22, 2017 containing significant changes to U.S. federal income tax law (the "2017 Tax Legislation") requires an investment to be held for at

least three years in order for the carried interest related to such investment to be treated as capital gains for U.S. federal income tax purposes. Further, in addition to the changes implemented by the 2017 Tax Legislation, Congress has previously considered legislation that would subject “carried interest” and gain on the sale of investment services partnership interests to higher rates of U.S. federal income tax than under current law. Enactment of any such legislation could cause Palladium’s investment professionals to incur a material increase in their tax liability with respect to their entitlement to “carried interest.” This might make it more difficult for Palladium to incentivize, attract and retain these professionals, which may have an adverse effect on Palladium’s ability to achieve the investment objectives of the Funds.

Limited Access to Information. Limited partners’ rights to information regarding the Fund will be specified, and strictly limited, in the partnership agreements. In particular, it is anticipated that each General Partner will obtain certain types of material information from investments that will not be disclosed to limited partners because such disclosure is prohibited for contractual, legal or similar obligations, which may be outside of such General Partner’s control. A General Partner may also withhold information to preserve legal privilege. Decisions by a General Partner to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interests may have difficulty in determining an appropriate price for such interests. Decisions to withhold information also may make it difficult for limited partner to monitor the relevant General Partner and its performance. Additionally, it is expected that limited partners who designate representatives to participate on the LPACs will, by virtue of such participation, have more information about the Fund and investments in certain circumstances than other limited partners generally and may be disseminated information in advance of communication to other limited partners generally.

In addition, certain limited partners may also be limited partners in Other Palladium Funds. Limited partners may also include affiliates of Palladium, such as Other Palladium Funds, charities or foundations associated with Palladium personnel and/or Palladium employees and any such affiliates, funds or persons may also invest through the vehicles established in connection with Palladium’s co-investment rights. It is also possible that a Fund or a Fund’s investments may be counterparties or participants in agreements, transactions or other arrangements with a limited partner or an affiliate of a limited partner. Such limited partners described in the previous sentences may therefore have different information about Palladium and the relevant Fund than limited partners not similarly positioned. Similarly, not all limited partners monitor their investments in vehicles such as the Funds in the same manner. For example, certain limited partners may periodically request from the General Partners information regarding the Funds and investments and/or portfolio companies that is not otherwise set forth in (or has yet to be set forth in) the reporting and other information required to be delivered to all limited partners. In such circumstances, the General Partners may provide such information to such limited partner, but the fact that the General Partners have provided such information upon request by one or more limited partners does not necessarily obligate the General Partners to affirmatively provide such information to all limited partners (although the General Partners will generally provide the same information upon

request and treat limited partners equally in that regard). As a result, certain limited partners may have more information about the Funds than other limited partners, and the General Partners will have no duty to ensure all limited partners seek, obtain or process the same information regarding the Funds and their investments and/or portfolio companies.

Furthermore, in response to questions and requests and in connection with due diligence meetings, side letter compliance and other communications, the Funds and the General Partners may provide additional information to certain limited partners and prospective limited partners that is not distributed to other limited partners and prospective limited partners. Such information may affect a prospective limited partner's decision to invest in the Funds or take actions or make decisions as a limited partner.

Indemnification. The Funds will be required to indemnify the General Partners, the Registrant, the Investment Managers, their respective affiliates, and their respective officers, directors, agents, stockholders, employees, operating partners, senior advisors, members and partners, and any other person who serves at the request of the General Partners on behalf of the Funds as an officer, director, agent, stockholder, employee, operating partner, senior advisor, member and partner of any other entities for liabilities incurred in connection with the affairs of the Funds. Members of the LPAC will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the partnership agreements. Such liabilities may be material and may have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the members, managers or affiliates of Palladium may be subject to derivative or other similar claims brought by shareholders of such companies. The Funds may also engage placement agents and other similar finders and consultants and agree to indemnify such agents, finders or consultants. The indemnification obligation of the Funds (including advancement expenses in connection therewith) would be payable from the assets of the relevant Fund, including the unfunded commitments of the limited partners. If the assets of the relevant Fund are insufficient, Palladium may recall distributions previously made to the limited partners, subject to certain limitations set forth in the partnership agreements. Furthermore, as a result of the provisions contained in the partnership agreements, limited partners may have a more limited right of action in certain cases than it would in the absence of such limitations. It should be noted that a General Partner may cause a Fund, at such Fund's expense, to purchase insurance, including, for example, directors and officers liability insurance, for (or allocate a portion of the premium from the Firm's insurance policy as it relates to) such Fund, General Partner, the Investment Managers and their employees, agents and representatives with respect to their Fund-related activities. Moreover, a General Partner will, notwithstanding any actual or perceived conflict of interest, be a direct or indirect beneficiary of any decision by it to provide indemnification (including advancement of expenses).

Carried Interest. Carried Interest creates an incentive for the General Partners to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement, although Palladium's commitment of capital to the Funds should somewhat reduce this incentive. See also "Capital Calls and Use of Subscription Lines and Asset-

Backed Credit Facilities” above. The existence and terms of each General Partner’s Carried Interest may also create other incentives and potential conflicts of interest related to such General Partner’s investment-related decisions. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property as determined by the relevant General Partner in accordance with procedures set forth in the partnership agreements. An independent appraisal generally will not be required and is not expected to be obtained. In certain limited circumstances, the amount of Carried Interest will be calculated based on the fair market value of in-kind distributions, even though a limited partner may have elected to receive a distribution of cash in lieu thereof. Pursuant to the partnership agreements, a General Partner may be required to return excess amounts of Carried Interest as a “clawback.” This clawback obligation creates an incentive for the General Partners to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the relevant Fund or would otherwise result in a clawback situation for the relevant General Partner.

In addition, the manner in which the General Partner’s entitlement to Carried Interest is determined may result in a conflict between its interests and the interests of limited partners with respect to the sequence and timing of disposals of investments. For example, the members and partners of the General Partner are generally subject to U.S. federal and local income tax (unlike certain of the limited partners). The General Partner may be incentivized to operate the Fund, including to hold and/or sell investments, in a manner that takes into account the tax treatment of its Carried Interest. The current law relating to the taxation of Carried Interest provides for a lower capital gains tax rate in respect of investments held for at least three years. While the General Partner generally intends to seek to maximize pre-tax returns for the Fund as a whole, the General Partner may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on its Carried Interest. Further, Palladium frequently defers distributions of Carried Interest that it is entitled to early in the life of a fund. Such a deferral may be made in connection with an investment in respect of which certain limited partners participate through a corporation. To the extent that the General Partner later receives a “make-whole” distribution from a separate investment in respect of which those limited partners do not participate through a corporation, the aggregate after-tax proceeds received by such limited partners may be lower than what would have been the case had the Carried Interest not been deferred.

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

elected officials or candidates. If the Registrant, the Investment Managers, the General Partners or their respective employees or affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on the Funds by, for example, providing the basis for the withdrawal of the affected government plan investor.

Diverse Limited Partner Group. The limited partners are expected to be based in a wide variety of jurisdictions and take a wide variety of forms. Accordingly, they will have conflicting regulatory, legal, investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual limited partners with respect to other limited partners and relative to investors in other investment vehicles may relate to or arise from, among other things, the nature of investments made by the relevant Fund and such other investment vehicles, the structuring or the acquisition or sale of investments and such other investment vehicles and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partners or the Investment Managers, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations.

In addition, the Funds may make investments which may have a negative impact on related investments made by the limited partners in separate transactions. In selecting, structuring and managing investments appropriate for the Funds, the General Partners will generally consider the investment and tax objectives of the relevant Fund and its partners (and those investors in other investment vehicles managed or advised by the General Partner and the Registrant and/or Investment Manager) as a whole, and not the investment, tax or other objectives of any limited partner individually. To the extent members of the LPAC or limited partners in a given Fund vote on any matter regarding conflicts or otherwise participate in matters involving a vote or action thereby, any such limited partners in the relevant Fund may have an interest in other funds, including Other Palladium Funds, or provide services (including acting as agents or lenders) to the Funds, portfolio companies and investments, Palladium, Other Palladium Funds or their portfolio companies and, as a result, may not be motivated to vote solely in accordance with its interests related to the relevant Fund. Moreover, such limited partners are unrestricted from voting, and may affirmatively vote, in a manner that is adverse to the interests of other limited partners and the relevant Fund. In such circumstances, it is not necessarily the case that a member of the LPAC or limited partner would seek to recuse itself or otherwise be excluded from those voting. Additionally, not all limited partners monitor their investments in vehicles such as the Funds in the same manner. For example, certain limited partners periodically request from the General Partners information regarding the Funds and investments and/or portfolio companies in which the Funds invest that is not otherwise set forth in (or has yet to be set forth in) the reporting and other information required to be delivered to limited partners generally.

Cyber Security Breaches, Identity Theft, Denial of Service Attacks, Ransomware Attacks, and Social Engineering Attempts. Cybersecurity incidents, cyber-attacks, denial of service attacks, ransomware attacks, and social engineering attempts (including business email

compromise attacks) are increasing in frequency, scope and severity at a global level and will likely continue to increase in the future. There have been a number of recent highly publicized cases involving companies reporting the unauthorized disclosure of client or customer information and the unauthorized transfer of client or customer funds, as well as cyber-attacks involving the dissemination, theft and destruction of corporate information or other assets, whether as a result of a failure to follow procedures by employees or contractors or as a result of actions by a variety of third parties, including nation state actors and terrorist or criminal organizations. The General Partner, the Registrant, the Fund, the portfolio companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions, and their operations rely on the secure processing, storage and transmission of confidential and other information in their systems and those of their respective third-party service providers. These information, technology and communications systems are subject to a number of different threats or risks that could adversely affect the Fund, its investors and the portfolio companies, despite the efforts of the General Partner, the Registrant, and any service providers engaged by the portfolio companies and/or the Fund to adopt technologies, policies and practices intended to mitigate these risks and protect the security of their information technology and communications systems and related assets, as well as the confidentiality, integrity and availability of information belonging to the Fund, its investors and the portfolio companies. For example, these systems are subject to damage or interruption from computer viruses, ransomware attacks, 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, typhoons, earthquakes, wars, terrorist attacks and other similar events. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the General Partner's, the Registrant's, the portfolio companies', or their respective service providers' systems to disclose sensitive information in order to gain access to the General Partner's, the Registrant's, the Fund's or the portfolio companies' data or that of their respective investors. There also have been several publicized cases where hackers have requested ransom payments in exchange for not disclosing client or customer information or restoring access to information technology or communications systems.

The General Partner and the Registrant have implemented and will continue to implement, various policies, processes and measures to manage risks relating to these types of events. However, such policies, process and measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. If the aforementioned systems, processes and measures are inadequate, compromised, become inoperable for extended periods of time or, cease to function properly, the Fund, the General Partner, the Registrant, a portfolio company and/or a service provider of any of the foregoing would have to make a significant investment to fix or replace them. In addition, due to interconnectivity with third-party service providers (and their respective subcontractors), the Fund would be adversely affected if any service provider or subcontractor of the Fund, the General Partner, the Registrant or any portfolio company is subject to a successful cyber-attack

or other information security event. Palladium does not control the cyber security plans and systems put in place by third-party service providers, and oftentimes has limited access to gain visibility into such plans, systems, or breaches thereof, and such third-party service providers may have limited indemnification obligations to Palladium, the Fund and/or a portfolio company, each of whom could be negatively impacted as a result. The successful penetration or circumvention of the security of the Palladium's own internal cyber systems or a portfolio company's or a third-party service provider's systems, or a failure of or weaknesses in, these systems or Palladium's own internal cyber systems and controls and/or of disaster recovery plans for any reason could cause significant interruptions in Palladium's, the Fund's, the General Partner's, the Registrant's, a portfolio company's and/or a service provider's operations and result in a failure to maintain the security, confidentiality, availability or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), material non-public information in possession of Palladium and/or portfolio companies and the intellectual property and trade secrets and other sensitive information in the possession of Palladium and/or portfolio companies. A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Fund and/or its portfolio companies, such as the inability to access electronic systems, loss or theft of proprietary information or corporate data and physical damage to a computer or network system. In addition, cybersecurity incidents and cyber-attacks could cause financial costs from the theft of Fund or portfolio company assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, costs of responding to regulatory inquiries, settlement costs, compliance costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which, could be materially adverse to the Fund. Such a failure could harm Palladium's, the Fund's, a portfolio company's and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and litigation and otherwise affect their business and financial performance (including effects on their liquidity and financial condition). These threats in the aggregate continue to be meaningfully magnified as the sophistication and complexity of cyber threats, and expansion of cyber resources and threat actors (including those who may be supported by nation states with extensive resources), have evolved over time, and they have continued to become increasingly advanced over time. Despite the General Partner's and the Registrant's efforts to foster the security, integrity and availability of their information technology and communications systems, the General Partner and Registrant are likely not going to be able to anticipate, detect or prevent all cyber threats, especially because the techniques used are increasingly sophisticated, change frequently and are often not recognized until initiated.

Data taken in such breaches may be used by criminals in identity theft, to commit insider trading, in obtaining loans or payments under false identities, in attempting extortion and other crimes that could affect the limited partners directly as well as affect the value of assets in which the Funds invests. These risks can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage, lead to violations by the Registrant or the Fund of applicable securities laws and other laws, such as those related to

data and privacy protection and consumer protection, or incur regulatory penalties, all or part of which may not be covered by insurance. Cybersecurity risks also result in ongoing prevention and compliance costs, many of which will be borne by the Fund, such as any costs pertaining to reviewing and monitoring on an ongoing basis a portfolio company's cybersecurity. In addition, Palladium and/or the Fund may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach (including a breach of a portfolio company), relating to increased and upgraded cybersecurity tools and additional service providers, as well as substantial costs relating to, among other things, identity theft, social engineering attacks, unauthorized use of proprietary information, attempted extortion, system disruptions, adverse limited partner reaction, or litigation.

Similar types of operational and technology risks (and costs) are also present for the portfolio companies, in which the Fund invests, including the risks with respect to third-party service providers. These risks, if they were to materialize, as they have in the past and are likely to do in the future, could have material adverse consequences for such companies and may cause the Fund's investments to lose substantial value. These risks are heightened given the focus of the portfolio companies in which the Fund invests, especially where, for example, portfolio companies provide critical infrastructure-related services and/or collect and maintain broad or extensive categories of data including, for example, personal information and other sensitive data. Portfolio companies that provide services to state, federal and/or global government agencies may be at an increased risk of vulnerability as a potentially valuable target.

Russian Invasion of Ukraine. On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People's Republic and Luhansk People's Republic regions). On February 22, 2022, the U.S., UK and EU announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia's pre-positioned forces into Ukraine, including Russia's forces pre-positioned in Belarus. In response, the U.S., the UK, the EU, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus, as well as a number of Russian Oligarchs. Additional sanctions, export controls, and other measures continue to be adopted as the conflict continues. For example, in September and October of 2022, following the purported annexation by Russia of four territories of Ukraine, several nations imposed additional sanctions, export controls, and other measures against Russia and those outside of Russia that provided political or economic support for the purported annexation. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally (including in the countries in which the Fund invests), and therefore could adversely affect the performance of a Fund's portfolio investments. Furthermore, given the ongoing nature of the conflict between the two nations and its ongoing escalation (such as Russia's decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is

difficult to predict the conflict's ultimate impact on global economic and market conditions, and as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives. Similar risks will exist to the extent that any portfolio investments, service providers, vendors or certain other parties have material operations or assets in Russia, Ukraine, Belarus, or the immediate surrounding areas.

Again, this summary overview of certain risks relating to a potential investment in the Fund identifies some, but not all, risk factors that should be considered prior to investing. Investors should carefully and thoroughly review and consider all of the risks related to investing in a Fund that are set forth in the offering documents for the applicable Fund.

Recent Developments in the Banking Sector. Recent bank closures in the U.S. banking sector have caused uncertainty for financial services companies, and fear of instability in the global financial system generally. Notwithstanding intervention by U.S. governmental agencies to protect the uninsured depositors of banks that have recently closed, there is no guarantee that the uninsured depositors of a financial institution that closes, which could include the Funds and/or their portfolio companies, will be made whole or, even if made whole, that the deposits will become available for withdrawal in short order. In addition, there could be a closure of a financial institution that provides credit facilities and/or other forms of financing, and in such event, there can be no assurance that their ability to honor these obligations will continue or be unaffected or, if affected, whether other financial institutions can provide replacement financing or capabilities and on similar terms. In addition, it is possible that other banking institutions may be similarly impacted, and it is uncertain what steps regulators may take in the event of further bank closures. Uncertainty caused by recent bank failures – and general concern regarding the financial health and outlook for other financial institutions, including smaller and/or regional banks – could have an overall negative effect on banking systems and financial markets generally. The recent developments may also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect a Fund or one or more of its portfolio investments or its overall performance.

ITEM 9 – DISCIPLINARY INFORMATION

In the past ten years, there have been no legal or disciplinary events involving Palladium or any of its management persons that are material to Palladium’s advisory business.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Palladium nor any of its management persons are registered (or have an application pending to register) as a broker-dealer or as a registered representative of a broker-dealer.

Neither Palladium nor any of its management persons are registered (or have an application pending to register) as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Certain affiliates of Palladium serve as General Partners or Investment Managers of the Funds. For a description of the conflicts related to such arrangements, please refer to Item 11, “Code of Ethics, Participation or interest in Client Transactions and Personal Trading.”

Palladium does not recommend or select other investment advisers for its Funds.

The Heritage Advisor, an affiliate of Palladium, and an SEC-registered investment adviser, acts as investment adviser to the Heritage Funds. The general partner of each Heritage Fund is Palladium Heritage GP, LLC. The strategy the Heritage Advisor currently offers these clients is executed by a substantially different investment team than the team that provides investment advisory services to the Funds, although certain personnel may be shared between Palladium and Heritage as described above. The Heritage Advisor may expand to offer other strategies and services that are similar to, or may overlap with the Funds’ strategies and services.

In the event that an investment opportunity that Palladium evaluates for potential investment by the Funds is an eligible investment for the Heritage Funds or such other vehicles or vice versa, such opportunity will be allocated in accordance with Palladium’s allocation policy. Please see discussion at Item 11 (Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading) under “Allocation of Investments” for more detail.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

A. Code of Ethics

Palladium has adopted a Code of Ethics (the “Code”), reasonably designed to detect or prevent violations of securities laws, to prevent or address conflicts of interests between Palladium and its Funds, and to comply with SEC Rule 204A-1. The Code requires that Firm employees and certain associated persons act in the best interests of the Funds, as opposed to acting in their own best interest. Employees are also required to comply with applicable provisions of all applicable securities laws and to promptly report any actual or suspected violations of such laws, or of the Code, to the Firm’s Chief Compliance Officer.

B. Personal Trading

In addition, the Code sets forth formal policies and procedures with respect to any securities trading activities over which employees have direct or indirect influence or control. Such policies apply to Palladium employees, as well as members of such employees’ households or others whose trading activities may be directly or indirectly influenced or controlled by such employee. Palladium’s personal trading policies permit employees and their family and household members to purchase investments for their own accounts subject to the terms of the Code, which restricts or prohibits certain types of personal trades. For example, personnel and certain of their family and household members may not trade in individual public securities for speculative or day-trading purposes, however, trading for certain other purposes is permitted. Employees and certain of their family and household members must pre-clear personal securities transactions that are allowed by the Code. Employees and their family/household members are not permitted to directly invest in any Fund investment, unless such investment is made through an employee investment vehicle established by Palladium for such purpose. Please refer to Item 4 (Advisory Business) under “Description of Advisory Services—Employee Investment Vehicles” above for more specific information regarding employee investment vehicles.

The Firm monitors all personal trading that is subject to its policies (including both employees and those over whose trading employees can exert direct or indirect influence or control) via its compliance program, which is managed and monitored via a web-based compliance platform. Any trading that violates the Code will result in further inquiry by Palladium’s Chief Compliance Officer, and may lead to sanctions by the Firm, up to and including possible termination of employment.

Palladium employees must acknowledge that they have received, reviewed, understand and will abide by the terms of the Code on an annual basis, or as the Code is amended. Employees are also required to provide certain initial, annual, and quarterly reports regarding

the personal securities holdings and transactions subject to the Firm's Code, as required by SEC Rule 204A-1. Please note that this summary is qualified in its entirety by the Code, copies of which will be provided to any existing or prospective investor upon request to the Firm's Chief Compliance Officer at the phone number found on the cover of this Brochure or at InvestorRelations@palladiumequity.com.

C. Interest in Client Transactions

Palladium and certain employees and affiliates of Palladium invest in the Funds through each relevant Fund's affiliated General Partner. The conflicts of interest encountered by the Firm and the Funds include those described in this Item 11, although this discussion is not exhaustive and does not necessarily describe all of the conflicts that may be faced by the Firm and the Funds. Other conflicts are disclosed throughout this Brochure and in the offering documents of each Fund, and these materials should be read carefully and in their entirety. If a Fund participates in a transaction in which a conflict exists, its return on the transaction may not be equal to another Fund participating in the same transaction, or may not be as favorable as it would have been had such conflicts not existed.

In general, the Firm does not, and does not anticipate that it will, engage in either principal transactions or cross trades. Pursuant to each Fund's Governing Documents, any proposed Fund transaction that involves a conflict of interest, including for example a transaction between one Fund and another Fund (a cross trade), or one Fund and its General Partner or an affiliate of the General Partner or an account controlled by a General Partner or any of its affiliates (a principal transaction), will be brought to the relevant Fund's LPAC for review and approval. Generally, each Fund's LPAC meets at least annually and is comprised of a certain number of Fund investors who generally have a capital commitment above a certain threshold. Any such transactions could create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Firm might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Firm, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in a Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment).

Depending upon the relevant Fund's Governing Documents, certain other conflicts of interest may need to be brought to the attention of the applicable Fund's LPAC.

Pursuant to Palladium's Code of Ethics, officers, principals and employees are prohibited from buying securities in transactions offered to but rejected by the Funds.

As described above in Item 5 (Fees and Compensation), Palladium receives certain fees relating to evaluating, monitoring, acquiring, and selling potential Fund investments, as well as Other Fees. Certain Other Fees are paid by portfolio companies or their respective affiliates. Please see Item 5 (Fees and Compensation) for a more detailed description of such fees and

compensation. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

From time to time, Palladium advises or encourages portfolio companies of one Fund to do business with the portfolio companies of another Fund where doing so may be mutually beneficial to both portfolio companies and effected via arms' length transactions. Certain portfolio companies of one Fund do business with a portfolio company of another Fund. Conflicts of interest may arise in this scenario because Palladium has an incentive to maintain goodwill between the portfolio companies of each respective Fund, although the products or services recommended may not necessarily be the best or lowest cost option available to the portfolio companies, and could result in higher expenses for the portfolio company (and a disadvantage to the Fund holding such portfolio company); a conflict may also arise if such circumstances create a financial advantage for the Fund holding the service-providing portfolio company.

D. Allocation of Personnel

Palladium personnel will devote such time as shall be reasonably necessary to conduct the business affairs of the Funds in an appropriate manner. However, Palladium personnel will work on other projects, including Palladium's other investment funds and other vehicles permitted by the partnership agreements and, therefore, conflicts may arise in the allocation of management resources, including in the allocation of personnel to Palladium Heritage (as defined below) matters as further discussed under "Other Potential Conflicts of Interest" below.

Additionally, members of the Funds' investment teams and other investment professionals of Palladium do currently serve, and are expected to continue serving, as members of the boards of directors of various companies and do currently participate, and are expected to continue participating, in other activities outside of Palladium. Conflicts may arise as a result of such activities. The possibility exists that the companies with which one or more of the members of the Funds' investment teams and/or other investment professionals of Palladium is involved could engage in transactions that would be suitable for the Funds, but in which the Funds might be unable to invest. With respect to any persons who serve as directors of a portfolio company, such individuals, in their capacity as directors, will generally be required to make decisions that they consider to be in the best interests of the portfolio company. There may be conflicts of interests between such person's duties with respect to the relevant General Partner and such person's duties as a director of the portfolio company.

E. Allocation of Investments

In circumstances where more than one Fund is in the active investment stage, Palladium is faced with a variety of potential conflicts of interest in exercising its discretion to allocate investment opportunities. For example, in allocating an investment opportunity among funds

with differing fee, expense, or compensation structures, Palladium may have an incentive to allocate investment opportunities to the Funds from which the Investment Manager or its related persons may derive, directly or indirectly, a higher fee, compensation, Carried Interest, or other benefits.

The Firm's policy is to allocate investment opportunities in a manner that is consistent with both its fiduciary obligations as an investment adviser to, and also the Governing Documents of, each Fund. If more than one Fund will participate in an investment opportunity, the Firm allocates the investment opportunity among the Funds based on relevant factors, determined in the Firm's sole discretion with appropriate consideration of its fiduciary duties to each Fund, which may include but are not limited to: each Fund's investment objectives and investment focus; each Fund's liquidity and reserves; each Fund's investment diversification; applicable lender covenants and other limitations; the amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment; each Fund's targeted rate of return; the stage of development of the prospective portfolio company or other investment; the composition of each Fund's portfolio; the suitability as a follow-on investment for a current portfolio company of a Fund (if applicable); the availability of other suitable investments for each Fund; risk considerations; cash flow considerations; asset class restrictions for each Fund; industry and other allocation targets for each Fund; minimum and maximum investment size requirements for each Fund; tax implications for each Fund; legal, contractual or regulatory constraints for each Fund; and any other relevant limitations imposed by or conditions set forth in the applicable offering documents and Governing Documents of each Fund.

In analyzing allocation considerations, Palladium's allocation policies provide that the Firm must not favor or disfavor any Fund or class of Funds in relation to any other Funds. The Firm also cannot allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Fund.

The Heritage Fund will have a "first call" on certain investments made within the business to business ("B2B") and industrial company sectors (together, the "Target Sectors") with an initial investment size of less than \$50 million. Where there is uncertainty as to whether the Heritage Fund, a Fund or an Other Palladium Fund have "first call" on a given investment opportunity, Palladium will review such investment opportunity in accordance with its allocation policy. To the extent investment opportunities fall within the overlapping investment objectives of the Heritage Fund, a Fund and Other Palladium Funds, Palladium may allocate all or a portion of such opportunities (including any related co-investment opportunities) to one or more of such Fund, the Heritage Fund and such Other Palladium Funds (including, without limitation, an allocation of 100% of such an opportunity to the Heritage Fund, such Other Palladium Fund or such Fund) on a basis that Palladium reasonably determines in good faith to be fair and reasonable taking into account all factors the General Partner deems relevant, including the requirements of the Heritage Fund and such Other Palladium Funds, the sourcing

of the transaction, the nature of the investment objective, investment focus, mandate or policies, current portfolio composition, target return profile or projected hold period, focus of the Heritage Fund and each such Other Palladium Fund, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment advisory professionals for the relevant Fund, the Heritage Fund and each such Other Palladium Fund and other considerations deemed relevant by Palladium in good faith.

In this regard, the Funds may, from time to time, invest on a side-by-side basis Other Palladium Funds including the Heritage Fund. Such Other Palladium Funds are expected to have terms that differ from the terms of the Funds and may participate in investments on different terms than the Funds and/or after the closing of a Fund's investments. Furthermore, such Other Palladium Funds may from time to time be entitled to priority allocations of certain investment opportunities over the Funds. Accordingly, the participation by the Funds in investments with Other Palladium Funds is expected to vary on an investment-by-investment basis and there may be investments within a Fund's investment objective made by Palladium, on behalf of such Other Palladium Funds, in which the Fund does not participate or does not participate to the same extent as other investments. Consistent with the foregoing, Palladium expects that the Funds may make investments in industries and/or target geographic regions in which the Heritage Fund or Other Palladium Funds have been specifically organized to invest.

F. Co-Investments

The Funds will co-invest with investors in the Funds, service providers and other parties with whom Palladium has a material relationship. The allocation of co-investment opportunities is entirely and solely in the discretion of Palladium, and it is expected that many investors who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or will, in certain circumstances, receive a smaller amount of co-investment opportunities than the amount requested. Furthermore, co-investment offered by Palladium will be on such terms and conditions (including with respect to management fees, performance-based compensation and related arrangements and/or other fees applicable to co-investors) as Palladium determines to be appropriate in its sole discretion on a case-by-case basis, which can be expected to differ amongst co-investors with respect to the same co-investment.

Pursuant to the applicable Fund's Governing Documents, and the Firm's internal policies on the allocation of investment opportunities, Palladium will determine whether the amount of an investment opportunity exceeds the amount Palladium determines would be appropriate or applicable to the Fund, and any such excess may be offered to one or more co-investors or strategic investors.

General Co-Investment Considerations: There are expected to be circumstances where an amount that would have otherwise been invested by a Fund is instead allocated to co-investors (who may or may not be investors in one or more Funds) or co-investment vehicles, and there is no guarantee that any investor will be offered any particular

co-investment opportunity. Palladium will take into account various facts and circumstances deemed relevant by the Palladium in allocating co-investment opportunities, including, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, Palladium's assessment of a potential co-investor's ability to invest an amount of capital that fits the needs of the investment (taking into account the amount of capital needed as well as the maximum number of investors that can realistically participate in the transaction) and Palladium's assessment of a potential co-investor's ability to commit to a co-investment opportunity within the required timeframe of the particular transaction.

Additional considerations can be expected to also include, among others and without limitation, the size of a potential co-investor's commitments to the Funds and/or portfolio companies; whether a potential co-investor has a history of participating in co-investment opportunities with Palladium; the size of the potential co-investor's interest to be held in the underlying portfolio investment as a result of the Fund's investment (which is likely to be based on the size of the potential co-investor's capital commitment or investment in the applicable Fund); whether the potential co-investor has demonstrated a long-term or continuing commitment to the potential success of Palladium, the applicable Fund or portfolio companies (including whether a potential co-investor will help establish, recognize, strengthen or cultivate relationships that may provide indirectly longer-term benefits to the Funds and their portfolio companies, or whether the co-investor has significant capital under management by Palladium or intends to increase such amount); whether the potential co-investor has an overall strategic relationship with Palladium that provides it with more favorable rights with respect to co-investment opportunities; whether the co-investor is considered "strategic" to the investment because it is able to offer the applicable Fund certain benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the portfolio entity or the possession of certain expertise; the transparency and predictability of the potential co-investor's investment process; whether Palladium has previously expressed a general intention to seek to offer co-investment opportunities to such potential co-investor; the familiarity Palladium has with the personnel and professionals of the investor in working together in investment contexts; the extent to which a potential co-investor has been provided a greater amount of co-investment opportunities relative to others; the ability of a potential co-investor to invest in potential follow-on acquisitions for the portfolio investment or participate in defensive investments; the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the investor would be willing to defer to Palladium and assume a more passive role in governing the portfolio investment); any interests a potential co-investor may have in any competitors of the underlying portfolio company; the tax profile of the potential co-investor and the tax characteristics of the portfolio investment (including whether or not the potential co-investor would require particular structuring implementation or covenants that would not otherwise be required but for its participation or whether such co-investor's participation is beneficial to the overall structuring of the investment); whether a potential co-

investor's participation in the transaction would subject the applicable Fund or any of its portfolio investments to additional regulatory requirements, review or scrutiny, including any necessary governmental approvals required to consummate the investment; the potential co-investor's relationship with the potential management team of the portfolio company; whether the potential co-investor has any existing positions in the portfolio entity (whether in the same security in which the applicable Fund is investing or otherwise); whether there is any evidence to suggest that there is a heightened risk with respect to the potential co-investor maintaining confidentiality; whether the potential co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for distributions; whether the expected holding period and risk-return profile of the investment is consistent with the stated goals of the investor; and such other factors that Palladium may in good faith deem relevant and appropriate to consider in the circumstances.

Palladium can be expected to establish co-investment vehicles for one or more investors (including third-party investors and investors in the Funds) in order to co-invest alongside the Funds in one or more future investments. The existence of these vehicles could reduce the opportunity for other limited partners to receive allocations of co-investment. Also, Palladium will, in certain circumstances, agree with investors (including investors in the Funds, service providers and third-party investors) to more favorable rights or pre-negotiated terms with respect to co-investment opportunities, including with respect to discounts or rebates of performance-based compensation or management fees. To the extent any such arrangements are entered into, they can be expected to result in fewer co-investment opportunities being made available to the investors.

In the event Palladium offers an investment opportunity to potential co-investors, there can be no assurance that such investment will be actually made by that or any potential co-investor, that the closing of such co-investment will be consummated in either a timely manner or on the terms and conditions that will be preferable for a Fund. Such investments may involve risks not present in investments where a co-investor is not involved, including the possibility that a co-investor may at any time have economic or business interests or goals which are inconsistent with those of the relevant Fund, or may be in a position to take action contrary to such Fund's investment objectives. There can be no assurance that the Funds will be successful in mitigating these risks contractually through co-investment agreements. Transaction-specific returns, and a limited partner's overall returns from its exposure to a Fund's portfolio companies, may be affected significantly by the extent to which limited partners are offered and choose to participate in co-investment opportunities. The allocation of co-investment opportunities may provide a benefit to Palladium including, without limitation, capital commitments to the Funds or fees or carried interest from the co-investment opportunity. There can be no assurances with respect to the amount of any investment opportunity that will be allocated to a Fund.

G. Other Potential Conflicts of Interest

Operating Partners and Other Consultants. Palladium engages and retains strategic advisors, consultants, senior advisors, industry executives and other similar professionals, which may include former Palladium employees (collectively, the “Consultants”), who are not employees or affiliates of Palladium and who are expected, from time to time, to receive payments from, or allocations with respect to, portfolio companies (including equity or profits interests therein) as well as from Palladium or the Funds. In such circumstances, such payments from, or allocations with respect to, the Funds and/or their underlying assets may be treated as Partnership Expenses and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Palladium, be deemed paid to or received by Palladium and such amounts will not be subject to the management fee offset provisions of the Partnership Agreements. These Consultants as well as current and former executive officers of Palladium portfolio companies often have the right or may be offered the ability to co-invest alongside a Fund, including in those portfolio investments in which they are involved (and for which they may be entitled to receive performance-related incentive fees, which will reduce Fund returns and will not necessarily be subordinated to the return of limited partners’ capital contributions) or otherwise participate in equity plans for management of any such portfolio company, or invest directly in a Fund or vehicle(s) controlled by a Fund subject to reduced or waived management fees and/or carried interest, including after termination of their engagement by or other status with Palladium (which generally would reduce the amount invested by the relevant Fund in any investment). Additionally, and notwithstanding the foregoing, these Consultants as well as current and former executive officers of Palladium portfolio companies may be (or have the preferred right to be) investors in portfolio companies (which, in some cases, may involve agreements to pay performance fees to such persons in connection with a Fund’s investment therein, which will reduce such Fund’s returns and will not necessarily be subordinated to the return of limited partners’ capital contributions). For the avoidance of doubt, the existing or potential rights described in the foregoing, whether or not considered compensation paid in connection with services to the relevant Fund or portfolio companies, will not be subject to the management fee offset provisions of the relevant Partnership Agreement. The nature of the relationship with each of the Consultants and the amount of time devoted or required to be devoted by them varies considerably. In some cases, they provide the relevant General Partner and/or the Investment Manager with industry-specific insights and feedback on investment themes, assist in transaction due diligence; and make introductions to, and provide reference checks on, management teams. In other cases, they take on more extensive roles and serve as executives or directors on the boards of portfolio companies, contribute to the origination of new investment opportunities or serve in deal finder roles. The services provided by any one Consultant or Consultants generally may expand over time, including during the respective terms of the Funds. In certain instances, Palladium has formal arrangements with these Consultants, management teams for operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships are more informal. They are either compensated (including pursuant to retainers and expense reimbursement and, in any event, pursuant to negotiated arrangements which will not be confirmed as being comparable to the market rates

for such services) by Palladium, the Fund and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Consultants may be subject to contractual obligations to exclusively provide certain services to the Investment Managers. Consultants, professionals and/or other service providers may share office space with Palladium employees and may have other indicia of a Palladium employee (including in certain cases, use of Palladium email addresses and business cards, participation in Palladium health plans and/or similar benefits typically associated with employment). In addition, such Consultants may share in carried interest otherwise payable to Palladium. Over time, certain existing and future employees of Palladium (including senior Palladium personnel) may transition to a Consultant or senior advisor role. Such a transition would have the effect of shifting the burden of the compensation of such employees from the Investment Managers to the Funds and/or their portfolio companies. There can be no assurance that any of the Consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Palladium, the Funds and/or any portfolio company throughout the respective terms of the Funds.

Confidential or Material Non-Public Information. By reason of their responsibilities in connection with the Funds and other activities of Palladium, certain employees of the General Partners, the Investment Managers or their affiliates may acquire confidential or material, non-public information or be restricted from initiating transactions in certain securities. The Funds will generally not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to arrange for the sale and liquidation of all or any portion of a portfolio investment that it otherwise might have sold. Conversely, a given Fund may not have access to material non-public information in the possession of Palladium which might be relevant to an investment decision to be made by such Fund, and such Fund may initiate a transaction or sell a portfolio investment which, if such information had been known to the relevant person, it may not have been undertaken.

Service Providers and Deal Sourcing. Services required by the Funds (including some services historically provided by Palladium to its investment funds) may for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in the discretion of Palladium or the relevant General Partner in connection with the operation of such Fund, and the General Partners will have an incentive to outsource such services at the expense of the relevant Fund in order to leverage the use of Palladium's employees. Such outsourced services may include, without limitation, deal sourcing, asset management, information technology, licensed software, data processing, trading, settlement, client relations, administration, custodial, accounting, legal and tax support and other services. Outsourcing may not occur uniformly for all Palladium managed vehicles and accounts and, accordingly, certain costs may be incurred by a Fund through the use of third party service providers that are not incurred for comparable services used by Palladium managed vehicles and accounts. The decision by Palladium to initially perform particular services in house for a Fund will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. The costs, fees or expenses of any such third party service

providers will be treated as Partnership Expenses borne by the relevant Fund and will not be subject to the Management Fee offset provisions of the Partnership Agreements, thereby increasing the expenses borne by the limited partners. Palladium will determine (in its discretion based on relevant experience, its belief regarding market practice and such other factors as it determines relevant under the circumstances) the fees, carried interest and other consideration payable to deal “sourcers” (who may be exclusive to Palladium), asset managers and other service providers.

Moreover, certain advisors and other service providers or their affiliates (including, without limitation, accountants, administrators, appraisers, valuation experts, tax advisors, asset managers, lenders, bankers, brokers or other deal “sourcers,” attorneys, consultants, custodians, investment or commercial banking firms and certain other advisors and agents) to the Funds, Palladium or their portfolio companies, may also provide goods or services to or have business, personal, political, financial or other relationships with Palladium, its affiliates, its employees, and portfolio companies. Certain Palladium employees have ownership interests in certain service providers to the Funds, Other Palladium Funds and/or other Palladium entities. Such advisors and service providers may be: (i) investors in the Funds, Other Palladium Funds or other Palladium entities, (ii) Affiliates of Palladium, the General Partner, and/or their affiliates, (iii) sources of investment opportunities, (iv) co-investors or counterparties or (v) entities in which Palladium and/or its managed funds has an investment, and payments by the Funds and/or such portfolio companies may indirectly benefit Palladium, Other Palladium Funds and/or such other Palladium entities. These relationships and the potential for leveraging the capabilities of its personnel through the use of service providers (such as, for example, deal “sourcers” and operating or development partners or board members who, in each case may be exclusive to Palladium) may influence the General Partners in deciding whether to select such a provider to perform services for a Fund or a portfolio company (the cost of which will generally be borne directly or indirectly by such Fund or portfolio company, as applicable).

Further, in this regard, the Funds and their portfolio companies may also engage in transactions or enter into service arrangements with one or more businesses in which Palladium holds an interest directly, not through one of its funds. Any fees charged or costs incurred in connection with such transactions or service arrangements may be borne by the relevant Fund as a Partnership Expense, or, to the extent charged to a portfolio company, would be borne indirectly by the relevant Fund. These businesses will, in certain circumstances, also enter into transactions or service arrangements with other counterparties of such Fund and its portfolio companies, as well as service providers, vendors and the limited partners. Palladium would benefit from these transactions and activities through current income and creation of enterprise value in these businesses. No fees charged by these service providers and vendors are expected to offset or reduce Management Fees. Furthermore, Palladium, Other Palladium Funds and their portfolio companies and their affiliates and related parties will use the services of these businesses, including at different rates. Although Palladium believes the services provided by these businesses are equal or better than those of third parties, Palladium directly benefits from the engagement of these affiliates, and there is therefore an inherent conflict of interest.

Notwithstanding the foregoing, investment transactions for the Fund that require the use of a service provider will generally be allocated to service providers on the basis of the General Partner's judgment as to best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the General Partner believes to be of benefit to the Fund. In addition, the General Partner will engage one or more fund administrators to perform certain functions in relation to the Fund, including but not limited to, coordination of the Fund's legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the General Partner's valuation process and support of certain investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting that the Fund is obligated to comply with. Certain employees of such fund administrators may dedicate substantially all of their time to Palladium investment funds. In certain circumstances, advisors and service providers or their affiliates may charge different rates or have different arrangements for services provided to Palladium, the General Partner, the Advisor or their Affiliates as compared to services provided to the Fund and its portfolio companies, which may result in more favorable rates or arrangements than those payable by the Fund or such portfolio companies. Moreover, the Fund or the Investment Manager may not be in a position to verify the risks or reliability of such third-party service providers. The Fund may suffer adverse consequences from actions, errors or failure to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them.

Subscription Credit Facility. In accordance with the applicable Partnership Agreement, each General Partner is expected to enter into and utilize one or more subscription and/or net asset value credit facilities, which involve potential conflicts of interest, from time to time over the term of the relevant Fund. Subject to the limitations in the applicable Partnership Agreement, the use of a subscription and/or net asset value credit facility by a Fund is within Palladium's discretion. Leverage incurred by entities other than a Fund (including a facility collateralized or otherwise secured by a Fund's holdings in multiple or all investments whether through wholly-owned subsidiaries and/or through special purpose vehicles formed by such Fund to make or hold such investments and/or to serve as a borrower under an asset backed facility for such Fund) does not count towards the limitations on borrowing or guarantees set forth in each Fund's Partnership Agreement. Subject to the limitations set forth in the applicable Partnership Agreement and the availability and the terms of any such credit facility for a Fund, Palladium has adopted a policy relating to the use of fund-level credit facilities for the Funds and may update or adopt from time to time policies or guidelines relating to the use of such credit facilities. (See also "Investments in Highly Leveraged Companies; Use of Leverage; Risk of Borrowing by the Fund" above.) Generally and without limiting the foregoing, a Fund can be expected to seek to utilize a subscription and/or net asset value credit facility in lieu of capital calls for the purpose of, among other things, financing any investment-related activities (such as for assets that such Fund does not intend to hold for a long-term period), covering Partnership Expenses, organizational expenses, management fees and any other costs, making distributions to partners, providing permanent financing or refinancing or providing interim financing to consummate the purchase of investments.

The amount of credit available to a Fund and Other Palladium Funds under any subscription credit facility may be determined by the credit quality of the limited partners in of relevant funds (including co-investment vehicles) party thereto as determined by the lender (and the lender may determine that certain limited partners have little or no credit quality) whereas the amount of credit available under a net asset value credit facility is tied to the creditworthiness of the underlying assets pledged to such facility. Moreover, the credit quality of such limited partners may be negatively impacted (or disregarded completely by a lender) as a result of contractual agreements (including side letters) with Palladium. For this reason, limited partners with a higher credit quality, as determined by the lender, generate more credit, as applicable, than limited partners with a lower credit quality, which results in an indirect benefit conferred by the higher credit quality limited partners to the others. While Palladium expects to generally utilize credit facilities for the Funds and Other Palladium Funds in a consistent manner, the use of such credit facilities may differ based on available credit facility capacity and the contractual terms applicable to the relevant Fund(s) and Other Palladium Funds, among other factors and the subscription credit facility used by the Fund(s) and the Other Palladium Funds may differ. Therefore, as the subscription credit facilities utilized by the Fund(s) and the Other Palladium Funds have different terms, such as with respect to hedging, currency limitations and interest rates, while the Fund(s) and the Other Palladium Funds may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the applicable Partnership Agreement(s) and the relevant organizational documents of the Other Palladium Funds, the investment return can, in certain circumstances, differ among the Funds and/or the Other Palladium Funds as a result.

Use of a subscription credit facility (or other long-term leverage) will impact calculations of returns and will result in a higher or lower reported IRR than if the amounts borrowed had instead been funded through capital contributions made by the limited partners to the Fund. If the use increases the IRR, as it normally does, Palladium will have various incentives to use the subscription credit facility, including marketing efforts of other Funds or Other Palladium Funds. For example, in the event the interest rate on borrowings is lower than the hurdle rate, use of leverage arrangements can be expected to accelerate or increase distributions of carried interest to Palladium, providing an economic incentive to fund investments through long-term borrowings in lieu of capital contributions. In addition, Palladium can be expected to receive a greater amount of management fees if borrowings under the facility are utilized in lieu of a combination of limited partners' capital and non-recourse financing for investments remain outstanding.

The costs and expenses of any such borrowings will generally be allocated among a Fund and any parallel funds *pro rata* or on such other basis that the applicable General Partner determines to be more equitable under the circumstances, which will increase the expenses borne by applicable limited partners and would be expected to diminish net cash on cash returns. In addition, for investments in U.S. corporations by U.S. tax exempt limited partners, there may be incremental tax costs related to so-called unrelated business taxable income (UBTI).

A General Partner of a Fund may, from time to time, utilize its subscription and/or net asset value credit facility and enter into other similar arrangements and extensions of credit for the benefit of co-investors, joint venture partners and Other Palladium Funds, including vehicles participating in Palladium side-by-side co-investment rights, which invest alongside the Fund in one or more investments. For example, certain Funds can be expected to borrow to fund a joint venture partner's, co-investor's or Other Palladium Fund's *pro rata* share of an investment or expense related to an investment. In such circumstances, Palladium generally intends to disclose such arrangements as part of the periodic reporting or other appropriate communications relating to such Fund and to cause any such co-investors, joint venture partners and Other Palladium Funds to bear (or reimburse the Fund for) their *pro rata* share of any interest expenses (but not necessarily origination and other costs) allocable to such extensions of credit. However, any such co-investors, joint venture partners and Other Palladium Funds, although they benefit from the relevant Fund's subscription credit facility, will not bear any portion of the costs of establishing and maintaining such Fund's subscription credit facility, which will be borne entirely by the relevant Fund. Additionally, conflicts of interest also have the potential to arise to the extent that a subscription credit facility is used to make an investment that is later sold in part to joint venture partners, co-investors or Other Palladium 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 credit facility and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities. Palladium will, in certain circumstances, receive direct and indirect benefits from such uses as well, including as a result of the facilitation of co-investment by other Funds or Other Palladium Funds. Each Fund will bear interest expenses and all other expenses incurred in relation to its subscription credit facility.

Side Letters. The General Partners have entered into and expect to in the future enter into side letters or other similar agreements with limited partners in connection with their admission to a Fund as limited partners therein with respect to their investment in such Fund without the approval of any other limited partner. Such side letters would have the effect of establishing rights under, altering or supplementing the terms of the Governing Documents of such Fund with respect to one or more such limited partners in a manner more favorable to such limited partners than those applicable to other limited partners. Any rights established, or any terms of the Governing Documents or any subscription agreement related thereto altered or supplemented in a side letter or other similar agreement with a limited partner will govern solely with respect to such limited partner (but not any of such limited partner's assignees or transferees unless so specified in such side letter) notwithstanding any other provision of the Governing Documents or any subscription agreement related thereto and, for the avoidance of doubt, matters arising under any side letter are considered matters contemplated in the Partnership Agreement and the limitation on liability provisions therein shall apply equally to any side letter; provided that unless otherwise agreed by the relevant General Partner, any such rights shall cease to apply with respect to any limited partner that becomes a defaulting limited partner. Such rights or terms in any such side letter or other similar agreement may include, without limitation: (i) fee and other economic arrangements with respect to such

limited partners, including economic arrangements for limited partners committing a certain commitment amount to the relevant Fund; (ii) excuse or exclusion rights applicable to particular portfolio investments or terms relating to withdrawal from the Fund, including without limitation, as a result of a limited partner's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors (which may materially increase the percentage interest of other limited partners in, and their contribution obligations, for future investments and expenses, and reduce the overall size of a Fund); (iii) additional or modified reporting obligations of the applicable General Partner and Fund; (iv) waiver of certain confidentiality obligations; (v) prior consent of the relevant General Partner to certain transfers by such limited partner; (vi) special rights with respect to co-investment allocation and participation; (vii) rights or terms necessary in light of particular legal, regulatory or policy characteristics of a limited partner; (viii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (ix) additional obligations and restrictions of the applicable General Partner and Fund with respect to the structuring of any particular portfolio investment in light of the legal, tax, accounting, political, national security and regulatory considerations of particular limited partners; (x) agreements to assist with the taking or defending of tax positions; (xi) certain obligations and restrictions on the applicable General Partner with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms; (xii) withdrawal events; (xiii) indemnification agreements (including limitations on a limited partner's indemnification obligations under the Partnership Agreement or its subscription agreement or the use of a limited partner's proportionate share of Fund assets to fulfill indemnification and other obligations of a Fund) and (xiv) any other matters described therein, which may be more favorable to those provisions offered to other limited partners. Side letters entered into by Palladium in respect of another Fund or Other Palladium Funds may also have adverse effects on a given Fund, such as placing limitations on Palladium's ability to allocate investment opportunities to certain Funds or Other Palladium Funds. To the extent a General Partner or a Fund incurs third-party expenses in connection with compliance with a side letter provision, such expenses may be borne by the relevant Fund as Partnership Expenses. The General Partners shall not be, to the fullest extent permitted by applicable law, under obligation to give the limited partners notice of any side letters with other limited partners, except with respect to most-favored-nations provisions and accordingly a limited partner may not be able to make its investment decision with respect to a Fund on the rights or benefits afforded to other limited partners (which rights or benefits may nonetheless be material to a given limited partner's investment decision).

Certain investors may invest in a Fund and one or more Other Palladium Funds pursuing a materially different investment strategy and may receive business benefits pursuant to an integrated overall arrangement with Palladium that could have the effect of establishing rights under, altering or supplementing the terms of the Partnership Agreements, which may be benefits of the nature described in the preceding paragraph. To the extent a General Partner agrees with a limited partner that such arrangements will be subject to most-favored nations protection, such limited partner will generally be required to meet the specific requirements of

any such arrangement in order to receive its benefits. However, in light of limitations on the aggregate amount of commitments to one or more other investment vehicles subject to such arrangement or the fundraising period for one or more of such other investment vehicles having expired, it may not be possible for a limited partner to meet all the requirements of such an arrangement. In such a situation, the benefits of such arrangement would not be available to such limited partner.

Financing Arrangement with Landmark. As more fully described in Item 4 (Advisory Business), the SPV is entitled to receive repayment proceeds representing a portion of the management fees and carried interest in respect of certain existing and future Funds. The SPV may seed investments in future Funds, has invested in Fund V and may make stand-alone investments in or alongside any other Fund, in each case subject to the terms and conditions of the governing documents of the Funds and the SPV as well as Palladium's investment allocation policies. Accordingly, the Firm may have an incentive to provide more favorable terms to the SPV than to other investors, provide the SPV with individual company co-investment opportunities and/or manage the Funds' investments in a manner beneficial to Landmark as a result of its indirect interests therein and/or in other Palladium affiliates and the overall SPV financing arrangement.

Insurance. Each Fund purchases, and/or bears premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for, insurance to insure such Fund, the applicable General Partner, the applicable Investment Manager, Palladium and/or their respective directors, officers, employees, agents, representatives, members of the LPAC and other indemnified parties, against liability in connection with the activities of such Fund. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by Palladium that cover other Funds, the General Partners, Other Palladium Funds, the Investment Manager and/or Palladium (including their respective directors, officers, employees, agents, representatives, members of the LPAC and other indemnified parties). As of the date of this Brochure, the Funds collectively bear approximately 90% of the Firm's liability insurance premiums. The General Partners will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among the Funds, Other Palladium Funds, the Investment Managers and/or Palladium on a fair and reasonable basis, in their sole discretion, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in the Funds bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Palladium Heritage Management, LLC. The Heritage Advisor operates as an SEC registered investment advisor and an affiliated entity of the Registrant. The Heritage Advisor manages the Heritage Funds.

The Heritage Funds target investments in the lower end of the middle market, generally defined as companies with an EBITDA of less than \$12 million. The Heritage Funds seek to make control and control-oriented investments in business to business and industrial companies

using a value-driven strategy with a focus on entrepreneur-backed companies, corporate carveouts, multi-seller transactions and other complex situations.

Heritage Fund personnel have access to the remainder Palladium's people and resources, including back-office support, fundraising and investor relations, finance, accounting and legal and compliance. Further, Heritage Fund personnel have access to the intellectual capital, networks and experience of Palladium's professionals by (1) participating in Palladium's Weekly Meetings (as defined below), including portfolio reviews, (2) presenting its potential deals at the Firm's weekly deal review meeting to allow for idea and resource sharing, feedback and to surface any areas of concern or further diligence and (3) cross training and team sharing through a "secondment" process whereas there is intended to be an intermediate or junior professional from Palladium assigned to the Heritage team at any given time. In addition, three professionals from Palladium are expected to be on the Heritage Investment Committee, including Palladium's founder, Marcos A. Rodriguez. The Heritage team also has direct access to databases and technologies within Palladium.

ITEM 12 – BROKERAGE PRACTICES

Palladium primarily invests in private securities and does not have an internal trading function. However, in determining whether an engaged broker-dealer is likely to provide best execution when effecting a securities transaction for a Fund, the Firm will generally consider qualitative and quantitative factors including, but not limited to, the broker's reliability and execution capabilities for the transaction, the commissions charged by the broker, and the broker's reputation and responsiveness to requests for trade data and other financial information.

Palladium does not have any soft dollar arrangements in connection with brokerage transactions and does not engage in directed brokerage arrangements.

In the private equity context, client referrals are not relevant to Palladium's selection or recommendation of broker-dealers. Similarly, aggregation of the purchase or sale of securities for multiple client accounts is generally not relevant in the private equity context. However, in the event that the Firm trades in public securities, Palladium may aggregate orders if it determines it advisable to do so, but is not obligated to do so.

ITEM 13 – REVIEW OF ACCOUNTS

A. General Ongoing Review Process

Palladium’s investment professionals and senior management monitor and review the Funds’ portfolio investments on an ongoing basis, including, for example, by actively engaging in board oversight (for example, by obtaining representation at the board level, with at least one senior Palladium professional serving as a member of certain portfolio company boards), actively monitoring financial tracking (for example, by developing a weekly cash flow forecasting system for each portfolio company, designed to provide cash flow visibility), actively reviewing each portfolio company in detail multiple times per year in senior management meetings dedicated to each company, participating in portfolio company management calls and strategy sessions, reviewing annual and interim financial statements, and making ad hoc on-site visits. The Firm’s Finance Department monitors each Fund’s financial accounts. Outside vendors provide technical, analytical and systems support. In addition, each Fund’s financial statements are audited on an annual basis by an independent accounting firm that is registered with, and subject to oversight by, the Public Company Accounting Oversight Board (“PCAOB”).

B. Weekly Meetings

Currently, Palladium utilizes a process of sharing investment ideas, implementing investment decisions and reviewing current investments through a series of ongoing meetings held among members of the Firm’s investment personnel (the “Weekly Meetings”). The Weekly Meetings generally focus on new deal generation, portfolio monitoring, and decision-making, and are attended by investment professionals holding the position of Analyst and up, including the Firm’s Finance personnel, Associates, Vice Presidents, Principals, Partners, General Counsel and Chief Compliance Officer, Chief Financial Officer, Vice Chairman, as well as the Chairman and Chief Executive Officer.

In addition, the Firm’s Partners, Principals, General Counsel and Chief Compliance Officer, Chief Financial Officer, Vice Chairman, Chairman and Chief Executive Officer, and Associate General Counsel and Deputy Chief Compliance Officer meet weekly to discuss important issues of the firm (“Partners Meetings”). During such Partners Meetings, a number of important matters are reviewed and discussed, including matters related to new deals activity, a review of the portfolio, compliance, investor relations matters, and other important general management matters.

The Firm’s Management Committee also meets weekly and as needed to discuss firm-level strategic and risk-management issues.

C. Investor Reporting

On an annual basis, audited financial statements are provided to investors in each Fund generally within 90 days of the end of the Fund's fiscal year. For more detailed information about these reports, please refer to Item 15 (Custody) below. On a quarterly basis, unaudited financial statements and a supplemental schedule of changes in partners' capital are provided to investors in each Fund in the form of quarterly reports to limited partners. In addition, each Fund's investors are invited to participate in an annual investor meeting, at which Palladium reports on the Fund's portfolio investments and performance. The Firm may also hold investor update calls or meetings from time to time on an as-needed basis.

ITEM 14 – CLIENT REFERRALS AND COMPENSATION

Neither Palladium nor any of its related persons compensates any person who is not a supervised person for client referrals. However, from time to time, in the context of organizing a Fund, the Firm compensates one or more placement agents, finders or other third parties for referrals of Fund investors. Pursuant to its internal policies, Palladium does not enter into any placement agent or solicitation agreements (for any Fund), or agree to compensate any person for such services, without a prior review of such proposed arrangement for compliance with applicable laws.

If a prospective investor is solicited by a placement agent or other third party, such prospective investor will be advised of the arrangement, including the payment of fees. Each Fund's Governing Documents describe specific terms regarding applicable fees, though placement agent fees are generally borne by the Investment Manager as an offset of the Management Fee.

ITEM 15 – CUSTODY

Palladium invests Fund assets on a discretionary basis, and has “custody” of such assets for purposes of applicable securities laws. It is Palladium’s policy to cause each Fund to be audited annually by an independent accounting firm that is registered with, and subject to oversight by, the PCAOB, and to distribute audited financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) to Fund investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, Palladium will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

ITEM 16 – INVESTMENT DISCRETION

Palladium provides investment advice to the Funds on a discretionary basis. Generally this discretion is subject only to the terms and guidelines set forth in each Fund's Governing Documents.

ITEM 17 – VOTING CLIENT SECURITIES

As noted above, Palladium invests primarily in private securities and therefore is usually not in a position to vote public company proxies. However, the Firm has established written policies and procedures setting forth the principles and procedures by which Palladium votes or gives consent with respect to securities owned by the Funds (“Votes”).

The guiding principle by which the Firm Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon and guidelines, any contractual obligations under the Fund’s Governing Documents, and all other relevant facts and circumstances at the time of the vote. The Firm does not permit Votes to be influenced in any manner that is contrary to, or dilutive of, this guiding principle. A copy of Palladium’s policies and procedures with respect to Votes and the Funds’ voting records will be maintained and available for review by clients upon written request to the Chief Compliance Officer, whose contact information can be found on the cover page of this Brochure, or InvestorRelations@palladiumequity.com.

When a conflict arises between the Firm and a Fund with respect to a Vote, such conflicts must be promptly brought to the attention of the Firm’s Chief Compliance Officer by the employee or employees who are or become aware of such situation. Identified conflicts of interest are submitted to the Firm’s Risk Management Committee for consultation, subject to the oversight of the Management Committee. In addition, conflicts of interest may need to be brought to the attention of a Fund’s LPAC, depending upon such Fund’s Governing Documents.

ITEM 18 – FINANCIAL INFORMATION

Palladium does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, the Firm has not included a balance sheet and does not have any disclosure applicable to this Item 18 (Financial Information).

Palladium does not believe that there are any conditions that are reasonably likely to impair the Firm's ability to meet contractual commitments to clients, and has never been the subject of a bankruptcy petition.

ITEM 19 – STATE-REGISTERED ADVISORS

This item is not applicable as the Registrant is not registered in any state.