

Item 1. Cover Page

**THL Managers VII, LLC
THL Managers VIII, LLC
THL Automation Manager, LLC
THL HT Manager, LLC
THL Managers IX, LLC
THL Automation Manager II, LLC
THL AmeriLife Manager, LLC
THL Managers X, LLC**

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**Part 2A of Form ADV: Firm Brochure
October 15, 2024**

This brochure provides information about the qualifications and business practices of THL Managers VII, LLC, THL Managers VIII, LLC, THL Automation Manager, LLC, THL HT Manager, LLC, THL Managers IX, LLC, THL Managers X, LLC, THL Automation Manager II, LLC and THL AmeriLife Manager, LLC. If you have any questions about the contents of this brochure, please contact us at 617-227-1050. 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.

Additional information about THL Managers VII, LLC, THL Managers VIII, LLC, THL Automation Manager, LLC, THL HT Manager, LLC, THL Managers IX, LLC, THL Managers X, LLC, THL Automation Manager II, LLC and THL AmeriLife Manager, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This brochure, dated October 15, 2024, serves as an update to the brochure dated March 29, 2024 to reflect the additional of a new relying adviser, THL Managers X, LLC. In addition, while not material changes, this brochure does contain certain additional updates, including but not limited to: (i) updates to Item 5 to reflect updated disclosure related to payments made to third parties and additional disclosures related to allocation of expenses, (ii) updates to Item 8 to reflect updated risk factors including the Alternative Investment Fund Managers Directive and the Alternative Investment Fund Managers Regulations and cybersecurity, and (iii) updates to Item 11 to reflect new and updated disclosure regarding potential and/or actual conflicts of interest faced by the Adviser related to Client level borrowings and capital markets activities. In addition, THL routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means THL Managers VII, LLC, a Delaware limited liability company, THL Managers VIII, LLC, a Delaware limited liability company, THL Automation Manager, LLC, a Delaware limited liability company, THL HT Manager, LLC, a Delaware limited liability company, THL Managers IX, LLC, a Delaware limited liability company, THL Managers X, LLC, a Delaware limited liability company, THL Automation Manager II, LLC, a Delaware limited liability company and THL AmeriLife Manager, LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Clients (as defined below). Such affiliates are generally under common control with THL Managers VII, LLC, THL Managers VIII, LLC, THL Automation Manager, LLC, THL HT Manager, LLC, THL Automation Manager II, LLC and/or THL AmeriLife Manager, LLC and possess a substantial identity of personnel and/or equity owners with THL Managers VII, LLC, THL Managers VIII, LLC, THL Automation Manager, LLC, THL HT Manager, LLC, THL Managers IX, LLC, THL Managers X, LLC, THL Automation Manager II, LLC and/or THL AmeriLife Manager, LLC. These affiliates are typically formed for tax, regulatory or other purposes in connection with the organization of a Client, or serve as general partner (such entity, a “General Partner”) of a Client.

The Adviser provides investment supervisory services to investment vehicles (collectively, the “Clients”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). In addition, the Adviser’s Clients also include vehicles specially formed in order to meet tax, regulatory or other requirements through which investors invest in substantially the same portfolio as certain other Clients.

The Clients make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with, and subject to, the Clients’ respective investment objectives, investments are made in companies doing business in a wide range of industries and sectors.

The Adviser provides investment supervisory services to each Client in accordance with a separate management agreement with such Client (each, an “Advisory Agreement”), the limited partnership agreement (or analogous organizational document) of such Client, and/or side letters entered into with certain investors in a Client (collectively with the Advisory Agreement and organizational document, the “Governing Documents”). The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Clients, managing and monitoring the performance of such investments and disposing of such investments.

Investment advice is provided directly to the Clients and not individually to the investors in the Clients. Services are provided to each Client in accordance with its Governing Documents. Investment restrictions for a Client, if any, are generally established in its Governing Documents.

The principal owner of each of THL Managers VII, LLC, THL Managers VIII, LLC, THL Automation Manager, LLC, THL HT Manager, LLC, THL Managers IX, LLC, THL Managers X, LLC, THL Automation Manager II, LLC and THL AmeriLife Manager, LLC is THL Holdco, LLC.

The Adviser, including its predecessors, has been in business since 1974. As of December 31, 2023, the Adviser manages \$14,393,968,874 of Client assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) from a Client, though certain Clients do not pay Advisory Fees. The Adviser may also receive Portfolio Company Fees (as defined below) from portfolio companies of Clients. A certain amount of Portfolio Company Fees reduce Advisory Fees payable to the Adviser as set forth in the Governing Documents of the Client. Additionally, consistent with the Governing Documents of a Client, the Client typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Client and/or the portfolio companies. Details about such fees and expenses are contained in the Governing Documents of a Client. Further details about certain fees and expenses are set forth below.

Advisory Fees

As compensation for investment supervisory services rendered to the Clients, the Adviser receives from each investor of each Client an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital or remaining invested capital, with respect to such Client. Advisory Fees paid by a Client may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Client’s activities and investments, or by certain excess organizational or other expenses borne by such Client, as described in more detail below. Advisory fees paid by a Client are indirectly borne by investors in such Client.

As our investors are aware, the precise amount of, and the manner and calculation of, the Advisory Fees for each Client’s investors are established by the Adviser, as modified by negotiations with investors in such Client, and are set forth in such Client’s Governing Documents and/or other documentation received by each investor prior to investment in such Client. In addition, the Adviser may enter into economic and/or other fee sharing arrangements with respect to one or more Clients and/or certain limited partners thereof, the rights of which, will not generally be offered to other limited partners.

The Advisory Fees paid by a Client’s investors will generally be reduced by a percentage of: (1) the amount of fees paid by such Client in connection with the organization of such Client that exceed a limit specified in such Client’s Governing Documents and/or (2) certain Portfolio Company Fees received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Governing Documents of the applicable Client. To the extent a reduction relates to more than one Client, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Client(s) in proportion to their relative capital commitments, or, in the case of Portfolio Company Fees that relate to an investment opportunity shared between multiple Clients, investments or proposed investments in the applicable portfolio company. Any such reduction of a Client’s Advisory Fees will be limited to the extent of such Client’s proportionate share based on relative capital commitments or, in the case of Portfolio Company Fees that relate to an investment opportunity shared between multiple Clients, investments or proposed

investments in the applicable portfolio company. As some Clients do not pay Advisory Fees, any such reduction will not benefit such Clients.

In addition, the Adviser will from time to time waive or reduce all or a portion of the Advisory Fee paid by a Client in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser (including any related entity established by employees of affiliates of the Adviser) to invest in and alongside such Client, which could result in acceleration of investor capital contributions. Furthermore, the Adviser has in the past and may, from time to time in the future establish certain investment vehicles (including “Associates Co-Investment Vehicles” as defined below) through which Adviser Personnel or third parties may invest alongside one or more Clients in one or more investment opportunities, which generally do not pay Advisory Fees or Carried Interest. Waived or reduced Advisory Fees are not subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Client investors may not receive the full benefit of reductions or offsets (e.g., during periods when the Adviser no longer receives Advisory Fees and receives Portfolio Company Fees that would otherwise be subject to offset, the Adviser, depending on certain elections that may be made by Client investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Client or its investors). In addition, in circumstances when investors in a Client do not pay Advisory Fees, the Adviser is entitled to retain the portion of any amounts of Portfolio Company Fees attributable to such investors without offset.

Advisory Fees are generally paid on a semiannual basis a few days after the commencement of the applicable semiannual period. Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid will be returned.

Portfolio Company Fees

Fees Payable by the Portfolio Companies

As our investors are aware, the Adviser typically performs management services, monitoring, transaction and other services for and receives fees from, actual or prospective portfolio companies or other investment vehicles of the Clients, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, recapitalizations, public offerings, sales, divestments or other dispositions and similar transactions with respect to such portfolio companies (“Transaction Fees”) pursuant to agreements with portfolio companies of the Clients. Transaction Fees are from time to time received in connection with the same portfolio company in which payments under a monitoring agreement are received. Transaction Fees are often calculated as a percentage of the total enterprise value, or as a percentage of the aggregate price paid for the securities, and the financial effect of such transaction fees may be substantial.

As our investors are aware, the Adviser and its affiliates may also receive “Monitoring Fees” pursuant to monitoring agreements with portfolio companies of the Clients governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals and the payment of Monitoring Fees (which may be fixed fees or calculated

as a percentage of EBITDA or similar performance metric). There are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) that accelerate the payment of Monitoring Fees. As our investors are aware, the accelerated fee may be calculated as the present value of hypothetical future payments, which may be based on an assumed growth in performance, based on an assumed growth of EBITDA or similar performance metric, and may be calculated using a discount rate as low as the risk free rate, as determined by the Adviser. Because the agreements with portfolio companies providing for such fees generally have extended terms (often ten years or more and/or subject to automatic extensions and renewal), the financial effect of such acceleration is substantial, particularly in the event such circumstances occur early in the life of the Client's investment in such portfolio company.

In addition, as our investors are aware, the Adviser and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company ("Director Fees") and in connection with an unconsummated transaction ("Break-Up Fees" and, together with Transaction Fees, Monitoring Fees and Director Fees, "Portfolio Company Fees"). The amount and timing of Break-Up Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Portfolio Company Fees are in addition to Advisory Fees and Carried Interest (as defined in Item 6 below). However, under the terms of the applicable Governing Documents, the Adviser retains a specified amount of Portfolio Company Fees and credits the remainder to Client investors by reducing the Advisory Fees payable by Client investors and, to the extent the credited Portfolio Company Fees exceed the payable Advisory Fees, distributing such excess to Client investors other than those Client investors who elect not to receive such excess. The amount and manner of such reduction and sharing is set forth in the Governing Documents of the applicable Client.

For purposes of calculating any Advisory Fee reduction, Portfolio Company Fees (other than Director's fees) are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Portfolio Company Fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise.

The Adviser and its affiliates are involved, from time to time, in activities relating to the underwriting or private placement of equity securities, debt, loans or other obligations issued by, or in respect of, portfolio companies and receive fees and other compensation for such services ("Capital Markets Fees"). These activities do not need to be approved by any Client (or any advisory committee of a Client), except as otherwise provided in the Governing Documents of any Client, which generally do not require such approval.

Capital Markets Fees are for the benefit of the Adviser and/or its relevant affiliate and not the Client, do not constitute Portfolio Company Fees and do not reduce the Advisory Fee, in each case to the extent set forth in a Client's Governing Documents, which generally do not require such reduction.

For the avoidance of doubt, any fees paid to the Adviser or its personnel by or with respect to an investment after a Client has exited an investment are not considered "Portfolio Company Fees" and do not reduce the Advisory Fee.

In certain cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company and, therefore, the fees are not subject to a market check. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company by virtue of the Adviser acting on behalf of both parties.

Any fees that accrue to the benefit of former Adviser Personnel (as defined below) or other persons who are or become unaffiliated with the Adviser (even if any such fee is earned during their tenure with the Adviser) are not considered “Portfolio Company Fees” and do not reduce the Advisory Fees or otherwise benefit the Clients or their investors. Similarly, any fees that accrue to the benefit of Adviser Personnel or other persons who are affiliated with the Adviser prior to their association with the Adviser (even if any fee received in kind is realized or otherwise converted to cash during their tenure with the Adviser) are not considered “Portfolio Company Fees” and do not reduce the Advisory Fees or otherwise benefit the Clients or their investors.

Payments Made to Third Parties

As our investors are aware, portfolio companies of Clients will from time to time engage and pay cash or equity compensation, or both (including, without limitation, consulting fees, retainers or other compensation), to (i) consultants who also are or have been consultants to the Adviser or its affiliates (including without limitation consultants included in the Adviser’s executive partner program, as such program may be expanded or revised from time to time (“Executive Partners”), senior advisors and other similar professionals) and/or (ii) former employees of the Adviser or its affiliates. Such persons (referred to herein as “Consultants”) also from time to time provide services to, and receive fees or other compensation from, the Adviser and/or Clients. In addition to services provided to portfolio companies, Consultants are expected to be engaged, from time to time, to provide services to Clients (including, but not limited to, sourcing investments and due diligence) and be paid compensation for such services. The nature of the relationship with each such Consultant and the time devotion requirements of each Consultant vary significantly; some may work regularly with the Adviser in a non-employee role, be listed on the Adviser’s website and/or have an Adviser e-mail address or business cards. Certain Consultants may be subject to contractual obligations to provide certain services to the Adviser and/or the portfolio companies and certain Consultants from time to time serve as one of the Adviser’s representatives on the board of directors of a portfolio company. Consultants also from time to time are offered the opportunity (or may have a preferred right) to co-invest in portfolio companies alongside Clients, including in portfolio companies for which the Consultant is providing services. Any fees or other compensation received by such Consultants from portfolio companies or the Clients may be retained by such Consultants and will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not reduce the Advisory Fee and will not benefit the Client or its investors.

From time to time, the Adviser (in its sole discretion), agrees to pay to a third party (which may include a Consultant) a portion of a Portfolio Company Fee received by the Adviser or its affiliates from an actual or prospective portfolio company (a “Third Party Fee”), such as a co-investor or other third party. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the applicable Governing Documents

to share such Third Party Fee with the Clients (and their investors) and such Third Party Fee will not reduce the Advisory Fee.

Expense Reimbursement

Additionally, as our investors are aware, a portfolio company will typically reimburse the Adviser for expenses (including, without limitation, T&E Expenses (including social and entertainment events with actual or potential portfolio company employees, potential management teams, and all or a certain subset of current or prospective investors) costs and expenses relating to training programs, meetings, conferences, or other events (to the extent such programs, meetings, conferences, or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal (including legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company borrower or a lender) and consulting expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation) incurred by the Adviser in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Portfolio Company Fees” (or similar defined term) under the terms of the applicable Governing Documents, and such reimbursements do not reduce the Advisory Fee.

As used throughout this brochure, “T&E Expenses” means travel, travel-related, and entertainment expenses, which include, without limitation, air transportation such as private, charter, first, business, or other premium class of commercial air transportation, ground transportation (including black car services), lodging, meals, events, entertainment and other similar fees, costs and expenses.

Portfolio Company Fees and reimbursements are determined by the Adviser in its sole discretion, subject to negotiations with sellers, buyers and management teams, the board of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions. Because certain expenses are paid for by a Client or Other THL Fund and/or their portfolio companies or, if incurred by the Adviser, are reimbursed by a Client, Other THL Fund and/or their portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Client, Other THL Fund or its portfolio companies to incur) such expenses, which could result in lower returns to investors. Persons other than Clients that participate in investments alongside the Clients (such as Other THL Funds, Adviser Investors and Third Parties) may have a right to share in such fees, and Advisory Fees will generally not be reduced or shared in connection with the receipt of such entities’ share of such fees.

Expenses

Adviser Expenses

To the extent provided in the Governing Documents governing the relationship with a Client and except as described below as a “Client Expense,” the Adviser will pay certain expenses and costs associated with the performance of its services, including office space, supplies and other facilities of its business and salaries, employee benefits, fees and expenses of employees (exclusive of consultants, outside counsel, investment bankers, accountants, brokers, finders, and similar outside

advisors, and other than Carried Interest to the extent described in Item 6 below), relating to the services and facilities provided by the Adviser to the Clients.

Client Expenses

Generally, except as otherwise set forth in the applicable Governing Documents, each Client will bear all expenditures made on behalf of the Client and not included in the services to be provided to the Client pursuant to the Advisory Agreement, including, without limitation,

- (i) all reasonable T&E Expenses (as defined below), and all costs, fees and expenses relating to printing, legal, accounting, marketing, IT Expenses (as defined below), and other fees and expenses (including, without limitation, reimbursements of such expenses to third parties, including legal and accounting advisors) incurred by the Client, the Client's General Partner, the Adviser or their affiliates in connection with the start-up and organization of the Client and the Client's General Partner, the offering and sale of interests in the Client (excluding any fees owed to placement agents), negotiations and discussions with prospective investors in the Client (including, without limitation, the costs, fees, and expenses relating to drafting, negotiating and entering into the Client's Governing Documents, side letter or similar agreements and other related documents, and the fees, costs and expenses associated with prospective investors attending meetings with the Client's General Partner or its affiliates), and other fundraising expenses associated with the admission of an investor in the Client and investor-related services and other similar costs and expenses (including, without limitation, the costs, fees, and expenses related to customary anti-money laundering reviews of a prospective investor prior to such investor's admission to the Client), to the extent such expenses do not exceed the stated amount set forth in the Client's Governing Documents, subject to the Advisory Fee offset described above;
- (ii) subject to the Advisory Fee offset described above, the fees of any placement agent utilized in connection with the offering and sale of interests in the Client;
- (iii) the Advisory Fee with respect to the Client;
- (iv) all Service Provider Expenses (as defined below) relating to the operation of the Client;
- (v) all costs, fees and expenses (including, without limitation, Service Provider Expenses, Broken Deal Expenses (as defined below), and T&E Expenses incurred by the Client's General Partner, the Adviser and their respective affiliates) relating to research, discovery, sourcing, investigating, diligencing and evaluating (including, without limitation, the evaluation of potential investments, regardless of whether such investment is ultimately consummated (including certain advisory transaction, consulting and other similar fees paid to the Adviser or the Adviser's affiliates, and legal expenses incurred in connection with claims or disputes related to unconsummated or proposed investments), and costs, fees and expenses relating to attending, participating in or sponsoring trade association meetings or

conferences, or similar events or meetings, in connection with the identification or evaluation of investment opportunities or business sector opportunities (even if such expenses are not related to a specific transaction)), risk management assessment, negotiating, structuring, making, holding, developing, operating, managing, monitoring, restructuring, refinancing and disposing of portfolio investments (including closing, execution, and other transaction costs, and including any follow-on investments related thereto) or potential portfolio investments, joint venture arrangements and platform investments (in each case, even if such expenses or fees are not related to a specific transaction), to the extent that such expenses are not reimbursed by a portfolio investment or prospective portfolio investment;

- (vi) all costs, fees and expenses relating to the organization, establishment, maintenance or administration of any alternative investment vehicles or any intermediate or special purpose entity used to acquire, hold or dispose of an investment or to otherwise facilitate the Client's investment activities;
- (vii) all costs, fees and expenses relating to the sourcing, recruiting and retaining of professionals and other personnel to be employed by or who will provide services to portfolio companies or prospective portfolio companies (excluding any professionals or other personnel to be employed by the Adviser or its affiliates other than on a temporary or consultancy basis);
- (viii) all brokerage and finders' fees and commissions and discounts incurred in connection with the purchase or sale of securities;
- (ix) all costs, fees and expenses relating to borrowing (including, without limitation, financing commitments, origination and similar fees and expenses and all interest on funds borrowed by the Client and costs and expenses incurred in obtaining, negotiating, entering into, effecting, maintaining, varying, refinancing or terminating such borrowings and commitments and interest arising therefrom) and bridge financings and guarantees (including, without limitation, expenses that may be payable to another fund co-investing in the bridge financing or to the Adviser or an affiliate, in each case, being the entity providing the bridge financing or guarantee to the Client);
- (x) all costs, fees and expenses relating to the Client's advisory committee, including, without limitation, the reasonable fees and expenses of counsel to the advisory committee appointed in accordance with the Client's Governing Documents and fees and expenses of accountants, auditors, financial advisors or any other advisors or experts retained to assist the advisory committee, and meetings of the advisory committee (including, without limitation, set-up costs, speaker fees, honorarium, T&E Expenses (including, without limitation, the T&E Expenses of the Client's General Partner, the Adviser and their affiliates) and other expenses);
- (xi) all costs, fees and expenses incurred by the Client, the Client's General Partner, the Adviser or their affiliates in connection with the planning and holding of any annual

meeting (including, without limitation, the costs, fees and expenses relating to attendees of such annual meetings that are not investors in the Client) or meetings with one or more investors in the Client (or their representatives) and related activities (including, without limitation, all set-up costs, speaker fees, honorarium, T&E Expenses (including, without limitation, the T&E Expenses of the Client's General Partner, the Adviser and their affiliates in connection with such meetings) and other expenses);

- (xii) all costs, fees and expenses relating to the transfer of any interest in the Client by an investor to the extent not reimbursed by such investor;
- (xiii) Regulatory and Compliance Expenses (as defined below);
- (xiv) all costs, fees and expenses relating to the implementation and monitoring of anti-money laundering, anti-bribery, environmental, social and governance, cybersecurity and privacy policies, procedures and controls related to the Client, portfolio companies, the Client's General Partner, the Adviser, the investors of the Client and any of their respective affiliates (including, without limitation, IT Expenses, Service Provider Expenses and any related trade association memberships);
- (xv) all costs, fees and expenses relating to custody, hedging, currency conversions, depositary (including, without limitation, any depositary appointed pursuant to the AIFMD), local intermediary, transfer, registration, record-keeping and similar services;
- (xvi) all costs, fees and expenses relating to maintaining the Client's book and records, and all filing and similar fees paid on behalf of the Client (including, without limitation, reimbursements of any fees and expenses to advisors, service providers and other third parties);
- (xvii) all costs, fees and expenses relating to the preparation and delivery of the Client's financial statements, tax returns, Schedule K-1s, and reports to the investors (including, without limitation, IT Expenses and all costs, fees and expenses relating to individualized reporting provided to any investor);
- (xviii) all taxes and other governmental charges, fees and duties and any related interest and penalties (subject to the Client's Governing Documents) and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Client, expenses incurred in connection with tax preparation and filings;
- (xix) all insurance premiums and other costs, fees, and expenses related to any director and officer liability, general partner liability, errors and omissions, cyber-security or other insurance (including, without limitation, those with respect to which the Client's General Partner, the Adviser, their respective affiliates and any of their respective personnel are beneficiaries) and extraordinary administrative or operating expenses;

- (xx) all extraordinary expenses, such as litigation (including discovery requests), mediation, arbitration, settlement and indemnification costs, expenses, judgments and settlements;
- (xxi) all costs, fees and expenses relating to the negotiation and drafting of any amendments, restatements or other modifications to, and compliance with, the Client's Governing Documents or side letter or similar agreements (including any "most favored nation" provisions set forth thereunder), or any other constituent or related documents of the Client, including the costs, fees and expenses associated with preparing and soliciting any consent, waiver or similar acknowledgment from the investors or the advisory committee;
- (xxii) all costs, fees and expenses relating to the dissolution, liquidation or termination of the Client;
- (xxiii) costs and expenses incurred in connection with managing and facilitating stakeholder relationships, which may include attendance at or sponsorship of civic events in such communities, as well as contributions to charitable initiatives or other non-profit organizations, to the extent that the Adviser believes such activities could, directly or indirectly, enhance the value of the Client's investments or otherwise serve a business purpose for, or be beneficial to, the Client or its portfolio companies;
- (xxiv) expenses relating to the preparing, printing and distributing investor reports physically or electronically (including software used to electronically distribute such reports); and
- (xxv) other similar costs, fees and expenses, as well as any other costs, fees or expenses incurred by the Adviser, the Client or the Client's General Partner in connection with the Client's operations that are not specifically set forth herein or in the Advisory Agreement as being paid by the Adviser, and any such costs, fees and expenses that are approved by the advisory committee.

As used throughout this brochure:

"Broken Deal Expenses" means all reasonable costs, fees (including, without limitation, reverse termination fees) and expenses (including, without limitation, IT Expenses, Service Provider Expenses, and T&E Expenses) with respect to transactions that are not consummated (including, for the avoidance of doubt, any portion that might otherwise be attributable to an affiliated investor or to co-investors described in the Client's Governing Documents, including, but not limited to Associates Co-Investment Vehicles) (other than any such expenses resulting from conduct of the Client's General Partner or the Adviser as to which the Client's General Partner or the Adviser would not be entitled to indemnification under the Client's Governing Documents) to the extent that such expenses are not reimbursed by entities in which the Client proposed to invest.

"IT Expenses" means all costs, fees and expenses relating to information technology for the benefit of the Client, the investors in the Client, or a portfolio company or prospective portfolio company (including, without limitation, the costs of acquiring, licensing, developing, implementing and

maintaining computer software and hardware (including but not limited to special and custom computer software and hardware), database and other technological systems, including, without limitation, systems that provide investor-related services (such as virtual data rooms) and related systems and services from data, information or other service providers (*e.g.*, Bloomberg)), and including Service Provider Expenses related thereto.

“Regulatory and Compliance Expenses” means all costs, fees and expenses relating to compliance with tax, securities laws or other legal or regulatory requirements applicable to the Client or the investors of the Client (including preparation and filing of Form PF, Form ID, and Form D and registration or other compliance obligations related to, or arising as a result of, the offering and sale of interests in the Client in any jurisdiction, including any such obligations arising under the AIFMD or the securities laws of any other jurisdiction, or from managing compliance with FATCA or similar regimes).

“Service Provider Expenses” means all costs, fees and expenses (including IT Expenses) of professional and similar services to the Client or the Client’s General Partner or its affiliates, or to any portfolio investment to the extent not paid for by the portfolio company in which such portfolio investment is made, including fees and expenses of legal (including, without limitation, the costs of complying with or interpreting the Governing Documents or any side letter or similar agreement), accounting (including, without limitation, the costs of any associated software or technology systems), audit (including, without limitation, out-of-pocket costs and expenses, if any, associated with any annual or extraordinary audits of the Client or the Client’s General Partner or its affiliates that are attributable to the operation of the Client), investment banking, reporting, valuation (including, without limitation, fees and expenses paid to third-party valuation agents for valuations, appraisals or pricing services), tax preparation, consulting (including, without limitation, consulting fees incurred by the Client for the benefit of its portfolio companies and consulting fees, retainers, and other compensation payable to any Executive Partners or other consultants), marketing, research and other information services (including, but not limited to, research costs of third-party groups, data and information service subscriptions, related systems and services from data providers and data management software, as well as the information technology systems used to obtain such research and other information, third-party diligence software and service providers and subject and industry-matter research and experts), risk management, public relations, due diligence, expert network, administrator services (including, without limitation, third-party administrator service providers even if there is some overlap in services performed by such third-party administrator and Adviser personnel) and other professional and similar services.

In addition, certain Clients will reimburse the Adviser or its affiliate for costs incurred by the Adviser or such affiliate (including costs of personnel, which include, but are not limited to salary, bonus, payroll taxes and benefits) to provide accounting services related to the activities of the Client, which costs shall not, in the absence of consent of the Client’s advisory committee, exceed a fixed annual amount as provided in the Client’s Governing Documents. If personnel perform services for multiple Clients, the Adviser will allocate such expenses among the Clients in accordance with relative aggregate capital subscriptions of the Clients or on such other basis as the Adviser determines in good faith reflects the appropriate allocation of such expenses.

From time to time, the General Partner of a Client creates certain “special purpose vehicles” or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors (“SPVs”). In the event the General Partner creates an SPV, consistent with the Governing Documents of the Client, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV. In addition, expenses of the types borne by a Client but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Client (including, without limitation, expenses of accounting and tax services) may be borne by the Client.

As described herein, the Clients will bear the cost of certain Service Provider Expenses, including IT Expenses. In certain cases, the services or products generating such expenses also benefit the Adviser and/or its personnel. The Adviser will make judgments about the allocation of such costs among the Clients, the Other THL Funds, and the Adviser, 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 Clients bearing more or less of such cost, that the portion of such cost allocated to the Clients is not greater than other Clients’ or Other THL Funds’ relative benefit, or that the portion of the cost allocated to the Adviser, if any, is not lower than the Adviser’s relative benefit. It is expected that in certain cases, the Clients will bear the entirety of such costs, and the Adviser will not bear a portion, even if the Adviser and/or its personnel receive some benefit in connection with the associated service or product.

Co-Investment Vehicle Expenses

As our investors are aware, the Adviser will, from time to time, establish Associates Co-Investment Vehicles (as defined in Item 11 below) through which certain employees of the Adviser or its affiliates, certain business associates or other persons or entities invest alongside one or more Clients in one or more investment opportunities. The Adviser will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Associates Co-Investment Vehicle. The Associates Co-Investment Vehicle will generally bear its pro rata portion of expenses incurred in the making of a consummated investment, to the extent not paid by a portfolio company. Following consummation of an investment, expenses associated with holding an investment will be allocated in accordance with the Adviser’s internal policies and procedures, which allocation may not necessarily be pro rata based on invested capital. If a potential investment is not consummated, the Broken Deal Expenses would be borne entirely by the Client or Clients selected by the Adviser as proposed investors for such proposed investment (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses), rather than the Associates Co-Investment Vehicle or other co-investor. Additionally, for the avoidance of doubt, such co-investment vehicles do not share in other general expenses of the Clients.

As our investors are aware, in certain cases, a co-investment vehicle or other similar vehicle (a “Deal-Specific Co-Investment Vehicle”) established to facilitate the investment by investors alongside a Client may be formed in connection with the consummation of a transaction. In the event a Deal-Specific Co-Investment Vehicle is created, the investors in such vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Deal-Specific Co-Investment Vehicle, to the extent not paid by the portfolio

company. The Deal-Specific Co-Investment Vehicle will generally bear its pro rata portion of expenses incurred in the making of a consummated investment, to the extent not paid by the portfolio company. Following consummation of an investment, expenses associated with holding an investment will be allocated in accordance with the Adviser's internal policies and procedures, which allocation may not necessarily be pro rata based on invested capital. If a potential investment is not consummated, the full amount of any Broken Deal Expenses would be borne by the Client or Clients selected by the Adviser as proposed investors for such potential investment (including, but not limited to, reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses), rather than by the Deal-Specific Co-Investment Vehicle.

In addition, the Adviser and its affiliates have discretion to collect customary fees in connection with investments by a Deal-Specific Co-Investment Vehicle, including, without limitation, Transaction Fees and/or Monitoring Fees that may be attributable to such Deal-Specific Co-Investment Vehicle.

Allocation of Expenses

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Client, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Clients and/or other parties or Other THL Funds. Certain expenses may be the obligation of one particular Client and may be borne by such Client or, expenses may be allocated among multiple Clients and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser and the Other THL Adviser are faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Clients and Other THL Funds with differing fee, expense and compensation structures, the Adviser and the Other THL Adviser have an incentive to allocate investment opportunities to the Clients or Other THL Funds from which the Adviser, the Other THL Adviser, or any related persons derives, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to inherent biases in the process.

The Adviser allocates fees, costs and expenses in accordance with a Client's Governing Documents. To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments, whether or not consummated, between Clients and Other THL Funds, if relevant in proportion to their respective amounts of actual participation or anticipated participation in such transaction.

The appropriate allocation between Clients, Other THL Funds, Adviser Investors and Third Parties of Broken Deal Expenses will be determined by the Adviser and the Other THL Adviser in their good faith discretion, consistent with the Governing Documents of the Clients and Other THL Funds, as applicable. There are occasions when one Client (the "Payor Client") pays (or if paid by the Adviser, reimburses the Adviser for) an expense common to multiple Clients or Other THL Funds (the "Allocated Clients") (e.g., legal expenses for a transaction in which all such Clients participate). Additionally, the Payor Client may be allocated common expenses based on the Adviser's initial estimation of the appropriate allocation of such expenses and will determine at a later date to adjust such allocation based on the Adviser's determination of the appropriate allocation. On such occasions, each Allocated Client will reimburse the Payor Client for its share

of such expense, without interest, promptly after the payment is made by the Payor Client. In addition, there are from time to time occasions where a Payor Client procures borrowing through a subscription line or credit facility (including a NAV Facility, as defined below) in order to make an investment, syndicating out a portion of the investment to other Allocated Clients and/or Co-investment Vehicles or co-investors. Subject to the Governing Documents of the Clients, the Payor Client will bear the entire cost of interest from the borrowing unless such cost is reimbursed by the Allocated Clients, even though the investment may ultimately be made by other such other parties. In such circumstances, the Allocated Client may be required to pay or reimburse the Payor Client for costs incurred by the Payor Client in connection with the investment, subject to the terms and conditions of the Allocated Client's governing documents. While highly unlikely, it is possible that one of such other parties could default on its obligation to reimburse the Payor Client. Any allocation methodology chosen by the Adviser involves inherent conflicts of interest and could result in a greater expense to Clients and portfolio companies than would be the case if such services were provided by third parties.

The Adviser will allocate fees and expenses incurred in connection with the offering and management of a Client between the Adviser and such Client in accordance with the Client's Governing Documents or, to the extent not addressed in such documents, in its sole discretion, in each case using good faith and its best judgment. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary and advisable to ensure allocations are equitable on an overall basis in its good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service will not always reflect the relative benefit derived by such Client from that service in any particular instance and the Adviser will determine an allocation of expenses to be fair and equitable even where a Client is required to bear more than its proportional share of such fees or expenses relative to other Allocated Clients receiving the same service or participating in the same transaction. In addition, a Client will bear more or less of a particular expense based on the number of Allocated Clients the Adviser selects to bear the expense in its initial allocation determination. When making expense allocation determinations, the Adviser generally will allocate an expense to one or more Allocated Clients that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocated Clients that were not in existence or otherwise identified as Allocated Clients at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Adviser will not re-allocate the expense to each such future Allocated Client, and such future Allocated Client(s) will benefit at the expense of other Allocated Clients, including the Clients.

In the event the Adviser is making any determination regarding whether an allocation is fair and equitable, the Adviser will have discretion in such determination, and will typically evaluate facts and circumstances relevant to the particular allocation, which may include consideration of a number of factors that include, without limitation, some or all of the following: timing of the transaction, benefit to a Client to have co-investors participate, relative negotiating power, any contractual requirements, limitations or other provisions, relevant disclosures to the Allocated Clients, whether costs and expenses are incurred for the benefit of one party, and whether costs and expenses are incurred in connection with regulatory, tax, accounting, or similar requirements applicable to a particular party. The application of such considerations is in certain circumstances expected to result in the Adviser determining that it is fair and equitable for a Client bearing more

than its pro rata portion of certain fees, costs and expenses (including Broken Deal Expenses). The Adviser's discretion in making such determination creates a potential conflict of interest as the Adviser may have an incentive to allocate expenses to a particular Client over another Client or other co-investor.

Carried Interest Payments

Please see Item 6 below regarding "Carried Interest" that Clients pay.

Brokerage Fees

When a broker is used in connection with an investment by a Client, such Client will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below. In addition, as described in Item 10, THL has an affiliated broker-dealer. Please also see disclosure in Item 11 - Conflicts of Interest - *Participation of Affiliates in Capital Markets Activities* and - *Conflicts Related to Purchases and Sales* for a discussion of compensation received by this affiliate and related conflict.

Item 6. Performance-Based Fees and Side-By-Side Management

A portion of the profits of each Client is distributed to the Adviser as "carried interest" ("Carried Interest").

The payment of Carried Interest at varying effective rates may create an incentive for the Adviser to disproportionately allocate time, services or functions to Clients paying Carried Interest at a higher effective rate, or allocate investment opportunities to such Clients. Generally, and except as otherwise set forth in the Governing Documents of the Clients, this conflict is mitigated, at least in part, by (i) certain limitations on the ability of the Adviser to establish new investment funds; (ii) contractual provisions requiring certain Clients to purchase and sell investments contemporaneously with other Clients; and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Clients. Investment advice is provided directly to the Clients and not individually to investors in any Client.

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

The Adviser does not have a minimum size for a Client, but the Adviser typically establishes minimum investment commitments for Client investors. The Adviser will from time to time, in its sole discretion, permit investments below the minimum amounts set forth in the Governing Documents or offering documents of a Client.

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

Methods of Analysis and Investment Strategies

The Adviser seeks to identify and acquire growth-oriented businesses, headquartered primarily in North America, in Identified Sector Opportunities (“ISOs”) across three industry verticals: Financial Technology & Services, Healthcare, and Technology & Business Solutions. The Adviser identifies and monitors themes and trends driving growth within industry verticals and constructs investment theses for each such ISO. The Adviser’s team of investment professionals and in-house operating executives (including SRG, as discussed further below) partner with portfolio company management to identify and implement organizational, operational and strategic improvements and to accelerate sustainable revenue and profit growth, both organically and through acquisitions.

Growth Companies

The Adviser focuses on businesses with strong free cash flow conversion that utilize capital efficiently and that it believes will generate attractive returns on invested capital.

Three Sectors of Focus

The Adviser focuses its investment activity in three core industry sectors: Financial Technology & Services, Healthcare, and Technology & Business Solutions. The Adviser also pursues investment opportunities in technologies that improve business processes across these three core industry sectors. For example, certain Clients target companies that provide automation products, software and/or services directly or indirectly to end markets (“Automation Investments”). The Adviser has accumulated deep industry knowledge over decades in these three sectors, which tend to include companies that the Adviser believes exhibit attractive secular growth and free cash flow characteristics.

Notwithstanding the foregoing, while this Brochure contains a description of the types of investments that the Adviser has historically made and information about the Adviser’s expectations with respect to a Client, many factors may contribute to changes in emphasis in the construction of the portfolio and changes with regard to industry and sector focus, including changes in market or economic conditions or regulation applicable to particular industries or sectors and changes in the political or social situations in particular countries. As a result, the Adviser may modify or depart from its initial investment strategy, industry or sector focus, investment process and investment techniques as it determines appropriate.

North American Focus

The Adviser invests in companies headquartered primarily in North America, where the Adviser can leverage its extensive market knowledge and the strength of its relationships and networks in the region, but may also invest in companies headquartered outside of North America. The Adviser believes that North America’s large, growing market remains one of the most attractive for private equity investing, with tailwinds for secular growth, liquid capital markets (which facilitate financings for acquisitions and reacquisitions), deep pools of talented human capital and demonstrated leadership in innovation. Many of the North American companies in which Clients

invest also operate globally and international expansion can be a component of the value creation plan for Clients. The Adviser believes that expanding geographically from a North American base can provide access to attractive global growth with lower risk than investing directly in international markets.

Portfolio Construction

The Adviser's industry exposure changes from Client to Client, generally reflecting the prevailing market conditions and opportunities at the time that each Client's capital is deployed. When seeking to conduct a diversified portfolio, the Adviser focuses on the absolute size of an investment, number of investments, investment pacing, industry concentration, underlying economic drivers and interrelationships among existing portfolio companies. This emphasis on portfolio construction is designed to yield a well-balanced and diversified collection of portfolio company investments.

Risks

Investing in securities involves a substantial degree of risk. A Client may lose all or a substantial portion of its investments, and investors in the Clients must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Clients, include the following:

Highly Competitive Market for Investments

The business of identifying and structuring transactions of the nature contemplated by the Adviser is highly competitive and involves a high degree of uncertainty. The Clients will be competing for investments with other private equity investment vehicles as well as strategic buyers and other institutional investors. The size and number of private equity investment vehicles has grown dramatically in recent years, and it is likely that these trends will continue in the future. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. The Clients may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisers. There can be no assurance that the Adviser will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return, or fully invest its available committed capital. An investor in a Client must rely upon the ability of the applicable General Partner, managing member, or similar and the Adviser to identify, structure and implement investments consistent with the Clients' investment objectives and policies.

Leveraged Nature of Investments

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The Clients' investments will from time to time involve significant leverage, as a result of which economic recessions, operating problems and other general business and economic risks may have a pronounced effect on the profitability or

survival of the Clients' portfolio companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the applicable Client may suffer a partial or total loss of capital invested in the portfolio company.

Lack of Control in Minority Investments

A Client's investments will in certain limited circumstances, either alone or together with other Clients or Other THL Funds, represent a minority position in portfolio companies, without power individually to exert significant control over such portfolio companies' boards of directors, management, operations and strategic direction. Such portfolio companies may have other goals not completely aligned with those of the Clients, and the Clients may not be in a position to limit or influence actions taken by such portfolio companies, or otherwise protect the value of the Clients' investment in such portfolio companies. In such cases, a Client will rely significantly on the existing management and boards of directors of such companies, which may include representatives of other investors with whom the Client is not affiliated and whose interests or views may conflict with those of the Client. Although engaging in a specific transaction or sale of an entire portfolio company may be a beneficial disposition for the Client, the majority holder or holders of interest in the portfolio company may prevent the portfolio company from entering into such transactions, which could result in the Clients' investments being frozen in minority positions that incur substantial losses. Therefore, there can be no assurance that the Client will be able to realize the value of its investments or distribute proceeds from a sale or disposition of a portfolio company in a timely manner. In addition, although the Client will generally seek board representation in connection with its minority investments, there is no assurance that such representation, if sought, will be obtained.

Early Stage Investments

While not typical, certain Clients may make early-stage investments. Early-stage investments may need additional capital to support growth or to maintain their competitive position. Such capital may not be available on attractive terms from private sources. A Client's capital is limited and may not be adequate to protect such Client from dilution in multiple rounds of funding. The public market for emerging opportunistic technology companies is volatile. Such volatility may adversely affect the ability of portfolio companies to raise capital when needed, the ability of the Fund to dispose of investments and the value of the Client's investment securities on the date of sale or distribution.

Growth Equity Transactions

Certain Clients may target growth-equity investments. While growth equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many growth equity portfolio companies will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth equity portfolio companies may face intense competition, including from companies with greater financial resources, better

brand recognition, more extensive development, marketing and service capabilities, and a larger number of qualified managerial and technical personnel.

Financial Market Fluctuations; Political Measures

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

In addition, any change in administration of the U.S. executive government involves uncertainty regarding future political, legislative or administrative changes that may impact the Adviser, the Clients, the Clients' investment programs and limited partners. Uncertainty regarding the consequences of a change in administration may have an adverse effect or may cause volatility in the United States or global economies and currency and financial markets in the short or long term, as well as the values of a Client's investments and its ability to execute its investment strategy or the financial prospects of its investments. Any such changes could impact the laws and regulations applicable to the Adviser, a Client or its investments. While certain of such changes could beneficially impact a Client or its investments, other changes may more beneficially impact competitors, or could adversely impact a Client, its investments or the limited partners.

The Clients' ability to realize investments depends not only on the portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that Clients will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable Clients to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the value of such securities. The current and any future volatility in the financial sector may have a material adverse effect on the ability of Clients to buy, sell and partially dispose of their portfolio company investments. Clients may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and Clients may find themselves unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of adverse market conditions and whether such conditions may change positively or negatively cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. Clients' portfolio

companies may depend on the availability of capital financed from third parties and, to the extent such capital is not available on reasonable terms or at all, those of the Clients' portfolio companies that rely on such capital may be adversely impacted in a manner that they would not have been had they been able to access such capital. In addition, political measures taken in response to market practices or renewed economic instability in the United States or abroad, as well as political measures taken in respect of the automation industry in general, may have an adverse impact on Clients' investments.

Investments in Equity Securities

Certain Clients will seek to invest primarily in equity securities. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the portfolio company issuing such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. Such Clients may experience a substantial or complete loss on individual equity securities.

Long-Term Nature of Portfolio Investments

It is anticipated there will be a significant period of time (generally up to five years or more) before a Client completes its investment program. Investments typically take from three to seven years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures may not provide liquidity for the Client's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of a Client's investments will occur for a significant period of time after a Client's first closing.

Illiquidity of Portfolio Investments

It is anticipated that all or a substantial portion of a Client's investments will consist of securities that are subject to restrictions on sale by the Client because they were acquired from the issuer in "private placement" transactions or because the applicable Client will be deemed to be an affiliate of the issuer. Generally, Clients will not be able to sell these securities publicly in the United States without the expense, time and other burdens required to register the securities under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit limited sales under specified conditions. When restricted securities are sold to the public, Clients may be deemed "underwriters," or possibly controlling persons, with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act.

In addition, practical limitations may inhibit a Client's ability to liquidate certain of its investments in portfolio companies, as the issuer will be privately held and the Client will own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of Clients' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

In most cases, the Client's investments will be long-term in nature and are expected to require many years from the date of investment to the date of disposition. During that time, a portfolio company may not distribute any dividends, royalties or other income to the Client, and, as a result, the Client's investors should not expect to receive any distributions from the Client for an extended period of time. The Client's investments are considered highly speculative and may result in the loss of the Client's entire investment. Because the Client may only make a limited number of investments and because many of the Client's investments may involve a high degree of risk, poor performance by a few of the investments could significantly reduce the total returns to the Client's investors.

Investments in Middle-Market Companies

A Client will generally invest its assets in middle-market companies. Such companies may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new revenue streams could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for specific revenue streams and may be adversely affected by purely local market conditions. To the extent there is any public market for the securities held by a Client, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Middle-market companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial stress or failure, and the risk of bankruptcy or insolvency is often higher. Such companies also may have shorter operating histories on which a Client can judge future performance when making the decision to invest. Lastly, such companies may face intense competition from larger companies and could entail a greater risk to a Client than investment in larger companies.

Many such companies will operate with substantial variations in operating results from period to period. Many of these companies will need substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The nature of such companies described herein may require the General Partner and the Adviser to allocate a disproportionate amount of time, effort and capital towards such companies that could otherwise be allocated to other portfolio companies. This allocation of resources may have an adverse effect on the performance of portfolio companies that did not receive the resources allocated to such less established companies with short operating histories.

Contingent Liabilities on Disposition of Portfolio Investments

In connection with the disposition of an investment in a portfolio company, the Clients may be required to make representations about the business and financial affairs of such portfolio company, and to indemnify the purchasers of such investment if those representations are inaccurate. A General Partner will establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of such Client, the Client's investors may be required to repay to the Client or to pay to creditors of the Client distributions previously received by them.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies

Before making investments in any particular company, the Adviser will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment, including without limitation the sponsor's prior or current relationship with prospective portfolio company through another Client, an Other THL Fund or otherwise. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding a potential investment, the Adviser 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 Adviser carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. In addition, at times, the Clients' transaction opportunities will require rapid execution and investment analyses and decisions by the General Partner may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partner at the time of making an investment decision may be limited, and the General Partner may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the General Partner will have knowledge of all circumstances that may adversely affect an investment. Moreover, such an investigation will not necessarily result in the investment being successful. Outside consultants, legal advisors, accountants, investment banks and other third parties are likely to be involved in the due diligence process to varying degrees depending on the type of investment. The involvement of such third parties may present a number of risks primarily relating to the Client's reduced control of the functions that are outsourced. The General Partner and the Adviser may rely on the findings of these third-party advisors or consultants in making investment and management decisions. Such third parties do not owe any fiduciary duties to the Client or its investors, yet may be entitled to indemnification under the terms of their respective service contracts or other arrangements made with the Client, the General Partner and/or the Adviser, and the costs and expenses of such indemnification would be borne by the Client. In addition, if the Client is unable to timely engage third-party service providers, its ability to evaluate and acquire more complex targets could be adversely affected.

In addition, the Adviser will, in certain circumstances, utilize the expertise and internal operating capabilities of its Strategic Resource Group ("SRG") to create deal sourcing advantages, and to otherwise support an investment. SRG engagement with a portfolio company will vary based on the company, its value creation initiatives and the Adviser's level of ownership and control.

Improvement in Portfolio Company Operations Critical to Investment Success

The success of the Adviser's investment strategy depends on the effectiveness of efforts to improve the operating performance of portfolio companies following investment. Initiatives that may need to be taken in an effort to achieve improvements in operating performance include, among others, introductions of new products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to the achievement of improved operating performance is difficult and often requires

substantial resources. The capabilities and resources of a portfolio company, even with the assistance of a General Partner and the Adviser, may be insufficient to effect such proper identification and implementation, and there can be no assurance that portfolio companies will be successful in achieving improvements in operating performance. The failure to achieve improved operating results following investment is likely to lead to losses or poor returns on investments.

Reliance on the Management of Portfolio Companies

There can be no assurance that any portfolio company's existing management team, or any new team, will be able to operate successfully. In addition, the interests, obligations and duties of a portfolio company's management team may not necessarily (and frequently will not) align with the interests of a Client or the investors. It will be primarily the responsibility of company management to operate each portfolio company business on a day-to-day basis. In addition, instances of fraud, other deceptive practices and/or other misconduct committed by the management teams of portfolio companies may undermine our due diligence efforts with respect to such investments or otherwise adversely affect the operations of a portfolio company. If such fraud, other deceptive practices and/or other misconduct is discovered, it could adversely affect the valuation of a Client's investment and may contribute to overall market volatility that can negatively impact a Client's investment portfolio.

Decisions with respect to the management of a Client will be made by a General Partner with the advice of the Adviser. The success of a Client will depend on the ability of the General Partner and the Adviser to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of investments of a Client at a profit.

Misconduct of Employees and of Third-Party Service Providers

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

Adverse Consequences of Ownership of Controlling Interest in Portfolio Companies

It is expected that a Client (either alone or together with other Clients or Other THL Funds) will often own a controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by the Client, contractual arrangements between the portfolio company and the Client, and other relevant factual circumstances, could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the Client to satisfy debts or other contractual obligations. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damages, product

defects, failure to supervise management, pension and other fringe benefits, violations of government regulations (including securities laws) and other types of liability in which the limited liability generally characteristic of business operations may be ignored. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, a Client will often be thought to control, participate in the management of or influence the conduct of portfolio companies. These factors could expose the assets of a Client to claims by a portfolio company, its other security holders, its employees, its other creditors or governmental agencies. These factors could also make it easier for any claims of a Client against the portfolio company to be subordinated or recharacterized as equity interests compared to similar claims of third parties.

Services Provided by Portfolio Companies

Portfolio companies controlled by a Client may provide services to certain of the Client's investors. This creates a conflict of interest, as the Adviser has an incentive to cause the portfolio company to favor those investors relative to the other portfolio company's clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Client. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Client.

Service on Boards of Directors, Material Non-Public Information, Etc.

Individual members of the General Partner and the Adviser may serve as directors of portfolio companies. In their capacity as directors (or even simply by virtue of the Client's status as a significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties that could adversely affect the Client, and may subject the General Partner, the Adviser and the Client to claims they would not otherwise be subject to, including claims of breach of duty of loyalty, securities law claims and other director-related claims. In general, the Client will indemnify the General Partner, the Adviser, and individual members of the General Partner and the Adviser for such claims.

Additionally, the Client may be unable to sell or otherwise dispose of an investment if a member of the General Partner or the Adviser is in possession of material, non-public information relating to the issuer thereof due to the member's service as a director of such portfolio company. The Governing Documents will not preclude members of the General Partner or the Adviser from serving as directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies. Additionally, the Governing Documents will not require that members of the General Partner or the Adviser serve as directors of portfolio companies, and there can be no assurance that the General Partner or the Adviser will have a legal right to influence the management of any portfolio company.

New Issues

To the extent permitted by applicable law, from time to time a Client may purchase financial instruments that are "new issues," as such term is defined under Financial Industry Regulatory Authority Rule 5130. The risk of loss associated with securities purchased in an initial public offering is greater than those in connection with general securities trading, particularly if a Client

is not able to promptly sell such securities when the Adviser would like, due to regulatory or contractual limitations or market conditions.

Bridge Investments

The Clients, in certain circumstances from time to time, make investments in warrants or equity, equity-like securities or other types of securities or debt instruments as part of, in relation to, to facilitate or to otherwise support the Client's investment activities, on a short-term, unsecured basis with the expectation such investments will be repaid within one year (such investments, a "Bridge Investment"). To the extent not repaid within one year, Bridge Investments could be convertible into a more permanent, long-term security; however, for reasons not always within the Clients' control, such long-term securities may not be issued and such Bridge Investments may remain outstanding. To the extent a Bridge Investment is not repaid or otherwise disposed of within one year, the Bridge Investment may be treated as a portfolio investment of the Clients from the date such Bridge Investment was made. In the event of any such failure to dispose of a Bridge Investment, the Clients' exposure to such portfolio company may exceed the exposure the General Partner would otherwise deem appropriate for the Clients' portfolio construction or diversification. Furthermore, any proceeds or interest the Clients earn on a Bridge Investment may be reinvested. In addition, profits and losses incurred by the Clients on such Bridge Investments (so long as such Bridge Investment is not treated as a portfolio investment, as above) will not be subject to the Clients' distribution schedule as set forth in the Governing Documents, and will be borne by the investors in direct proportion to their capital commitments in the Clients.

Co-Investments; Third-Party Involvement

A General Partner will from time to time offer to certain of the investors in a Client, investors in any parallel fund and third parties the opportunity to co-invest in certain of the Clients' investments ("Co-Investment Opportunities"). The investors participating in any such Co-Investment Opportunity typically pay no or reduced management fees and are typically subject to no or reduced carried interest or expense payment obligations with respect to such Co-Investment Opportunity.

Clients will from time to time co-invest with other Clients, Other THL Funds and invest alongside third parties, including through direct investments, partnerships, joint ventures or other similar arrangements, and such third parties may have larger ownership interests than or similar ownership interests with the Clients or may otherwise share control of the relevant portfolio company with the Clients. Such investments may involve additional risks relating to such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on the portfolio investment, may have economic or business interests or goals that are inconsistent with those of a Client, or may be in a position to take or block action in a manner contrary to the Client's investment objectives. In such case, the Client may not be in a position to take action to protect the value of the Client's investment in the entity. There may also be instances where the Client will be liable for the actions of such third-party co-investors, including the risk that the Client could be deemed to be part of a "partnership-in-fact" with certain co-investors based on joint investment and other activities. There can be no assurance that the return of the Client when participating in a transaction with a third party would be equal to and not

less than the return of any other participant in such transaction, or that such return would have been as favorable as it would have been had such third party not been involved.

Need for Follow-On Investments

Following its initial investment in a portfolio company, a Client may determine to provide additional funds or otherwise increase its investment in such portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurances that the Client will make any follow-on investments or that the Client will have sufficient funds to make all or any such investments. Any determination by the Client to not make a follow-on investment or its inability to make a follow-on investment may have a substantial negative effect on a portfolio company in need of such follow-on investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such determination or inability may result in a lost opportunity for the Client to increase its participation in a successful portfolio company or the dilution of the Client's ownership in a portfolio company to the extent that a third party invests in such portfolio company.

Special Risks Associated with Non-U.S. Investments

A Client will from time to time invest a portion of its capital commitments in portfolio companies that are headquartered and that have their principal operations outside of the United States. These investments involve special risks not typically associated with investments in the securities of issuers located in the United States, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability, (b) differences between U.S. and foreign securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, and the relatively greater price volatility and illiquidity of foreign securities markets, (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another and the possibility of fluctuations in exchange rates, (d) tax-related issues, including the possibility of withholding or other taxes (including on dividends, interest payments or capital gains), confiscatory foreign taxes, and the possibility of double taxation of income earned overseas and (e) increased exposure to liabilities arising from a portfolio company's breach of applicable anti-corruption or other foreign laws or regulations. Because these investments may involve non-U.S. dollar currencies, a Client may be adversely affected by changes in currency rates (including as a result of the devaluation of a foreign currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies.

Clients will from time to time, but are not required to, engage in currency hedging transactions. There can be no assurance, however, that a Client will engage in such hedging transaction at any given time or from time to time, or that such hedging transactions will be available or be available at a reasonable cost, or that such hedging transactions will be effective and actually eliminate the applicable currency risk. Such hedging transactions may even exacerbate any negative impact on a Client resulting from changes in currency exchange rates. While such transactions may reduce certain risks, such transactions themselves entail certain other risks. Thus, while Clients 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 a Client than if it had not entered into such hedging transactions.

Industry Concentration

As described above, the Adviser focuses investments within the following three general categories of industries: (i) Financial Technology & Services, (ii) Healthcare and (iii) Technology & Business Solutions. Concentration within one or a limited number of industries, or in specific technologies, will typically involve risks greater than those of investment funds that are not generally limited in the industries or technologies in which they invest.

Certain Clients' investments will be concentrated in the automation industry or the financial services industry and will be subject to numerous risks that affect the applicable industry as a whole, or specific sectors within that industry. Because of the concentration of such Clients' investments in a single industry, an investment in such Client may be subject to greater risk than an investment in a portfolio representing a broader range of industries.

Investment Concentration

Clients may make concentrated investments in certain portfolio companies. For example, certain Clients may invest up to 20% or more of its capital commitments in any one portfolio company. Further, certain other Clients will invest all or substantially all of their assets in a single portfolio company (or such company and its affiliates). As a result, a loss with respect to any single investment could, and, in the case of a Client that has invested in a single portfolio company (or such company and its affiliates), will, have a significant adverse effect on such Client's returns, and the Client will likely be more exposed to the success or failure of a given investment than another more diversified Client and other diversified funds generally.

Automation Investments

Certain Client's investments are expected to be concentrated in equity and equity-related securities of companies that provide automation products, software or services directly or indirectly to end markets. As a result, events affecting these companies - for example, intellectual property issues (including litigation over proprietary rights to technology), product roll-out delays or failures, rapid obsolescence, constant technical innovation, shifting technical standards, disproportionately large research budgets, marketing expenses and market penetration by competitors and the inability to attract and retain qualified technical and managerial employees will affect the value of the Client's portfolio. Automation companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by these companies to protect their proprietary rights will be adequate to prevent the misappropriation of their technology, or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology.

Uncertainty of Product Development and Research

Certain Clients may invest in companies that have, or will, develop new technologies. Such investments involve a higher degree of risk than more developed technologies. If a portfolio

company is unable to develop innovative new and enhanced products and services on a timely basis, its products may become obsolete and its competitive position will suffer.

Product development is often a complex, time-consuming, and costly process involving significant investment in research and development with no assurance of return on investment. Research is, by its nature, speculative and the ultimate commercial success of a product depends upon various factors, including a portfolio company's ability to (i) identify and adapt to evolve with emerging technological and broader industry trends in its target end-markets, (ii) develop and maintain competitive products, (iii) defend its market share against an ever-expanding number of competitors including many new and non-traditional competitors, (iv) enhance its products by adding innovative features that differentiate its products from those of its competitors and prevent commoditization of its products, (v) develop, manufacture and bring compelling new products to market quickly and cost-effectively, (vi) monitor disruptive technologies and business models, (vii) achieve sufficient return on investment for new products introduced based on capital expenditures and research and development spending, (viii) respond to changes in overall trends related to end market demand, (ix) attract, develop and retain individuals with the requisite technical expertise and understanding of customers' needs to develop new technologies and introduce new products and (x) accelerate time-to-market for new products with improved functionality, ease-of-use, performance, or price. Competitors may also develop after-market services and parts for a portfolio company's products that attract customers and adversely affect such portfolio company's return on investment for new products.

In addition, portfolio companies may encounter unanticipated problems in connection with the development of new products or technologies, and such efforts could ultimately be unsuccessful. For example, a regulatory approval process may take many years, may be extremely expensive and is uncertain. Delays in commercializing products may therefore result in the need to seek additional capital. These various factors may result in abrupt advances and declines in the valuation of particular companies and, in some cases, may have a broad effect on the valuation of companies in particular segments of the automation industry generally.

Dependence on Suppliers

The Clients' portfolio companies may be dependent on third parties that supply equipment, components and services, including finished products, components and raw materials. A portfolio company's reliance on suppliers involves certain risks, including but not limited to (i) an insecure supply chain, which could adversely affect the quality of such portfolio company's product(s) or the ability of such portfolio company to produce such product(s); (ii) increased costs due to a number of potential factors, including exchange rate fluctuations, tariffs, commodity market volatility or other factors; (iii) shortages of components, commodities or other materials. Shortages or delays could adversely affect a portfolio company's ability to deliver its products in a timely manner, which could in turn cause a loss in sales.

Product Liability and Other Claims

Certain portfolio companies, including but not limited to those in the warehouse and distribution market, may be exposed to potential liability risks that are inherent in the testing, manufacturing, marketing and sale of products, including exposure to product liability claims. Such companies

could be subject to product liability lawsuits alleging that component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or information could result in an unsafe condition or injury. Insurance coverage for product liability claims is expensive and difficult to obtain, and any liability claim, regardless of its ultimate outcome, may have a material adverse effect on the business or financial condition of a portfolio company and, by extension, a Client.

Dependence on Patents and Other Intellectual Property

Certain of the Clients' portfolio companies may rely on proprietary technology, as well as the technical expertise, creativity, and knowledge of portfolio company personnel. Software piracy and reverse engineering may result in counterfeit products. Although a portfolio company may use a variety of methods to protect its intellectual property, a portfolio company will likely depend heavily on patent, trademark, copyright, and trade secret protection, as well as non-disclosure agreements with customers, suppliers, employees, and consultants. These measures, however, may not be adequate to protect a portfolio company's proprietary technology, protect a portfolio company's patents from challenge, invalidation or circumvention, or ensure that a portfolio company's intellectual property will provide it with a competitive advantage.

A portfolio company's pending and future patent applications may not issue as patents or, if issued, may not issue in a form that will provide such portfolio company with any meaningful protection or any competitive advantage. In addition, patents may be challenged, narrowed, invalidated, or circumvented, which could limit a portfolio company's ability to stop competitors from developing and marketing similar products or limit the length of terms of patent protection it may have for its products. Additionally, changes in patent laws or their interpretation in the United States and other countries could also diminish the value of a portfolio company's intellectual property or narrow the scope of a portfolio company's patent protection. In addition, the laws of non-U.S. jurisdictions may not protect a portfolio company's rights to the same extent as the laws of the United States. As a result, a portfolio company's patent portfolio may not provide it with sufficient rights to exclude others from commercializing products similar to its own.

Regulatory Risks

The industries within which the Adviser intends to invest may be subject to additional regulatory risks compared to other industries. Certain regulations may prevent Clients from making certain investments that a Client otherwise would make. Other regulations may require Clients to incur substantial additional costs or lengthy delays in connection with the completion of an investment, or substantially reduce the value of the investments made by the Client. More generally, regulatory changes may occur at any time and with respect to any industry and any such changes could adversely affect the Adviser's ability to achieve a Client's investment objectives.

Reputational Risks

The Adviser's business and portfolio companies of Clients and their products or services may from time to time face public attention and scrutiny. If the Adviser and/or the General Partner of the Client is unable to successfully manage these risks, it could face reputational harm, which could negatively affect the Adviser's business or investments in or made by the Client. If concerns

should arise about the actual or anticipated outcomes of a product or service provided by a Client's portfolio company, such concerns could adversely affect the perception of such products or services, the portfolio company, the Client and/or the Adviser and may ultimately lead to a decline in the value of investments in or made by the Client.

Market Disruption, Health Crises, Terrorism and Geopolitical Risk

Clients are subject to the risk that war, terrorism, climate change, social unrest and related and unrelated geopolitical and other new or novel market-disrupting events, as well as outbreaks of infectious disease, pandemics or any other serious public health concerns, may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. These events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Such events, as well as other changes in world economic, social and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase. The Adviser's and its affiliates' financial condition is likely to be adversely affected by a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that are likely to have a material adverse effect on the Adviser's and its affiliates' business and operations and thereby are likely to impact a Client. Moreover, a sustained downturn in the United States or global economy (or any particular segment thereof) or weakening of credit markets is likely to adversely affect a Client's profitability, impede the ability of the Client's portfolio companies to perform under or refinance their existing obligations, and impair the Client's ability to effectively exit its investments on favorable terms. Any of the foregoing events are likely to result in substantial or total losses to the Client in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a particular portfolio company's capital structure.

In addition, any outbreak of disease epidemics or pandemics such as the severe acute respiratory syndrome, avian influenza, H1N1/09 or other infectious diseases, including most recently, the coronavirus (COVID-19), together with any resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, may meaningfully disrupt the global economy and markets.

Any of the above could also result in (a) the lack of availability or price volatility of raw materials or component parts necessary to a portfolio company's business, (b) disruption of regional or global trade markets and/or the availability of capital or leverage, (c) trade or travel restrictions which impact a portfolio company's business and/or (d) a general economic decline and have an adverse impact on a Client's value, a Client's investments, or a Client's ability to source new investments. The spread of an epidemic or pandemic among the Adviser's personnel and its service providers would also significantly affect the Adviser's ability to properly oversee the affairs of a Client (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Client's investment activities or operations. The full effects, duration and costs of these

epidemics or pandemics are impossible to predict, and the circumstances surrounding any outbreak evolve continuously.

Inflation

The U.S. economy is currently in a period of high inflation. Investments could have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, an investment could earn more revenue but could incur higher expenses. As inflation declines, an investment might 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. Accordingly, there can be no assurance that a higher rate of inflation will not have a material adverse effect on the Fund's investments.

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). The following day, the United States, United Kingdom and European Union 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 United States, United Kingdom, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. Further sanctions may be forthcoming, and the U.S. and allied countries have committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions have had a negative impact on the economy and business activity globally (including in the countries in which a Client invests), and therefore could adversely affect the performance of a Client's investments. Furthermore, given the ongoing and evolving nature of the conflict between Russia and Ukraine and its ongoing escalation (such as Russia's recent 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 Client and the performance of its investments or operations, and the ability of the Client to achieve its investment objectives.

The Russian invasion of Ukraine may have a significant adverse impact on, and result in significant losses to, the Client and its portfolio investments. In particular, the portfolio companies of the Client may suffer significant increases in operating costs (including, among other reasons, as a result of the substantial increase in energy and commodity prices and potential supply chain disruption), losses from cyberattacks, significant reductions in revenue and growth, increased foreign exchange risk and/or unexpected operational losses and liabilities. It may also limit the ability of the Client to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (sanctions-related, military or otherwise) may cause additional disruption and constrain or alter existing financial,

legal and regulatory frameworks and systems in ways that are adverse to the investment strategy that the Client intends to pursue, all of which could adversely affect the Client's ability to fulfil their investment objectives.

United Kingdom Exit from the European Union.

The United Kingdom left the European Union on January 31, 2020 (commonly referred to as "Brexit"). During an 11-month transition period, the United Kingdom and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the United Kingdom from January 1, 2021. The Trade and Cooperation Agreement does not provide the United Kingdom with the same level of rights or access to all goods and services in the European Union as the United Kingdom previously maintained as a member of the European Union and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services, which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the United Kingdom and the European Union.

From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Clients and their investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Clients.

The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates the regulation of the provision of financial services within and to persons in the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Clients and their portfolio companies, including the ability of the Clients to achieve their investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Adviser to manage, operate and invest the Clients and increased legal, regulatory or compliance burden for the Adviser and/or the Clients, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Clients.

Areas where the uncertainty created by the United Kingdom's withdrawal from the European Union is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of the Clients' portfolio companies and the ability to achieve the investment objectives of the Clients.

Israel-Hamas War.

On October 7, 2023, the Hamas militant group breached the fences separating Israel and Gaza and carried out a violent terrorist attack. The foregoing attack sparked an armed conflict, which is currently ongoing, between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war. Although since the establishment of the State of Israel a state of hostility has existed in varying degrees of intensity between various Arab countries and Israel, the current conflict between Israel and Hamas has escalated to a heightened level not seen in recent years and may escalate further. Additionally, while Israel has entered into peace agreements with both Egypt and Jordan, and several other Middle Eastern and North African countries have normalized relations with Israel, the 2023 Israel-Hamas war has created tremendous unrest and uncertainty in the region, which may threaten any such peace agreements. A further expansion of the hostilities between Israel and Palestine could have significant international ramifications. The 2023 Israel-Hamas war could potentially have a significant adverse impact and result in significant losses to the Clients, including those described above in "Russian Invasion of Ukraine". The ultimate impact of the Israel-Hamas war and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Clients or any particular industry, business or investee country, and the duration and severity of those effects is impossible to predict.

Recent Regulatory Developments for Private Funds and their Advisers.

In recent years, the SEC has proposed and adopted, and continues to adopt, various changes to the rules relating to private funds and their advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the "Private Funds Rules") under the Advisers Act specifically related to advisers of private funds.

The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. The Private Funds Rules, in addition to any other new rules adopted by the SEC, are expected to significantly impact the business of the Adviser and its affiliates, a Client and/or its investments. As a result of the new rules, the Adviser may be restricted or refrain from providing information regarding a Client in response to investor requests. The Adviser will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in a Client (i.e., all side letter terms), without regard to any most favored nation provision. This

may ultimately impact the Adviser's decisions with respect to agreeing to certain preferential rights. The Private Funds Rules include certain audit requirements, which may require the Adviser to select a different auditor or obtain an additional audit, even if the Adviser does not believe it is in the best interest of a Client or its investors to do so. Further, many provisions of the Private Funds Rules require the Adviser to make a variety of subjective determinations as to whether and how such rules apply to a Client and the Adviser's related obligations. The Adviser will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a Client, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. The Adviser's and a Client's compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. The Adviser also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Funds Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact a Client's reputation as well as its investment activities, thereby materially reducing returns to investors.

Several trade groups representing private fund managers have filed a legal challenge to the Private Funds Rules and other legal challenges to the Private Funds Rules may be forthcoming. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds.

Legal Risk, Litigation and Regulatory Action

Clients, Clients' General Partners, the Adviser and their affiliates are subject to a number of risks, including changing laws and regulations, developing interpretations of such laws and regulations, and increased scrutiny by regulators and law enforcement authorities. Some of this evolution may be directed at the private fund industry in general or certain segments of the industry, and may result in scrutiny or claims against a Client, a General Partner, the Adviser or their affiliates directly for actions taken or not taken by the Client, the General Partner or the Adviser.

These risks and their potential consequences are often difficult or impossible to predict, avoid or mitigate in advance, and might make some investment opportunities unavailable to a Client or have an adverse impact on a Client's underlying activities, its portfolio investments and investment opportunities or change the functioning of the capital markets. The effect on a Client, a General Partner, the Adviser or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse. Certain of a Client's investments may be materially adversely affected by the foregoing events, or by similar or other events in the future.

Consequently, the Client may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing their risks.

LIBOR Replacement and Other Reference Risk Rates

A Client's payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may be tied to floating rates, such as the London Interbank Offered Rate ("LIBOR"). In 2017, the UK Financial Conduct Authority ("FCA") announced its intention to cease compelling banks to provide the quotations needed to sustain

LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after March 28, 2024. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies (*e.g.*, the Secured Overnight Financing Rate for U.S. dollar LIBOR and the Sterling Overnight Interbank Average Rate for GBP LIBOR). Various financial industry groups have been planning for the transition away from LIBOR and markets are developing in response to these new rates, but questions around the liquidity of the new rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on a Client. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses for a Client. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time. The Adviser is unlikely to be in a position to make individualized determinations regarding replacement benchmark rates based on the particular impact to each affected Fund investment.

Absence of Investment Company Act Registration

No Client has registered and no Client intends to register with the SEC as an investment company pursuant to the Investment Company Act of 1940, as amended (the “Investment Company Act”), in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of the Investment Company Act are not applicable to Clients.

If the SEC or a court of competent jurisdiction were to find that a Client is required to have, but in violation of the Investment Company Act had failed to, register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) the Client’s investors could sue the Client and recover any damages caused by the violation; and (iii) any contract to which the Client is party that is made in, or whose performance involves, a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should a Client be subjected to any or all of the foregoing, the Client would be materially and adversely affected.

Projections

The Adviser will from time to time rely upon projections, forecasts or estimates developed by the Adviser, portfolio companies or prospective portfolio companies concerning such company’s future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Adviser’s control. Actual events may differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates and U.S. and non-U.S. business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or

projections can be realized or that actual returns for the Clients or their portfolio companies or results will not be materially lower than those estimated or targeted therein.

Failure to Achieve Investment Objectives

There can be no assurance that the Adviser will be able to achieve a Client's targeted returns or investment objectives. Any given investment may prove to be worthless. Investors in Clients should be able to absorb a loss of some or all of the capital invested in the Clients. There can be no assurance that any investor in a Client will receive any distributions from the Client.

Clients Investing Alongside Other Clients and/or Other THL Funds

Clients will from time to time co-invest with other Clients or Other THL Funds. As a result, such Client may rely on the management of such other Client or Other THL Funds to identify, structure and implement investments. Furthermore, there can be no assurance that such other Client or Other THL Funds will always be controlled or managed by the Adviser or its affiliates.

The Alternative Investment Fund Managers Directive and the Alternative Investment Fund Managers Regulations

The Alternative Investment Fund Managers Directive 2011/61/EU, including all national, implementing or supplementary measures, laws and regulations ("AIFMD") and the United Kingdom Alternative Investment Fund Managers Regulations 2013 as amended including by the European Union (Withdrawal) Act 2018 and Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 (the "AIFM Law") may have an adverse effect on the continued operation of the Client where interests are offered to or placed with investors in the European Economic Area (the "EEA") and the United Kingdom (the "UK").

The AIFMD or the AIFM Law may have an adverse effect on the continued operation of Clients in a number of ways. The extent to which the Adviser or any person acting on their behalf can market Clients in an EEA Member State or the UK is restricted. This could limit the Adviser's ability to attract investors based in those EEA Member States or the UK, resulting in a reduction in the overall amount of capital raised by Clients which limits, in turn, the range of investment strategies and investments that a Client is able to pursue and make. The Adviser may be required to comply with additional initial disclosure, annual reporting and regulatory filing requirements in relation to a Client and in certain EEA Member States it may be required to comply with registration requirements, including the requirement to appoint a depositary. Compliance with these requirements may result in additional costs to Clients, reducing the returns for investors. The need to comply with the registration requirements may also delay Clients' capital raising process, in turn reducing the speed with which the Adviser can deploy the capital raised.

The AIFMD or the AIFM Law imposes certain requirements and restrictions on a Client where the Client acquires control of an EEA or UK portfolio company, respectively. The EEA or UK portfolio company requirements will include the requirement to make certain notifications and disclosures where a Client acquires or disposes of shares in an EEA or UK portfolio company. The restrictions will include restrictions on the extent to which a Client can bring about or support distributions, acquisition of shares or reductions in the capital of an EEA or UK portfolio company. These requirements and restrictions may limit the use of certain investment and realization

strategies, such as dividend recapitalizations and reorganizations. These requirements and restrictions may also place the Adviser and its Clients at a disadvantage as against competitors that do not use a fund structure or whose fund(s) have not been marketed in any EEA Member State or the UK. In addition, compliance with these requirements and restrictions may result in additional costs to Clients, reducing the returns for investors.

There is a risk that the Adviser may breach the requirements imposed by the AIFMD or the AIFM Law as a result of the differing manner in and the extent to which the AIFMD or the AIFM Law is being implemented in various EEA Member States and the UK. This uncertainty increases the risk of a breach by the Adviser in an EEA Member State or the UK of the requirements imposed by the AIFMD or the AIFM Law, respectively. Such a breach may result in a regulatory authority or court in that or another EEA Member State or the UK requiring the Adviser to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against the Adviser or one or more Client. This may result in a reduction in the overall amount of capital available to such Client(s), which limits, in turn, the range of investment strategies and investments that such Client(s) is or are able to pursue and make or otherwise result in a loss to such Client(s). Furthermore, there is a risk that the AIFMD or the AIFM Law will be interpreted differently by each EEA Member State or the UK. This may have an adverse effect on the marketing and/or operation of Clients and may result in additional costs, reducing the returns for investors.

As a non-EEA AIFM or non-UK AIFM, the Adviser is not required to comply with all of the requirements set out in the AIFMD or the AIFM Law. Accordingly, and subject to the below, investors in a Client will not receive the full protections or benefits available under the AIFMD or the AIFM Law, which would otherwise be available to investors in an AIF managed by an EEA AIFM or a UK AIFM, respectively.

Notwithstanding the above, in certain or all EEA Member States and the UK, the Adviser may choose not to market a Client at its own initiative or otherwise take any action that would result in the AIFMD or the AIFM Law applying to the Adviser, a Client or a General Partner. In this respect, the Adviser would only accept investors where the Adviser concludes that such investors approached the Adviser, a Client or a General Partner or someone acting on their behalf at their own initiative or that the AIFMD or the AIFM Law would not otherwise apply to the Adviser, a Client or such General Partner or any persons acting on their behalf. There is a risk that an EEA Member State or UK regulatory or governmental authority may reach a different conclusion to the Adviser and find that the relevant measures taken in order to give effect to or supplement the AIFMD or the AIFM Law in one or more EEA Member States or the UK do apply to the Adviser, a Client or a General Partner. Such a finding may result in a regulatory or governmental authority or court in one or more EEA Member States or the UK requiring the Adviser, a Client or a General Partner to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against the Adviser, a Client or a General Partner. This may result in a reduction in the overall amount of capital available to a Client, which limits, in turn, the range of investment strategies and investments that the Client is able to pursue and make or otherwise result in a loss to the Client. If an investor approaches the Adviser, a Client or a General Partner or someone acting on their behalf at the investor's own initiative, as the Adviser will not be required to comply with any of the requirements of the AIFMD or the AIFM Law with which a non-EEA manager or non-UK manager registered under the AIFMD or the AIFM Law is otherwise

required to comply, investors will not receive the protections or benefits available under the AIFMD or the AIFM Law, including initial disclosure requirements and periodic reporting on illiquid assets and leverage.

On April 15, 2024, the finalized text of a directive (known as “AIFMD II”) came into force. AIFMD II will apply from April 10, 2026, subject to grandfathering provisions. AIFMD II includes significant new or amended requirements in respect of, among other things, delegation, loan origination, liquidity risk management, data reporting, depositaries and public disclosure via the European Single Access Point. In particular, there are new requirements that may apply in respect of certain loan origination activity including lending restrictions and risk retention requirements. Each of the new or amended requirements under AIFMD II could have an impact upon the Adviser, the Clients, their investments and/or other costs or expenses that investors are required to bear.

Sustainability Risks

While the Adviser has a sustainability program, its Clients are not sustainability funds. The Adviser’s integration of sustainability factors into the investment decision making and monitoring process does not mean that sustainability is the sole, or primary consideration for such investment decisions, or that sustainability is considered at all. The extent of the Adviser’s consideration of sustainability factors varies depending on numerous factors, including the nature of the portfolio company’s business, the size of a Client’s investment and the level of control the Client has over the company. The Adviser believes that while sustainability factors can impact a portfolio company’s performance, such sustainability factors are just some of a number of factors considered in the overall due diligence and monitoring process and do not by themselves drive the selection or exclusion of a particular investment. Sustainability, to the extent considered, is only one of many considerations that the Adviser takes into account when making investment decisions, and other considerations can be expected to outweigh sustainability considerations. Additionally, it should not be assumed that any sustainability initiatives, standards, or metrics the Adviser considers, if considered, will apply to each asset in which the Adviser invests or that they have applied to each of the Adviser’s prior investments.

If and to the extent that the Adviser engages with companies on sustainability-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Adviser will depend on the Adviser’s skill in properly identifying and analyzing material sustainability and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful. Considering sustainability qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Adviser’s view of certain sustainability-related and other factors, and carries the risk that the Adviser may underperform funds that do not take any sustainability-related factors into account because the market may ultimately have a different view of a particular company’s performance than that anticipated by the Adviser.

Consideration of sustainability factors, if and to the extent considered, may affect the Adviser’s exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Adviser’s performance depending on whether such investments are in or out of favor. Considering sustainability attributes in investment decisions is qualitative and subjective

by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will reflect the beliefs or values of any particular investor. In evaluating a company, the Adviser is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the Adviser to incorrectly assess a company's sustainability practices and/or related risks and opportunities. Sustainability-related practices differ by region, industry and issue and are evolving accordingly, and a company's sustainability-related practices or the Adviser's assessment of such practices may change over time.

Further, sustainability practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and the Adviser's adoption and adherence to any such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of sustainability factors. The Adviser's sustainability policies could become subject to additional regulation in the future, and the Adviser cannot guarantee that its current approach will meet future regulatory requirements.

Retirement Plan and U.S. State-Specific Sustainability Considerations

In recent years, a number of U.S. states have adopted and continue to adopt new laws, regulations and policies which may expressly restrict the ability of state, municipal and other governmental plans or public university endowments to make or exclude certain investments, including investments that state regulators designate as supporting or boycotting the fossil fuels or arms manufacturing industries. In addition, certain state pension plans are currently operating, or may in the future operate due to law or policy, in a manner that restricts their ability to consider some or all environment, social and governance factors in making investment or proxy voting decisions. U.S. state pension plans may also require funds to make certifications regarding the consideration of sustainability factors in the fund's own investment process or proxy voting procedures. As a result, there may be limitations on the ability of a Client to accept capital from certain investors and the Client may have to require or allow certain investors to withdraw from the Client. Moreover, such current or future state laws or policies may preclude the Client from making investments that it otherwise finds desirable and could require the Client to liquidate or dispose of investments at a disadvantageous time, resulting in lower proceeds to the Client than might have otherwise been the case. Such current or future state laws also may preclude the Client from certain proxy voting decisions that it believes to be advantageous to investors. This is an evolving area of law and policy, and future developments may be adverse to the Client and its investors.

In addition, the extent to which sustainability factors should or may play a role in an ERISA plan fiduciary's investment decisions is addressed in recently finalized Department of Labor regulations. The future status of such regulations has been the subject of various ongoing legal challenges and vigorous political and public debate which may not be conclusively resolved for some time.

The Sustainable Finance Disclosure Regulation

The European Union's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (as amended from time to time, the "SFDR") sets out certain environmental, social, and governance ("ESG")/sustainability disclosure requirements for

alternative investment fund managers undertaking fund management activities or marketing fund interests to investors within the EEA.

The SFDR, along with other sustainability and ESG requirements that may, in the future, be imposed by other jurisdictions in which the Adviser does business and/or in which Clients are marketed, may result in additional compliance costs, disclosure obligations or other implications or restrictions on the Adviser and its Clients, including the requirement to capture information or data about the Clients or their investments and undertake a periodic assessment of the principal adverse impacts of the Clients' impact on sustainability factors. Additionally, the Adviser may be required to classify itself or the Clients against certain sustainability criteria, some of which can be open to subjective interpretation. The Adviser's view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. A change to the relevant classification may require further actions to be taken, for example it may require further disclosures by the Adviser or Clients or it may require new processes to be set up to capture data about a Client or its investments, which may lead to additional cost to be borne by Clients. Additionally, the classification of Clients into a certain sustainability category may make it more difficult for Clients to raise its targeted amount of capital commitments as such classification may not reflect the beliefs or values of a particular investor in the manner of which another classification otherwise would.

Economic Sanctions Laws

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

Anti-Corruption & Anti-Boycott Considerations

The U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act ("UKBA") and other anti-corruption and anti-bribery laws, as well as U.S. anti-boycott regulations, may impact the General Partner, the Client and the Client's portfolio companies. A Client may be adversely affected or miss out on opportunities because of the General Partner's unwillingness to participate in transactions that potentially violate such laws and regulations. Such laws and regulations may make it difficult in certain circumstances for a Client to act successfully on investment opportunities or to obtain or retain business. In recent years, U.S. regulators have been

increasingly focused on private equity sponsors' compliance with the FCPA. Any determination that the General Partner, a Client, its portfolio companies or any of their respective officers, directors or employees has violated the FCPA, the UKBA or other applicable anti-corruption laws, anti-bribery laws, or U.S. anti-boycott regulations, could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect the Client's business prospects and/or financial position, as well as the ability to achieve its investment objective and/or conduct its operations.

Public Disclosures; Freedom of Information Act

Certain investors or their beneficial owners will be subject to state, federal, or non-U.S. public records or similar freedom of information laws, which may compel public disclosure of confidential information regarding a Client, the portfolio companies and the other investors, and the Client may be required to disclose otherwise confidential information. The amount of information about their investments that is required to be disclosed has increased over time, and that trend may continue. To the extent that disclosure of confidential information relating to the Client is required, the Client and its portfolio companies may be adversely affected. The General Partner may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors, unless such investors and the General Partner agree upon other mutually agreeable means of providing such information to the investors that would be legally sufficient to prevent such disclosure. Similarly, due to confidentiality concerns, certain portfolio companies may not permit the Client to fully disclose information regarding the portfolio company. Due to these considerations, the General Partner will not be able to provide information that an investor finds necessary to meet its own legal obligations. Conversely, potential future regulatory changes applicable to investment advisors and/or the accounts they advise could result in the Adviser and/or the portfolio companies becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain. There can be no assurance that any confidential information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise, including for purposes of complying with regulations or policies to which the Client, the General Partner, the Adviser, their affiliates, portfolio companies or third-party service providers to any of them may be or become subject.

HSR Act Regulation and Enforcement

Acquisition by a Client of equity securities may result in reporting and compliance obligations under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). Compliance with the HSR Act could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating the Client, and/or infringe upon the ability of the Client to engage in certain transactions.

Pay-to-Play Laws, Regulations, and Policies

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 an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If the General Partner, the Adviser, 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 a Client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Valuation of Assets

The Adviser determines the value of investments pursuant to its valuation policy, as in effect from time to time, which provides that fair value is determined in accordance with U.S. Generally Accepted Accounting Principles, particularly Accounting Standard Codification 820, Fair Value Measurements. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Client's assets. With respect to a Client, the exercise of discretion in valuation by the Client's General Partner gives rise to conflicts of interest as valuations (including, for instance, determination of when an investment should be written down or written off) impact the Adviser's track record and the Advisory Fee base is impacted by investments that have been written off.

Cybersecurity Risk

With the increased use of technologies such as the internet and cloud-computing and the dependence on computer systems to perform necessary business functions, investment vehicles (including Clients), their portfolio companies and their service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of a Client, a General Partner, the Adviser, a Client's portfolio companies and/or any of their third-party service providers may adversely impact a Client or its limited partners. For instance, cyber-attacks may interfere with the processing of a Client's limited partner transactions, impact the Client's ability to value its assets, cause the release of private information or confidential information of the Client, impede trading, cause reputational damage, and subject the Client to regulatory fines, increased insurance premiums, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Client's investors or to transfer funds to unauthorized third parties. The Adviser and the Clients' service providers may be subject to ransomware or other attacks that could cause a substantial business disruption or loss of availability of data that could prevent a Client and Adviser from executing its investment strategy or accessing an account, which could lead to financial losses. The Client may also incur substantial costs for cybersecurity risk

management in order to prevent any cyber-incidents in the future. The Client and the Client's limited partners could be negatively impacted as a result. While the Client or the Client's service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cybersecurity risks are also present for issuers of securities or other instruments or portfolio companies in which a Client invests, which could result in material adverse consequences for such issuers, and may cause the portfolio investments therein to lose value. In addition, the Adviser may incur substantial costs related to forensic analysis and remediation of the cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Risks of Artificial Intelligence ("AI").

The Adviser's ability to use, manage and aggregate data may be limited by the effectiveness of its policies, systems and practices that govern how data is acquired, validated, used, stored, protected, processed and shared. Failure to manage data effectively and to aggregate data in an accurate and timely manner may limit the Adviser's ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including AI. To the extent that the Adviser restricts certain uses of third-party and open source AI tools, such as ChatGPT, the Adviser's employees and consultants and a Client's portfolio companies may use these tools, which poses additional risks relating to the protection of the Adviser's and such portfolio companies' proprietary data, including the potential exposure of the Adviser's or such portfolio companies' confidential information to unauthorized recipients and the misuse of the Adviser's or third-party intellectual property, which could adversely affect the Adviser, a Client or its portfolio companies. Use of AI tools may result in allegations or claims against the Adviser, a Client or its portfolio companies related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information and failure to comply with open-source software requirements. Additionally, AI tools may produce inaccurate, misleading or incomplete responses that could lead to errors in the Adviser's and its employees' and consultants' decision-making, portfolio management or other business activities, which could have a negative impact on the Adviser or on the performance of a Client and its portfolio companies. Such AI tools could also be used against the Adviser, a Client or its portfolio companies in criminal or negligent ways. As the use and availability of AI tools has grown, the U.S. Congress and a number of U.S. federal and state agencies have been examining the AI tools and their use in a variety of industries, including financial services. These agencies have issued proposed or adopted a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI generally or AI's use in any industry in particular may alter, perhaps to a materially adverse extent, the ability of the Adviser, a Client or its portfolio companies to utilize AI in the manner it has to-date, and may have an adverse impact on the ability of the Adviser, a Client or its portfolio companies to continue to operate as intended.

Custody and Banking Risks

The Clients will maintain funds with one or more banks or other depository institutions ("banking institutions"), which may include U.S. and non-U.S. banking institutions, and may enter into credit

facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Clients, their portfolio companies, the General Partner and/or the Adviser transact may inhibit the ability of the Clients or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Clients may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Clients. In the event of such a failure of a banking institution where a Client or one or more of its portfolio companies holds depository accounts (including accounts used for depositing principal and interest payments from borrowers on loans owned by the Client) access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Clients and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Clients or their portfolio companies. One or more investors or a General Partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a General Partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

Inflation

The U.S. economy is currently in a period of high inflation. Investments could have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, an investment could earn more revenue but could incur higher expenses. As inflation declines, an investment might 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. Accordingly, there can be no assurance that a higher rate of inflation will not have a material adverse effect on the Clients' investments.

Interest Rate Risks

Clients have, and are expected to continue to have, both directly and indirectly through portfolio investments, exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect Clients. Over any defined period of time, a Client's assets may be more sensitive to changes in market interest rates than such Client's liabilities. For example, an increase in interest rates could increase the debt service burden on a Client's portfolio investments, make it more costly to refinance the debt of a Client's portfolio investments and cause a decrease in value in such Client's debt investments. Factors that affect market interest rates include without limitation:

- inflation;

- slow or stagnant economic growth or recession;
- unemployment;
- money supply and the monetary policies of the Board of Governors of the U.S. Federal Reserve System, the European Central Bank and other monetary system participants;
- the actions of other market participants;
- international disorders; and
- instability in domestic and non-U.S. financial markets.

Clients expect to periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, a Client may not be able to manage this risk effectively. Failure to manage interest rate risk effectively could adversely affect a Client's performance.

Impact of Natural or Man-Made Disasters; Disease Epidemics or Pandemics

Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organized public funding for natural emergencies, and natural disaster early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual portfolio company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other power sources are restored and operations of the portfolio company can be resumed. The sponsor, the General Partner, the Clients and their portfolio companies could also be at risk in the event of such a disaster. The magnitude of future economic repercussions of natural disasters may also be unknown, may delay a Client's ability to invest in certain companies, and may ultimately prevent certain investments entirely.

Portfolio companies of the Clients may also be negatively affected by man-made disasters. For example, certain countries' consumer food industries have been subject to the threat of inappropriate food tampering. Publicity of such types of man-made disasters may have a significant negative impact on overall consumer confidence, which in turn may materially and adversely affect the performance of portfolio companies, whether or not the portfolio companies are involved in such man-made disaster.

The COVID-19 pandemic has caused severe disruptions in the U.S. and global economy, has disrupted, and may continue to disrupt, industries in which the Clients operate and could potentially negatively impact the Clients or the Client's investments. The effects of COVID-19 have led to significant volatility and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, particularly as new variants continue to emerge, the potential effects, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. This uncertainty has been exacerbated by issues with the availability and acceptance of vaccines both in the U.S. and globally. The continued spread of the virus globally

could lead to a protracted world-wide economic downturn, the effects of which could last for some period after the pandemic is controlled and/or abated.

In addition, any outbreak of disease epidemics or pandemics such as the severe acute respiratory syndrome, avian influenza, H1N1/09 or other infectious diseases, including most recently, the novel coronavirus (COVID-19), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted, and is expected to continue to meaningfully disrupt, the global economy and markets. COVID-19 has caused, and is expected to continue to cause, ongoing material adverse effects across aspects of the global economy. In particular, such an outbreak has (x) adversely affected, and is expected to continue to adversely affect, the investments of Other THL Funds (including a Client) and other investment vehicles managed by the sponsor and the industries in which they operate, and (y) resulted in the closure of the sponsor's and certain portfolio companies' physical offices or other businesses, including office buildings, retail stores and other commercial venues. Any outbreak of disease epidemics or pandemics could also result in (a) the lack of availability or price volatility of raw materials or component parts necessary to a portfolio company's business, (b) disruption of regional or global trade markets and/or the availability of capital or leverage, (c) trade or travel restrictions which impact a portfolio company's business and/or (d) a general economic decline and have an adverse impact on a Client's value, a Client's investments, or a Client's ability to source new investments. The spread of an epidemic or pandemic among the Adviser's personnel and its service providers would also significantly affect the Adviser's ability to properly oversee the affairs of a Client (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Client's investment activities or operations. The full effects, duration and costs of these epidemics or pandemics are impossible to predict and the circumstances surrounding any outbreak evolve continuously.

Tax Legislation Adversely Affecting Adviser Employees and Other Service Providers

The Adviser's ability to achieve the investment objectives of the Clients 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. The Adviser's ability to recruit, retain and motivate its professionals is dependent on its ability to offer highly attractive incentive compensation. Tax law is subject to change and various historic and current legislative proposals could affect the Clients and the investors. Under current law, gains in respect of a General Partner's right to carried interest will be subject to a three year "holding period" in order to be classified as "long term capital gains," while the corresponding holding period requirement with respect to limited partners is one year. This holding period requirement and any other legislation or guidance with respect to income of a General Partner of a Client from a Client could cause the Adviser's investment professionals to incur a material increase in their tax liability. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser's ability to achieve the investment objectives of a Client.

Furthermore, this holding period requirement could affect investment decisions, including the timing and structure of dispositions, and could adversely impact returns for investors. For example, the holding period requirement gives a General Partner an incentive to cause the Client to hold an

investment for longer than three years in order for the General Partner to obtain a preferential tax rate on carried interest, even if there are attractive realization opportunities prior to that time.

Climate Change

Clients may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on Clients' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate related events, Clients may be vulnerable to the following: risks of property damage to Clients' investments; indirect financial and operational impacts from disruptions to the operations of Clients' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of Clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

Item 9. Disciplinary Information

The Adviser does not have any legal, financial or other "disciplinary" event to report with respect to the Adviser. The Adviser provides the following information related to its affiliated investment adviser:

On June 29, 2018, without admitting or denying any wrongdoing, THL Managers V, LLC ("Managers V") and THL Managers VI, LLC (together with Managers V, "Managers V and VI") consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 206(4) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and Rules 206(4)-7 and 206(4)-8 thereunder. According to the SEC order, with respect to Thomas H. Lee Equity Fund V, L.P., Thomas H. Lee Equity Fund VI, L.P. and their respective parallel investment funds, Managers V and VI did not provide sufficient pre-commitment disclosure to all limited partners regarding the potential acceleration of otherwise authorized fees paid by portfolio companies upon the termination of monitoring agreements. The order also found that Managers V and VI did not adopt and implement a written compliance policy or procedure regarding the foregoing. Managers V and VI agreed as part of the settlement to pay disgorgement of \$4,806,016 (plus prejudgment interest of \$200,000) to limited partners of certain private equity funds and a civil monetary penalty of \$1,500,000 to the SEC.

Item 10. Other Financial Industry Activities and Affiliations

Various entities serve as General Partners of Clients, and are affiliates of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below. Additionally, the Adviser's affiliate, THL Capital Markets, LLC, is a registered broker-dealer. For a description of conflicts associated with THL Capital Markets, LLC, please see Item 11 - Conflicts of Interest - *Participation of Affiliates in Capital Markets Activities* and - *Conflicts Related to Purchases and Sales*.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers, principals, employees and other personnel of the Adviser, as well as officers, principals, employees and members of the Adviser's affiliates, as well as certain independent contractors (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser's Chief Compliance Officer ("CCO") as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any Client or prospective Client upon written request to the CCO at CCO@THL.com.

Participation or Interest in Client Transactions

The Adviser will, from time to time, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates or other persons or entities invest alongside one or more Clients in one or more investment opportunities (collectively, the "Associates Co-Investment Vehicles"). Associates Co-Investment Vehicles generally are contractually required, as a condition of investment, to exit their investments in each investment opportunity at substantially the same time and on substantially the same terms as the applicable Client that is invested in that investment opportunity. Associates Co-Investment Vehicles do not pay Advisory Fees or Carried Interest. Further, certain employees of the Adviser invest in the Clients through the Adviser, and do not pay Advisory Fees or Carried Interest in respect of such investments. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to Clients and portfolio companies. In addition, the Adviser may in the future be affiliated with one or more other investment advisers that from time to time focus on similar investment strategies (each such adviser, an “Other THL Adviser”). The funds and accounts managed by any such Other THL Adviser are referred to as the “Other THL Funds.” In the ordinary course of conducting the Adviser’s activities, the interests of a Client will from time to time conflict with the interests of the Adviser, other Clients, an Other THL Adviser, Other THL Funds, or any of their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser’s best judgment, but in its sole discretion. In resolving conflicts, the Adviser will consider various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) A Client will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Client;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Governing Documents for the Clients;
- (3) Generally, the Clients have established an advisory committee, consisting of representatives of Client investors not affiliated with the Adviser. The advisory committee meets as required to consult with the Adviser to discuss various matters, including potential material conflicts of interest that arise. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) When the Adviser deems appropriate, unaffiliated third parties will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third party to make an investment on the same terms as a Client would demonstrate the fairness of the transaction to such Client;
- (5) The Adviser has adopted and implemented certain policies and procedures designed to identify and reduce certain conflicts of interest; and
- (6) The Adviser provides disclosure to investors in a Client regarding significant potential conflicts of interest arising from the proposed activities of the Client.

In addition, certain provisions of a Client's Governing Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Client and its ability to achieve its investment objectives. While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions.

Conflicts

The material conflicts of interest encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that are faced by a Client. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients and Other THL Funds

In connection with its investment activities, the Adviser and an Other THL Adviser encounter situations in which they must determine how to allocate investment opportunities, including follow-on investment opportunities, among various Clients and other persons, which typically include, but are not limited to, the following:

- The Clients (including, without limitation, those established for the purposes of participating in a "continuation transaction";
- Other THL Funds;
- Associates Co-Investment Vehicles;
- Individuals and entities that are also investors in one or more Clients or Other THL Funds ("Adviser Investors") and/or individuals and entities that are not investors in any Clients or other THL Funds ("Third Parties"); and
- Adviser Investors and/or Third Parties acting as "co-sponsors" with the Adviser with respect to a particular transaction.

The Adviser makes allocation determinations consistent with the Clients' Governing Documents and in accordance with its written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith.

Clients and Other THL Funds are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"), which will also apply directly or indirectly to certain Associates Co-Investment Vehicles. Investment Allocation Requirements are generally set forth in a Governing Document, an offering document or in other contracts. To the extent the Investment Allocation Requirements of the Clients or Other THL Funds do not include specific allocation procedures and/or allow the Adviser or the Other THL Adviser discretion in making allocation decisions among the Clients or Other THL Funds, the Adviser will follow the process set forth below.

The Adviser and the Other THL Adviser must first determine which Clients, Other THL Funds and/or other parties are eligible to participate in an investment opportunity.

The Adviser and the Other THL Adviser assess whether an investment opportunity is appropriate for a particular Client or Other THL Fund, based on the Client's or Other THL Fund's investment objectives, strategies and structure. A Client's or Other THL Fund's investment objectives, strategies and structure typically are reflected in the Client's or Other THL Fund's offering documents and Governing Documents. Prior to making any allocation to a Client or Other THL Fund of an investment opportunity, the Adviser and the Other THL Adviser determine what additional factors restrict or limit the offering of an investment opportunity to the Client or Other THL Fund. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser or the Other THL Adviser may be contractually required to offer an investment opportunity to one or more Clients or Other THL Funds. For example, certain Clients are expected to invest together according to a set ratio during a particular time period, or other methodologies called for in those Clients' Governing Documents.
- **Related Investments:** the Adviser or the Other THL Adviser may offer an investment opportunity related to an investment previously made by a Client or Other THL Fund to such Client or Other THL Fund to the exclusion of, or with the effect of limiting the offering to, other Clients or Other THL Funds.
- **Legal and Regulatory Exclusions:** the Adviser or the Other THL Adviser may determine that certain Clients or Other THL Funds, or investors in such Clients or Other THL Funds, should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Clients or Other THL Funds that are eligible to participate in a particular investment have been identified, the Adviser and the Other THL Adviser, in their discretion, decide how to allocate such investment opportunity among the identified Clients and Other THL Funds. In allocating such investment opportunity, the Adviser and the Other THL Adviser will consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Client's and Other THL Fund's investment objectives and investment focus;
- Transaction sourcing (and with respect to an investment opportunity originated by a third party, the relationship of a particular Client or Other THL Fund to or with such third party);
- Each Client's and Other THL Fund's liquidity and reserves (including whether a Client or Other THL Fund is able to commit to invest all capital required to consummate a particular investment opportunity);

- Each Client's and Other THL Fund's diversification (including the actual, relative or potential exposure of a Client or Other THL Fund to the type of investment opportunity in terms of its existing portfolio);
- Lender covenants and other limitations;
- Any "ramp-up" period of a newly established Client or Other THL Fund;
- Amount of capital available for investment by each Client and Other THL Fund as well as each Client's and Other THL Fund's projected future capacity for investment (including whether a Client or Other THL Fund is able to invest all capital required to consummate a particular investment opportunity) and anticipated co-investment (if any);
- Timing expected necessary to execute an investment;
- The size, liquidity and duration of the investment;
- Each Client's and Other THL Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- Composition of each Client's and Other THL Fund's portfolio and each Client's and Other THL Fund's investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics) and the scope of a Client's and Other THL Fund's investment mandate including whether mandates are identified as primary or secondary, and whether the mandate is limited or otherwise restricted to specific types of investments/assets;
- The suitability as a follow-on investment for a current portfolio company of a Client and a current portfolio company of the Other THL Fund or to upsize an existing investment;
- The use of leverage in the proposed capital structure;
- The availability of other suitable investments for each Client and Other THL Fund;
- Supply or demand of an investment opportunity at a given price level;
- Risk considerations;
- Cash flow considerations;
- The centrality of an investment to a Client's or Other THL Fund's strategy;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;

- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax and accounting implications;
- Whether an investment opportunity requires additional consents or authorizations from the Client, other Clients, Other THL Funds, investors or Third Parties;
- Whether an investment opportunity would enable a Client to qualify for certain benefits or discounts that are not readily available to other Clients including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the Governing Documents of each Client and Other THL Fund.

The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Client or Other THL Fund, or (ii) the profitability of any Client or Other THL Fund. There can be no assurance that the application of the Investment Allocation Requirements and factors set forth above will result in a Client participating in all investment opportunities that fall within its investment objectives. The Adviser makes allocation determinations based solely on the Adviser's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Client or Other THL Fund in hindsight.

The application of the Investment Allocation Requirements and factors set forth above may result in allocation on a non-pro rata basis and there can be no assurance that any Client or Other THL Fund will participate in all investment opportunities that fall within its investment objectives. Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

From time to time certain investment opportunities involve interests in portfolio companies of one or more Clients that are part of a restructuring or similar transaction. In such instances, investors in the Clients involved in such a transaction are typically given priority rights to roll over their existing interests or otherwise reinvest in such investment opportunities (for instance, through a newly formed "continuation fund"). As a result, other Clients may not be allocated all or any portion of such an investment opportunity, even if such opportunity falls within a Client's investment objectives or strategy.

With respect to certain Clients that target Automation Investments, other Clients from time to time make Automation Investments alongside such Clients. It is possible that, even when an Automation Investment opportunity falls within the investment strategy of all such Clients, the Client with a focus in Automation Investments would be allocated the entire amount of such

opportunity for portfolio construction or other reasons, and there can be no assurance that other Clients will participate in all or any Automation Investments.

In addition, certain management personnel of the Adviser and the Other THL Adviser (collectively, “Management Personnel”) from time to time organize or sponsor separate investment vehicles for the purpose of making a single investment (each such vehicle, a “Special Purpose Acquisition Vehicle”). To the extent a Special Purpose Acquisition Vehicle is organized when a Client has an active investment period, the Adviser, the Other THL Adviser and Management Personnel may encounter conflicts, and may have to make determinations relating to the allocation of investment opportunities similar to those arising between Clients or Other THL Funds, as described above. The various considerations set forth above with respect to allocation of investment opportunities among Clients or Other THL Funds would apply to Special Purpose Acquisition Vehicles as well.

In addition, Adviser Personnel invest indirectly in Clients and Other THL Funds and therefore participate indirectly in investments made by the Clients or Other THL Funds in which they invest. Such interests will vary depending upon the particular Client or Other THL Fund. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Client or Other THL Fund. For example, additional conflicts could arise to the extent the Adviser and/or its affiliates, or Adviser Personnel, hold an outsized economic position in any of the participating Clients as that could influence the decision to participate in the investment opportunity by other Clients, such as providing debt financing to a finance business that is owned by a Client in which the Adviser and/or its affiliates, or Adviser Personnel, hold a substantial portion of the limited partnership interests of such Client. In such cases, the Adviser could be incentivized to manage such arrangements in a manner that would enhance the returns of the Clients in which the Adviser and/or its related parties hold a substantial portion of the equity, even to the detriment of other Clients.

The Adviser and/or a Client may invest in the securities offerings of a portfolio company held by another Client (including through initial public offerings), which would result in the Adviser and/or a Client receiving an allocation of portfolio company securities. In addition to conflicts of interest arising from the allocation of such securities, this arrangement also leads to similar conflicts described below under “*Conflicts Related to Purchases and Sales.*”

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

Allocation of Co-Investment Opportunities and Secondary Transactions

The Adviser will from time to time determine that the amount of an investment opportunity for a Client exceeds the amount the Adviser determines would be appropriate for a Client (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Clients or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the Client),

and offer any such excess to one or more co-investors in the Adviser's sole discretion as set forth in the following paragraphs. It is expected that certain Clients will co-invest together.

A General Partner and its affiliates are permitted to make capital commitments and/or contributions to co-investment opportunities and co-investment vehicles investing alongside the Clients. Such amounts so committed or contributed are permitted, at the option of the applicable General Partner, to be deemed part of the amount the Adviser is otherwise required to contribute to or alongside the Clients. Any such amounts would be in full or partial satisfaction of amounts that would otherwise be invested in the Client in respect of such investment, which could reduce the amount of such Co-Investment Opportunity available to the limited partners. In addition, any such amounts invested by a General Partner or its affiliates in co-investments alongside the Client and deemed part of the amount the Adviser is otherwise required to contribute will result in the General Partner and/or its affiliates contributing less to the Client than the Adviser's capital commitment to such Client would otherwise imply. For the avoidance of doubt, the General Partner will be permitted to make capital commitments and/or contributions to co-investment opportunities and co-investment vehicles investing alongside the Fund in addition to Co-Investment Opportunity amount required under the terms of the partnership agreement.

Subject to any Investment Allocation Requirements or other specific agreements with an investor, in general, (i) no investor in a Client has a right to participate in any Co-Investment Opportunity and investing in a Client does not give an investor any rights, entitlements or priority to Co-Investment Opportunities, (ii) decisions regarding whether and to whom to offer Co-Investment Opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser (potentially in conjunction with an Other THL Adviser) or other participants in the applicable transactions, such as co-sponsors, (iii) Co-Investment Opportunities typically will be offered to some and not other investors in the Clients, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of Co-Investment Opportunities than originally requested and an investor may be offered fewer Co-Investment Opportunities or smaller amounts of Co-Investment Opportunities than other investors in the same Client, with the same, larger or smaller capital commitments to such Client, (iv) certain persons other than investors in the Clients (e.g., other Clients or Other THL Funds, Executive Partners, Consultants, joint venture partners, Adviser Investors persons associated with a portfolio company and other Third Parties), including persons who the Adviser believes will provide a benefit to the Adviser, an Other THL Adviser, a Client, Other THL Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise) will from time to time be offered Co-Investment Opportunities, in the sole discretion of the Adviser (potentially in conjunction with an Other THL Adviser), and (v) co-investors generally purchase their interests in a portfolio company at the same time as the Clients or will on occasion purchase their interests from the applicable Clients after such Clients have consummated their investment in the portfolio company (also known as a bridge investment, a post-closing sell down, transfer, or syndication). Each Co-Investment Opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgments of interest in Co-Investment Opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgments if there is a Co-Investment Opportunity. The Adviser has entered (and may in the future enter) into side letters with certain investors in its

Clients providing that the Adviser will, subject to certain specified conditions, endeavor to offer Co-Investment Opportunities to such investors. In addition, the Adviser from time to time may agree to give particular investors in a Client, or other third parties, priority access to Co-Investment Opportunities. The existence of such priority or other contractual co-investment access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Clients, Other THL Funds or their investors to be offered certain Co-Investment Opportunities.

In exercising its discretion to allocate Co-Investment Opportunities with respect to a particular investment among the Clients and other persons, the Adviser will consider some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following:

- The Adviser's evaluation of the size, experience and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the Co-Investment Opportunity with the relevant Clients without harming or otherwise prejudicing such Clients, in particular when the Co-Investment Opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the Co-Investment Opportunity in order to permit such potential co-investment party to evaluate the Co-Investment Opportunity;
- Whether a potential co-investment party has a history of participating in Co-Investment Opportunities and the Adviser's perception of its (or an Other THL Advisers') past experiences and relationships with the potential co-investment party, such as the co-investment party's previous co-investments with the Adviser, its expressed interest in co-investments generally or specific industries or sectors or the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential Co-Investment Opportunities previously offered by the Adviser or an Other THL Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the Co-Investment Opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such Co-Investment Opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's rapport with the management team of the potential portfolio

company and whether the potential co-investment party has any existing positions in the portfolio company;

- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Adviser and assume a passive role in governing a portfolio company);
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the potential co-investment party would act upon the Co-Investment Opportunity if offered;
- The Adviser's evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an effect on the viability or terms of the proposed investment opportunity and the ability of the Clients to take advantage of such Co-Investment Opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Client wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Client being able to capitalize on a potential Co-Investment Opportunity);
- Whether the potential co-investment party will make commitments to invest in other Clients (including concurrently with the applicable co-investment) as well as commitments to future funds raised by the Adviser;
- Whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Client (i.e., a stapled co-investment opportunity);
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will result in capital commitments to Clients or help establish, recognize, strengthen and/or cultivate relationships that may

indirectly provide longer-term benefits (including strategic, sourcing or other benefits) to current or future Clients, Other THL Funds and/or the Adviser or its affiliates and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Clients and/or the Adviser or its affiliates; and

- The terms of any agreement between the Adviser and the potential co-investment party, including, without limitation, whether such co-investment party is paying any fee, carried interest or other compensation to the Adviser or its affiliates.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in allocating any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities among the persons discussed above, including the Clients, Other THL Funds, Associates Co-Investment Vehicles, Adviser Investors and Third Parties, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations will often be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a Co-Investment Opportunity to certain persons over others based on its economic arrangement with such persons (including, for example, whether the Adviser and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investment parties or vehicles, to additional Advisory Fees and/or Carried Interest based on the availability of Co-Investment Opportunities offered to such parties). The Adviser expects that these factors will lead the Adviser to favor some potential co-investors over other with respect to the frequency with which the Adviser offers them co-investment opportunities. The Adviser also expects to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors. The Adviser reserves the right to charge management fees and/or carried interest with respect to co-investors or co-investment vehicles, which may create a conflict of interest under certain circumstances because it creates an incentive for the Adviser and the General Partner under certain circumstances to offer Co-Investment Opportunities where they otherwise would not (for instance, if the Client could have taken a greater share of the investment opportunity but is not performing well and may be unlikely to pay carried interest to the General Partner). Any such fees, carried interest or other compensation received from or in respect of such co-investors or co-investment vehicles will not reduce the Advisory Fee or carried interest payable by the Client. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a Co-Investment Opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on terms and conditions that will be preferable for the Client or that expenses incurred by the Client with respect to the syndication of the co-investment will not be substantial, and the Clients bear the risk that any or

all excess portion of an investment is not sold or is sold on unattractive terms. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Client and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Client's investment objective. In the event that such contrary action is taken, the Client's aggregate return on the investment may be reduced. In the event that the Adviser is not successful in offering a Co-Investment Opportunity to potential co-investors, in whole or in part, the Client will consequently hold a greater concentration and have greater exposure in the related investment than was initially intended, and could bear the entire portion of any fees, costs and expenses related to such investment, which could make the Client more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce the Client's overall investment returns. Therefore, it is possible that a Client that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

The General Partner or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside the Client which may have more favorable rights and/or terms than the Clients and/or other co-investors. Any such vehicle will be established at the General Partner's or its affiliates' sole discretion (and may bear management fees and/or carried interest) and the General Partner and its affiliates have no obligation to offer a similar opportunity to any other investor.

The Adviser or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Client. Any such vehicle will be established at the Adviser or its affiliates' sole discretion and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor. For the avoidance of doubt, the Adviser, a General Partner or their affiliates may also invest their own capital in such a co-invest vehicle, to the extent required to do so for tax or other reasons (including the Governing Documents of such co-investment vehicle).

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Client pursuant to such Client's Governing Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion. Factors that will be considered by the Adviser include, but are not limited to, the following:

- the Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- the Adviser's perception of its (or an Other THL Adviser's) past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may indirectly provide longer-term benefits to current or future Clients or Other THL Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;

- whether the potential purchaser would subject the Adviser, the applicable Client, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- a potential purchaser's investment into another Client (including any commitment into a future fund);
- whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential purchaser will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Clients, Other THL Funds and/or the Adviser;
- requirements in such Client's Governing Documents; and
- such other factors as it deems appropriate under the circumstances in exercising such discretion.

Participation of Affiliates in Capital Markets Activities

One or more affiliates of the Adviser (collectively, the "Capital Markets Affiliate") have provided and/or are expected in the future to provide capital markets services to existing, prospective and former portfolio companies of Clients, and third parties including other companies. These services include advice, structuring, negotiation, arrangement, execution, underwriting, and other activities related to equity, debt, loans or other obligations or instruments of the issuing company. Examples of the types of transactions in which the Capital Markets Affiliate may provide capital markets advice and other services include, but are not limited to, the following:

- financings relating to an acquisition, recapitalization or sale;
- issuance of term loans, credit facilities, cash or asset-backed facilities, securitizations and other debt instruments;
- high yield and other bond offerings;
- initial public offerings, follow-on primary or secondary offerings or private placements of equity securities; and
- amendments to existing securities, credit facilities and other instruments.

The Adviser expects the types of capital markets services provided by the Capital Markets Affiliate to evolve in light of market developments and industry trends. Further, certain services may only be provided by a Capital Markets Affiliate that is registered as a broker-dealer with the SEC and is a member of FINRA.

The Capital Markets Affiliate will receive Capital Markets Fees for its services, as well as reimbursement for expenses. Capital Markets Fees may take a variety of forms, including without limitation, a fixed advisory fee, a percentage of the total financing or offering, a fee for arranging the syndication or placement of equity or debt financing, a portion of the commission or discount paid to underwriters of a securities or other offering, an execution fee or other fee structure, and

may be paid in cash, securities or other consideration. Such compensation will not in each case be negotiated at arm's length. Though neither the Adviser nor the Capital Markets Affiliate will have any obligation to conduct a market check on Capital Markets Fees, the Adviser believes the Capital Markets Fees will be reasonable in light of services provided.

Capital Markets Fees received by the Capital Markets Affiliate will not offset the Advisory Fee or require the consent of a Client's investors or limited partner advisory committee, in each case to the extent set forth in a Client's Governing Documents, which generally do not require such offset or consent.

The Adviser believes that the Capital Markets Affiliate's capabilities help maximize value for the Clients. However, utilizing the Capital Markets Affiliate in connection with a transaction involving a Client or portfolio company gives rise to conflicts of interest.

Depending on the nature of the transaction, the Client, the portfolio company or other parties to the transaction will pay the Capital Markets Fee to the Capital Markets Affiliate. For example, if the transaction relates to the acquisition of a portfolio company by a Client and the portfolio company pays the Capital Markets Fee, the Client will bear a portion of the Capital Markets Fee in its capacity as a new equity holder of the portfolio company, or if the transaction relates to a recapitalization or sale of a portfolio company of a Client and the portfolio company pays the Capital Markets Fee, the Capital Markets Fee may reduce the proceeds available to the Client.

The Adviser has an incentive to retain, or to exercise control or influence over a current or prospective portfolio company's management team so that it retains the Capital Markets Affiliate or otherwise causes the portfolio company to transact with the Capital Markets Affiliate instead of other unaffiliated third parties. For instance, the Capital Markets Affiliate could take the place of another investment bank in the syndicate underwriting an offering or act as the sole or lead financial institution on a transaction instead of an unaffiliated third party.

When involved in a particular transaction, the Capital Markets Affiliate has the incentive to seek higher fees or other favorable terms from the Client, the portfolio company or other counterparties, as well as to structure a transaction so that it benefits certain investors in the Client or other third parties that are of strategic importance. For example, the Capital Markets Affiliate could influence the placement of portfolio company securities or debt instruments so that investors who are sizeable investors in multiple Clients or Other THL Funds receive an allocation ahead of others. In addition, if the Capital Markets Affiliate serves as underwriter with respect to a portfolio company's securities, the Client may be subject to a "lock-up" period following the offering under applicable regulations or agreements, during which time the Client's ability to sell any securities subject to the "lock-up" is restricted. This may prejudice the Client's ability to dispose of such securities at an opportune time. To the extent that the Capital Markets Affiliate's personnel face competing demands for their time and attention, the Adviser has an incentive to devote its capital markets resources to portfolio companies and transactions that would generate the highest fee for the Capital Markets Affiliate. Employees who provide services on behalf of the Capital Markets Affiliate are under no obligation to prioritize the interests of a particular Client, portfolio company or investors in a Client or portfolio company in determining how to allocate their time across various projects in respect of the Adviser and the Capital Markets Affiliate.

The Capital Markets Affiliate is owned by an affiliate of the Adviser, and such affiliate or other affiliates may provide additional funding to the Capital Markets Affiliate in the event additional funding becomes necessary for the Capital Markets Affiliate to operate its business. Additionally, the Capital Markets Affiliate's counterparties will from time to time include limited partners of a Client or Other THL Funds or affiliates of such limited partners or investors.

The Capital Markets Affiliate may also provide services, including for compensation, to third parties, including third parties that are not prospective or former portfolio companies of a Client or Other THL Funds and that may be competitors of portfolio companies of a Client or Other THL Funds or of the Adviser and its affiliates. In providing such services to third parties, the Capital Markets Affiliate may come into possession of information that it is prohibited from acting on (including on behalf of a Client) or disclosing to the Adviser or other affiliates as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interests of the Client.

The Capital Markets Affiliate may, in the future, develop new businesses such as providing investment banking, advisory and other services to corporations, financial sponsors, management or other third parties. Any such services may relate to transactions that could give rise to investment opportunities that would be suitable for Clients. In such cases, the Capital Markets Affiliate's client would typically require the Capital Markets Affiliate to act exclusively on its behalf, thereby precluding a Client from participating in such investment opportunities. The Capital Markets Affiliate would not be obligated to decline any such engagements in order to make an investment opportunity available to a Client.

Conflicts Related to Purchases and Sales

Clients from time to time invest alongside other Clients or Other THL Funds, including when a Client makes investments in conjunction with an investment being made by other Clients, Other THL Funds, affiliates or clients of affiliates of the Adviser, in a transaction where an Other THL Fund later makes an investment, or in a transaction in which another Client, Other THL Fund, an affiliate of the Adviser or a client of an affiliate has already made an investment, and conflicts of interest arise in connection with such investments. Investment opportunities are expected from time to time appropriate for Clients, Other THL Funds, and/or clients of the Adviser's affiliates at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, especially where the Adviser and/or an affiliate controls the structure of a transaction and its capitalization. For example, investments by a Client in transactions controlled by another Client may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable for the Client if it were investing without the other Client. As another example, if a Client is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another Client, as an equity owner, desires. There can be no assurance that the return on a Client's investments will not be less than the returns obtained by another Client participating in the same transaction or invest in the same portfolio company.

Further conflicts arise once a Client has made an investment in a company in which another Client has also invested or later invests, particularly when such other party invests in different types of

securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation will raise conflicts of interest, as the Adviser may be incentivized to choose a course of action that benefits one Client to the detriment of another Client. In the event that one Client has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Client is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Clients or Other THL Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

Certain Clients or Other THL Funds may invest in or otherwise hold securities of companies in which other Clients, Other THL Funds or affiliates of the Adviser (including the Capital Markets Affiliate) hold securities, including equity and debt securities. For example, in connection with underwriting securities or other obligations of an issuer in which a Client had invested or subsequently invests, the Capital Markets Affiliate may be involved in any such underwriting and, in connection therewith, the Capital Markets Affiliate may, from time to time, hold debt, equity or other investments in such issuer, which may be at the same or a different level of the capital structure as the securities the Client holds. The same, or a similar, fact pattern may also arise in respect of other capital markets activity undertaken by the Capital Markets Affiliate. In the event that such investments are made by one or more other Clients or Other THL Funds and any affiliate of the Adviser (including the Capital Markets Affiliate) holds securities in any portfolio company of a Client, the interests of such parties will at times conflict with the interest of such Client, particularly in circumstances in which the underlying company is facing financial distress. As another example, it is possible that certain existing or future Clients will, from time to time, invest in the debt of portfolio companies of another Client. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. Accordingly, the interests of a Client will at times conflict with the interest of such another Client or affiliate of the Adviser, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of a party holding debt securities or other senior or preferred securities or obligations to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Client's equity or other investment in the portfolio company. In addition, the involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients, Other THL Funds, or clients of the Adviser's affiliates, are prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. Further, where a portfolio company becomes distressed and the participants in the relevant offering have a claim against underwriters in any underwriting in which the Capital Markets Affiliate participated as an underwriter, the

participating Clients may have a conflict in determining whether to seek recourse against or sue the Capital Markets Affiliate.

The Capital Markets Affiliate's actions may become adverse to the interest of Clients or portfolio companies. For example, if the Capital Markets Affiliate were to provide or arrange financing for a third-party purchaser's bid for or acquisition of a portfolio company from a Client, the Adviser could be motivated to cause the Client to agree to terms with such third-party that are less favorable to the applicable Client and/or portfolio company than might have been obtained from another third-party that was not receiving financing services from the Capital Markets Affiliate, which may adversely impact such Client. The Capital Markets Affiliate would not be obligated to decline such engagements.

If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the Clients may or may not provide such additional capital, and if provided each Client will supply such additional capital in such amounts, if any, as determined by the Adviser. In the event one Client is unable to fund its share of additional capital (e.g., in the event such Client does not have sufficient available capital), the other Client may be obligated to fund (or interested in funding, as the case may be) more than its share of such amount. In such event, one Client will gain greater exposure to such investment than may have been originally intended and the other Client will be diluted in such investment. The returns of each Client may be negatively impacted as a result of the foregoing (but could also be positively impacted). Where one Client invests with another Client in a portfolio company, this raises the risk of using assets of a Client to support positions taken by other Other THL Funds, or that a Client may remain passive in a situation in which it is entitled to vote. The Adviser may also express inconsistent or contrary views of commonly held investments or of market conditions more generally. In addition, there are in certain cases expected to be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. Where more than one Client, an Adviser affiliate, Other THL Fund, or client of the Adviser's affiliates invest in the same portfolio company, there can be no assurance that each Client, an Adviser affiliate, Other THL Fund, or client of the Adviser's affiliates will dispose of investments at the same time and on the same terms. For example, because the manager of one Client may have an incentive to show realized returns in connection with other fundraising activities (including fundraising for the successor fund to such Client) and because such Client's term may expire before the end of another Client's term, the former Client is expected in certain cases to dispose of an investment prior to the time the latter Client disposes of the same investment. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Client, Other THL Fund, or client of the Adviser's affiliates may realize different levels of return as compared to the same investment held by any another Client, Other THL Fund, or client of the Adviser's affiliate. At the same time, if a General Partner and/or manager determine it is advisable for such Client to exit an investment at the same time as another Client, Other THL Fund or client of the Adviser's affiliates the term of which will expire sooner than the former Client's, Other THL Fund or client of the Adviser's affiliate, such Client may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns that it otherwise may have earned on such investment.

These variations in timing may be detrimental to a Client. The application of a Client's Governing Documents and the Adviser's policies and procedures are expected to vary based on the particular

facts and circumstances surrounding each investment by two or more Clients in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Employees and related persons of the Adviser, an Other THL Adviser, and their affiliates have made, and may in the future make, capital investments in or alongside certain Clients or Other THL Funds, and therefore often have additional conflicting interests in connection with these investments in which multiple Clients are invested. Accordingly, the Adviser may have an incentive to improve the performance of a Client by causing another Client to invest in the securities of a portfolio company in which the such Client has an existing debt or equity investment, or to cause such Client to take action, or refrain from taking action, with respect to a joint investment to benefit such Client. In addition, the Adviser and its affiliates may from time to time cause a Client that is invested in the debt or equity securities of a portfolio company in which another Client has an interest to take action with respect to such investment that benefits other Client to the detriment of the Client investing in the portfolio company's debt or equity securities.

In addition, investors may receive different consideration (for instance, investors in one Client may receive cash whereas investors in another Client may be provided the opportunity to receive distributions in-kind) which may impact the realized return ultimately received by each Client.

Finally, in certain circumstances, if more than one Client is participating in an investment, one Client may bear more than its pro rata share of expenses relating to such investment if the other Client or Clients does not have the resources to bear such expenses (including, for instance, as a result of insufficient reserves and/or the inability to call capital to cover such expenses).

In such circumstances described above, the Adviser could take steps to reduce the potential conflicts of interest between the various Clients, including causing a Client to take certain actions that, in the absence of such conflict, it would not take (e.g., a Client may divest itself of an asset it otherwise may have retained, the Adviser may establish information barriers, certain matters may be referred to an advisory committee or a third-party, or a Client may only invest in securities that seeks to align the interests with other investing Clients). Any such steps could have the effect of benefiting one Client or the Adviser at the expense of another Client.

A Client may from time to time invest in opportunities that other Clients, Other THL Funds, or clients of the Adviser's affiliates have declined, and likewise, a Client may from time to time decline to invest in opportunities in which other Clients, Other THL Funds, or clients of the Adviser's affiliates have invested.

Clients will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Client agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Clients will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Client agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a "reverse termination fee" to the seller entity and (b) full guarantee arrangements where such Client agrees to close a transaction even if the debt financing for such transaction is

not available or has not been funded. In the event a Client seeks to invest in a transaction with one or more other Clients or Other THL Funds, that is not ultimately consummated, the Clients and Other THL Funds are expected to bear any reverse termination fees pro rata based on their respective amounts of anticipated participation in such transaction. While certain co-investment vehicles with investments contractually tied to the Client (including Associates Co-Investment Vehicles) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Client's Governing Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or guarantees and are not required to bear any share of any reverse termination fee. In the unlikely event that a co-investment vehicle defaults on its obligation with the Client to pay its proportionate share of the equity purchase price (if any) or such an arrangement does not exist, the Client would be held responsible for the entire equity purchase price or other applicable obligations.

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

Cross-Transactions

In certain cases, the Adviser will cause a Client to purchase investments from another Client, or it will cause a Client to sell investments to another Client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Client by selling underperforming assets to another Client in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) will from time to time have significant investments, or intentions to invest, in the Client 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). The Adviser receives management or other fees in connection with its management of the relevant Clients involved in such a transaction, and affiliates of the Adviser are generally entitled to share in the investment profits of the relevant Clients.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Client (or the Adviser as a result of its interests in or fees paid by a particular Client), and one Client may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, the Adviser may be incentivized to support a less successful portfolio company of an older Client by causing a newer Client with a longer remaining term and investment period to purchase a part or all of such portfolio company in order to provide the Adviser additional time to potentially manage it to a successful exit and increase the likelihood of the Adviser or an affiliate receiving Carried Interest. Conversely, the

Adviser may be incentivized to sell an attractive investment in an older Client to a newer Client to increase the amount of fees received by the Adviser or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to the Adviser's consideration of the particular terms (including the fee terms) of the Client s and the Adviser's interest in such Clients. Such acquisition or merger may result in the acquiring entity purchasing a Client's portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, the Adviser may wish to reduce the investment of one or more Clients in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Clients or through any other transaction structure (for example, distribution of portfolio company interests from one Client and contribution of such interests to another Fund). Any costs and expenses associated with any such transaction will be borne by such Clients in accordance with such Clients' Governing Documents and to the extent not addressed in the applicable Governing Documents, on an allocation that the Adviser deems in good faith to be fair and reasonable.

Conflicts Relating to Continuation Vehicles and Continuation Transactions

The Adviser or an affiliate from time to time establishes other investment vehicles for the purpose of purchasing one or more investments from a Client (sometimes, but not always, where the selling Client is approaching the end of its term) in connection with, or alongside another Client making an investment (such vehicles, "Continuation Vehicles" and such transactions, "Continuation Transactions"). In such circumstances, the Adviser is acting on behalf of, and making the investment decision for, both the Client and the applicable Continuation Vehicle. As a result, Continuation Transactions implicate conflicts of interest described above in "*Cross-Transactions*" between the Client and the Continuation Vehicle more generally. Further, because the Adviser and/or its affiliates will have the opportunity to earn additional management fees and/or receive additional Carried Interest and other benefits in respect of such Continuation Transactions, and because each purchaser's commitment to acquire interests in a Continuation Vehicle will ordinarily be conditioned upon completion of the Continuation Transaction, the Adviser and its affiliates will have a potential conflict of interest in determining transaction terms and participants. While certain conflicts of interest related to Continuation Transactions often require approval by the limited partner advisory committee of a Client, certain transactions may be able to be completed at the initiation of the Adviser without any such approval.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the Clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a Client (what is commonly referred to as a "principal transaction"), the investment adviser must make certain disclosures to the Client of the terms of the proposed transaction and obtain the Client's consent to the transaction. In connection with the Adviser's management of the Clients, the Adviser will from time to time engage in principal transactions. The Adviser has established

certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Clients regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Governing Documents of the Clients generally contain additional restrictions on the ability of the Clients or the Adviser to engage in principal transactions.

Management of the Clients

The Adviser manages a number of Clients that have investment objectives similar or identical to each other. In addition, Other THL Advisers may manage Other THL Funds with investment objectives similar or identical to those of a Client. The Adviser or an Other THL Adviser is expected to, in the future, establish one or more additional investment funds with investment objectives substantially similar to, or different from (and potentially conflicting with), those of the current Clients. Allocation of available investment opportunities between the Clients and any Other THL Fund could give rise to conflicts of interest. See “Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities” above.

In addition, it is expected that employees of the Adviser responsible for managing a particular Client will have responsibilities with respect to other Clients managed by the Adviser, or Other THL Funds managed by an Other THL Adviser, including Clients raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Client. Conflicts of interest arise in allocating time, services or functions of these Adviser Personnel. Adviser Personnel have an incentive to allocate more time, services or functions to Clients from which such personnel derive a higher economic benefit and/or better performing Clients.

The Adviser will, from time to time, consider and reject an investment opportunity on behalf of one Client and the Adviser or an affiliate of the Adviser may subsequently determine to have another Client, Other THL Fund or an affiliate of the Adviser make an investment in the same company. A conflict of interest arises because one Client will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Client considering the investment. In such circumstances, the benefitting Client or Client’s will not be required to reimburse the original Client for expenses incurred in connection with researching such investment.

To the extent that the Adviser considers an investment opportunity for one Client and then subsequently determines to have another Client or fund advised by the Adviser’s affiliates make the investment, the Adviser will consider a variety of factors, including those set forth above under “*Allocation of Investment Opportunities*”. Conflicts of interest arise in connection with such a reallocation, including those set forth above under “*Allocation of Investment Opportunities*”. In addition, a conflict of interest exists because the investing Client will benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Client for which the investment was initially considered. In certain cases, such reallocation determination can be expected to occur after a significant period of time has passed and the original Client has incurred substantial out-of-pocket expenses in connection with evaluating, investigating and diligencing such investment. The investing Client typically will not be required to reimburse the original Client for such expenses. In the event that the investing Client does reimburse the

original Client for out-of pocket expenses incurred in connection with evaluating, investigating and diligencing such investment, the investing Client typically will not pay interest on any such amounts reimbursed to a Client. Alternatively, if the investing Client does pay interest on such amounts to the original Client, there can be no assurance any such interest will be paid over at the same time as such reimbursement or that the amount of such interest will be sufficient to compensate the original Client for the time since it deployed capital to pay such expenses. The Adviser experiences conflicts of interest in connection with causing the original Client to incur expenses that may ultimately benefit the investing Client (or fund advised by its affiliate), and similarly experiences conflicts of interest in determining the need for, calculating the amount of, and effecting any such reimbursement, as such arrangements may involve the discharge of a liability that a Client (or fund of the Adviser's affiliate) owes to the original Client, and in all such cases these determinations, calculations, and terms are not arm's length arrangements and there can be no assurance that the allocation of such expenses is in the best interest of the original Client. There can be no assurance that the amounts reimbursed to the original Client will be commensurate with the benefit received by the investing Client.

In certain cases, such reallocation determination can be expected to occur after a significant period of time has passed and a Client has incurred substantial out-of-pocket expenses in connection with evaluating, investigating and diligencing such investment. The investing Client typically will not be required to reimburse the Client for such expenses. In the event that the investing Client does reimburse the Client for out-of pocket expenses incurred in connection with evaluating, investigating and diligencing such investment, the investing Client typically will not pay interest on any such amounts reimbursed to the Client. Alternatively, if the investing Client does pay interest on such amounts to the Client, there can be no assurance any such interest will be paid over at the same time as such reimbursement or that the amount of such interest will be sufficient to compensate the Client for the time since it deployed capital to pay such expenses. The Adviser experiences conflicts of interest in connection with causing the Client to incur expenses that may ultimately benefit another Client (or fund advised by its affiliate), and similarly experiences conflicts of interest in determining the need for, calculating the amount of, and effecting any such reimbursement, as such arrangements may involve the discharge of a liability that the Client (or fund of the Adviser's affiliate) owes to the Client, and in all such cases these determinations, calculations, and terms are not arm's length arrangements and there can be no assurance that the allocation of such expenses is in the best interest of the Client. There can be no assurance that the amounts reimbursed to the Fund will be commensurate with the benefit received by the investing Client.

In connection with evaluating a potential investment that is not consummated a Client will incur Broken Deal Expenses. Such Broken Deal Expenses are, from time to time, rolled forward and capitalized into the following subsequent consummated transaction. In such cases, another Client and new co-investors may participate with the original Client in the subsequent consummated transaction. As a result, the other Client (and/or new co-investors) that were not participating in the unconsummated transaction may be responsible for bearing a portion of Broken Deal Expenses incurred by the original Client.

In addition, the Adviser receives and generates various kinds of portfolio company data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, sustainability and other metrics,

financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as “big data.” This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Client’s investment (or prospective investment) in a portfolio company. The Adviser may use this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Clients without compensating or otherwise benefitting the Client or Clients from which such information was obtained. Further, data is expected to be aggregated across the Clients and their respective portfolio companies and, in connection therewith, the Adviser is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. The Adviser may also share data from a portfolio company of one Clients with a portfolio entity of an other Fund, which may increase a competitive disadvantage for, and indirectly harm, such portfolio company. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. Furthermore, subject to any contractual or legal obligations, the Adviser is generally free to use data and information from a Client’s activities in its sole discretion for the benefit of the Adviser and other Clients. The sharing and use of “big data” and other information present potential conflicts of interest and any benefits received by the Adviser or its personnel will not be subject to the Advisory Fee offset provisions or otherwise shared with a Client or its investors. The Adviser may utilize such information to benefit the Adviser, its Affiliates or certain Clients in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances, but does not intend to specifically disclose such conflicts to the relevant Clients.

The Adviser and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow the Adviser, the Clients and the Clients’ portfolio companies to better discern economic or other trends and developments. The Adviser believes that Clients and Other THL Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across the Adviser’s businesses and the Clients’ portfolio companies. However, information sharing may involve conflicts of interest between the Clients and the Adviser. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio companies, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Therefore, the Adviser and its affiliates may utilize such data outside of Client or Other THL Fund activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefiting the Clients. As a result, the Adviser may have an incentive to pursue investments (on its own behalf or on behalf of the Clients) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Adviser and/or investments held by other Clients.

Clients and Other THL Funds, from time to time, enter into borrowing arrangements that require the Clients and Other THL Funds to be jointly and severally liable for the obligations. If one Client or Other THL Fund defaults on such arrangement, the other Client may be held responsible for the defaulted amount.

Follow-On Investments

Investments to finance follow-on acquisitions present conflicts of interest, including the determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Client in a portfolio company in which another Client or Other THL Fund has previously invested. Certain Clients have specific arrangements with respect to follow-on investments where multiple clients participated in a previously consummated investment. In addition, a Client will from time to time participate in releveraging and recapitalization transactions involving one or more portfolio companies in which another Client or Other THL Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. The Adviser and the applicable Other THL Adviser responsible for making such determination will resolve all such conflicts using its best judgment but in its sole discretion.

Furthermore, a conflict of interest also arises because a Client or Other THL Fund that participates in a follow-on investment in a portfolio company held by another Client will benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Client and from operational or other information about such portfolio company acquired from the original Client's ownership of interests in the portfolio company. In such circumstances, such benefitting Client or Clients will not be required to reimburse the original Client for expenses incurred in connection with researching such investment. An investment by a Client in a portfolio company in which another Client or Other THL Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Client or Other THL Fund and an investment by one or more other Clients or Other THL Fund in any such portfolio company may dilute the original Client's interest in such portfolio company.

Additionally, the Adviser at times will make a follow-on investment in a portfolio investment because such follow-on investment protects the rights given to the investing Client (or another Client) previously or for reputational or strategic reasons, even when such follow-on investment's valuation has decreased since the original investment. These reputational benefits and protections will, from time to time, benefit and/or accrue to other Clients and/or the Adviser or its affiliates at the expense of the current Client(s) investing in such follow-on investment.

Conflicts Relating to the Adviser

The Adviser has in the past and may in the future, in its discretion, contract with any related person of the Adviser or an Other THL Adviser (including but not limited to a portfolio company of a Client or Other THL Fund) to perform services for the Adviser in connection with its provision of services to the Clients. When engaging such a person to provide such services, the Adviser has an incentive to recommend such person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost, creating a conflict of interest.

The Adviser has in the past and expects to in the future, in its discretion, recommend to a Client or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise)

that it contract for services with (i) a related person of the Adviser (including but not limited to a portfolio company of a Client or an Other THL Fund), or (ii) an entity with which the Adviser, an Other THL Adviser, an affiliate of the Adviser, or any of their respective personnel has a relationship or from which the Adviser, an Other THL Adviser, an affiliate of the Adviser, or any of their respective personnel otherwise derives a financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost, creating a conflict of interest. The fees for services provided by affiliated vendors may not be at the same rate charged by other service providers and the Adviser is not required to select service providers who may have lower rates (or to engage in any benchmarking of such rates). It is expected that certain affiliated vendors will provide services which include, but are not limited to, administrative or other responsibilities on behalf of a Client. Any fees paid by a Client to such affiliated vendor will not reduce the Management Fee payable by any Client.

An affiliate of the Adviser, or an investment vehicle managed by such affiliate, may lend money to portfolio companies of a Client. Such lending arrangements create conflicts of interest between the Adviser and its affiliates, acting as lender, and the portfolio company, acting as borrower.

Because certain expenses are paid for by a Client and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Client and/or its portfolio companies, the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio companies to incur) such expenses.

The Adviser may from time to time cause a Client to invest in a portfolio company in which Adviser Personnel (or a family member of such personnel) directly or indirectly holds an interest or otherwise derives a financial or other benefit. Such transactions create a conflict of interest because the Adviser may have an incentive to cause the Client to make an investment in such portfolio company and/or to structure the terms of such investment in a manner that is beneficial to such employee and, as a result, such conflicts of interest could affect the determination to make the investment and the negotiations of the terms of the investment.

Adviser Personnel and other related persons of the Adviser and its affiliates have made and may make capital investments (including through a direct or indirect ownership interest in co-investment vehicles) in or alongside certain Clients, including in connection with the investment activities of such Client. These investments may be at different times or in non-pro rata amounts, or in different classes or levels of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments..

By reason of their responsibilities in connection with other activities of the Adviser, certain Adviser Personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Clients will not be free to act upon any such information. Due to these restrictions, Clients may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Adviser Personnel from time to time invest in securities of companies for their own accounts. The Adviser may from time to time cause a Client to invest in securities of companies in which Adviser Personnel or a General Partner have a pre-existing interest. Furthermore, Adviser Personnel and other related persons of the Advisers and its affiliates from time to time invest for their own accounts in securities of companies in which the Clients have previously invested. In that situation, the Adviser Personnel with such pre-existing interest may have different interests from the Client with respect to such investment since such person would benefit as an owner of interests in the portfolio company at the time of the Client's investment. In addition, in the event the Client invests in a portfolio company in which a Adviser Personnel or a General Partner have previously invested, the Adviser may have an incentive to make an investment that supports the existing investment of such partner, officer, principal or employee.

The Adviser, its affiliates, and Adviser Personnel may from time to time buy or sell securities or other instruments that the Adviser has recommended to Clients. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by a Client. A conflict of interest arises because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Client. In such circumstances, the investing Adviser personnel will not share or reimburse the Client and/or the Adviser for any expenses incurred in connection with the investment opportunity. The transactions described above are subject to the policies and procedures of the Adviser and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Client. Additionally, while the significant interests of Adviser Personnel in a Client's portfolio companies generally align the interests of such persons with the Client, such persons may have different interests from the Client with respect to such investments (for example, with respect to the availability and timing of liquidity).

Adviser Personnel may from time to time buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, venture capital funds, hedge funds, real estate funds, credit funds and other similar investment vehicles) which may include potential competitors of a Client and/or which may invest in similar industries and sectors as the Clients (including investments for purposes of sourcing future investment opportunities). Such Adviser Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in or lend to portfolio companies as the Clients and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Client. In the event Adviser Personnel make an investment with the intent to source future investments for the Clients, there is a greater likelihood that the Clients will make investments in the same portfolio companies in which Adviser Personnel hold an interest as described above. Such personnel may be incentivized to cause a Client to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles. The Adviser seeks to mitigate such conflicts by requiring personnel to pre-clear and disclose any private investments in accordance with its Code of Ethics.

A Client may invest in companies in which such other investment vehicles invest, which raises a conflict of interest in that the Adviser may have an incentive to make an investment that supports the existing investment of the other investment vehicle. In addition, the Adviser from time to time competes against, or engage in business with (i.e., through co-investments and joint ventures) other

investment advisers with which the Adviser or its employees have a relationship or from which the Adviser or its employees otherwise derive financial or other benefit or may

invest in the investment vehicles managed by such investment advisers. In particular, certain employees of the Adviser have family members that are employed by other investment advisers, including competitors of the Adviser. Such relationships create a conflict of interest because they can influence the Adviser in determining whether to transact with information regarding an issuer in connection with investments made or to be made by the other investment adviser, and a Client could be restricted in its investment activities with respect to such issuer. In addition, to the extent personnel of the Adviser receive material non-public information regarding an issuer in connection with investments made or to be made by the other investment adviser, a Client could be restricted in its investment activities with respect to such issuer.

The General Partner of a Client may, in its discretion, under certain circumstances elect to increase its commitment to such Client prior to the last day that a closing of capital subscriptions with third party Limited Partners is permitted pursuant to the final close of the Client without the consent of the limited partners and will participate in all investments made by the Client prior to the date of such increase. Any increased commitment by the General Partner will dilute the interests of the limited partners. Although the General Partner will pay interest in respect of prior capital contributions in the same manner as is paid by the limited partners, the General Partner has information about the Client's investments, including regarding their valuation and performance expectations, which the limited partners do not have and that information may inform its decision whether to increase its capital commitment. Therefore, the General Partner has a conflict of interest in deciding to increase its subscription because a decision to increase its subscription may result in the General Partner receiving value that would have otherwise benefitted limited partners. In addition, the General Partner may in its discretion, elect to increase its commitment to the fund after the final closing, but in such circumstances will only participate with respect to such increased co-investment in investment made after the date of such increase.

Fee Structure

Because the Advisory Fee is payable through liquidation of a Fund and there is a fixed investment period after which capital from investors in the Clients will be drawn down only in limited circumstances and because Advisory Fees are, at certain times during the life of the Clients, based upon capital invested by the Clients, this fee structure creates an incentive to defer the realization of investments and/or deploy capital when the Adviser would not otherwise have done so. In addition, the valuation of partially realized or unrealized investments from time to time may be zero or close to zero. Because the Advisory Fee, at certain times during the life of the Clients payable to the Adviser is based on capital invested by the Clients relative to such investments, in such instances the Advisory Fee paid with respect to such investment will be higher than if the Advisory Fee payable were based on the fair value of such investment. Advisory Fees are, in some cases, required to be paid to the Adviser even if a Client experiences net losses in a particular year over the term of the Client.

The Adviser has discretion in determining whether and when an investment has been permanently and fully written off (or fully written off, as applicable), which impacts the calculation of Advisory Fees. As provided in a Client's organizational documents, following the investment period of a

Client, the Advisory Fees with respect to a Client are typically calculated based on invested capital, which is reduced by any investments that are permanently and fully written off (or fully written off, as applicable). As a result, a conflict of interests exists because the Adviser has an incentive to refrain from or delay permanently and fully writing off (or fully writing off, as applicable) an investment in order to ensure the Advisory Fee base does not decrease, which would result in higher Advisory Fees ultimately paid to the Adviser. In general, the Adviser evaluates several criteria in determining whether to permanently and fully write off (or fully write off, as applicable), including, without limitation, how long the investment has been held, length of time the investment has been marked down, materiality of markdown, anticipated holding period of the investment, volatility in valuation, impact of market conditions on valuation, other valuation methodologies showing increased valuations, and anticipated recovery path for the investment. The Adviser may change these criteria in its sole discretion from time to time and the Adviser has flexibility in determining the applicability and weight of these factors and has ultimate discretion in determining whether an investment should be permanently and fully written off (or fully written off, as applicable). As a result, the Adviser is permitted to determine that even extremely distressed investments should not be permanently and fully written off (or fully written off, as applicable). There can be no assurance that an investment, in hindsight, should have been permanently and fully written off (or fully written off, as applicable) or should have been permanently and fully written off (or fully written off, as applicable) at an earlier date.

Additionally, as discussed above in Item 6, the Adviser is entitled to Carried Interest under the terms of the Governing Documents of the Clients. The existence of Carried Interest creates an incentive for the Adviser to cause such Clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Adviser or its affiliates in and alongside a Client, the clawback obligation of the General Partner (as described below) and the fact that the preferred return is calculated on an aggregate basis, among other factors, reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Adviser's personnel.

Pursuant to the Governing Documents, the General Partner of a Client may be required to return excess amounts of Carried Interest as a "clawback." This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Client if the disposition and/or liquidation would result in a realized loss to the Client or would otherwise result in a clawback situation for the General Partner.

Pursuant to the Governing Documents, the General Partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its Carried Interest and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Clients (including, for instance, the timing of disposition of investments). For the avoidance of doubt, the General Partner may also elect to receive in-kind distributions for other reasons when the limited partners are receiving cash proceeds.

In addition, the General Partner may be incentivized to hold on to investments that have poor performance in order to receive ongoing Advisory Fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such investment's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the General Partner.

Client Level Borrowing

The Clients from time-to-time borrow funds or enter into other financing arrangements for various reasons, including making new or follow-on investments (including borrowings pending receipt of capital contributions from Clients' investors, co-investment vehicles or NAV Facilities, as defined below) in portfolio companies and paying fund expenses. If a Client borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be generally used for all limited partners in such Client on a pro-rata basis, including the General Partner in respect of its commitment to a Client and the co-investment party, and may remain outstanding for up to one year before the General Partner calls capital from the General Partner and limited partners; however in certain circumstances, including with regard to the investment and/or employee co-investment vehicles, a General Partner's obligations will be satisfied by capital contributions in lieu of borrowed funds. In such instances, the General Partner will not bear the expense of interest on such borrowed funds in respect of its investment alongside a Client to the extent that it has funded such amounts in cash, resulting in better net performance on certain metrics for the General Partner. The Client's utilization of subscription facilities may also benefit co-investment parties who acquire securities of a portfolio company from a Client after the closing of an investment. For example, after the closing of an investment funded with a subscription facility, the Client may sell down a portion of an investment to a co-investment party before the borrowing is paid off. While the Adviser expects that the co-investment party participating in an investment will bear its pro rata share of the interest expense and fees allocable to the borrowing, there is no assurance that such co-investing parties will bear such pro rata expense and the Client may end up bearing the portion of the interest and fee otherwise allocable to such co-investment party and, in any event, the Client will bear all of the credit risk related to the portion the borrowing attributed to the co-investment until the sell down of the investment to the co-investment party.

A Client's utilization of subscription facilities may also benefit co-investment parties who acquire securities of a portfolio company from such Client after the closing of an investment. While the Adviser expects that the co-investment party participating in an investment will bear its pro rata share of the interest expense and fees allocable to any outstanding loan, there is no assurance that such co-investing parties will bear such pro rata expense and a Client may end up bearing the portion of the interest and fee otherwise allocable to such co-investment party and, in any event, the Fund will bear all of the credit risk related to the portion of the borrowing attributed to the co-investment party until the sell down of the investment to the co-investment party. Although borrowings by the Client have the potential to enhance overall returns that exceed the Client's cost of funds (including interest rate, lender fees and transaction costs), such borrowings increase the potential exposure of the Client to a particular investment above the level that the Client would typically have if the investment had been limited to equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Client's cost of funds. In addition, borrowings by the Client are secured by capital commitments made by Client investors to the Client and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors may be

subordinated to such Client-level borrowing. In such instances the Clients would bear the sole liability for the borrowed funds in the event of a default, and as a result, such portfolio company and any of its other investors (including direct investments by the General Partner and any co-investor, including employee co-investment vehicles) benefit from the credit risk taken by the Client's guarantee.

To the extent the Client uses borrowed funds in advance or in lieu of capital contributions the Client's investors generally will later make corresponding capital contributions but the Client will bear the expense of interest on such borrowed funds (which reduces the profits of the Client, whether or not overall returns are enhanced as compared to borrowing from the subline). As a result, the Client's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing. In instances where a General Partner satisfies its obligations with capital contributions while the Client borrows funds, the General Partner will not bear the expense of interest of such borrowed funds, resulting in a greater calculation of net performance metrics to the General Partner. In the event that the Client borrows capital to fund investments pending take-downs of capital from investors, the General Partner may elect, in its sole discretion, to contribute capital in respect of its portion of such obligation in lieu of having such portion funded by borrowed capital. In addition, these borrowings can impact the carried interest the General Partner receives, as these calculations of carried interest generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed. As a result, such borrowings can also increase the carried interest received by the General Partner or result in a General Partner receiving carried interest earlier than it would otherwise have by decreasing the amount of distributions from the Client that are required to be made to the Client's investors in satisfaction of the preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings, particularly in circumstances in which the General Partner satisfies its obligations with capital contributions while the Client borrows funds. For the avoidance of doubt, the use of Client-level borrowing for investment purposes are treated as investment capital for purposes of calculating the relevant Client's Advisory Fee. Therefore, investors pay Advisory Fees on borrowed amounts used to fund an investment even though such amounts would not accrue a preferred return as described above.

In addition, the Adviser may cause a Client and/or one or more subsidiaries of such Client to enter into fund-level "NAV" facilities (each such credit facility, a "NAV Facility"). In connection with such transactions, the Adviser may pledge the Client's investments, including on a cross-collateralized basis, without taking into account the potential for non-pro rata investments by investors, including as result of any particular limited partner's opt-out rights. A limited partner may also be required to fund amounts to repay Credit Facility borrowings, including NAV Facilities, incurred in connection with an investment or management in the Client's investment portfolio even if such limited partner did not participate in the relevant investment(s) in connection with which such borrowings were incurred. NAV Facility lenders may foreclose on the Client's assets if the Client fails to repay the amounts borrowed under a NAV Facility or experiences another event of default.

The use of Client-level borrowings will differ based on available credit facility capacity and contractual terms applicable to each Client and each such credit facility. Therefore, as the subscription credit facilities utilized by the Clients may have different terms, while the Clients may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the relevant Governing Documents, the investment return can, in certain circumstances, differ among the fund vehicles and investors as a result.

Borrowing by a Client will generally be secured by capital commitments made by the limited partners to a Client and/or by such Client's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the limited partners may be subordinated to such Client-level borrowing. Moreover, tax-exempt limited partners should note that the use of borrowings by a Client may cause the realization of Unrelated Business Income Tax.

Conflicts Related to Parallel Funds

A General Partner may expect to create one or more parallel funds to invest alongside a Client for different categories of investors in order to facilitate investment by such investors for legal, tax, regulatory or other reasons. Each parallel fund is expected to invest *pro rata* with a Client in each investment or commitment, based on aggregate available capital, except to the extent any such parallel fund is excluded from such investments for legal, tax or regulatory reasons or by the terms of such investments. The General Partner shall cause each parallel fund to make its respective investment or commitment at substantially the same time as the Client's investment or commitment and on substantially identical economic terms as those afforded the Client, subject to applicable legal, tax, regulatory considerations or other similar considerations. A General Partner may expect to offer a parallel fund in which it will use its reasonable best efforts to conduct the affairs of such parallel fund in a manner so as to address certain tax concerns of its limited partners (subject to specific considerations and exceptions set forth in the partnership agreement of such parallel fund), which may include making certain investments directly or indirectly through one or more entities treated as corporations for U.S. federal income tax purposes. The investment returns of a limited partner that invests in such parallel fund may be lower or otherwise differ as a result of the parallel fund holding an investment through a corporation rather than holding such investment directly (e.g., as a result of the tax payable by such corporation, a reduction in sale proceeds or adjustments to the General Partner's share of distributions with respect to carried interest, or certain assets attributed to such corporation). Although a Client may hold such an investment directly, a Client's limited partners who are not invested in such parallel fund may also have lower investment returns due to the investment by the parallel fund through such corporation (e.g., if, upon sale of an investment, the Client and the parallel fund sell at the same price (as is generally expected), but the overall sale price is reduced because the buyer is unable to realize certain tax benefits or other factors attributable to the participation of the parallel fund and thus the overall sales price is reduced).

Diverse Membership

The investors in the Clients generally include U.S. taxable and tax-exempt entities and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Client. The conflicting interests among

the investors typically relate to or arise from, among other things, the nature of investments made by a Client, the structuring of the acquisition of investments and nature and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Client, the Adviser will consider the investment and tax objectives of the applicable Client as a whole, not the investment, tax or other objectives of any investor individually.

Business with and Among Portfolio Companies and Investors

Portfolio companies of Clients and Other THL Funds are not "affiliates" for purposes of the partnership agreements of each Client or Other THL Fund. As a result, the partnership agreement provisions that relate specifically to affiliates do not apply to any Client's or Other THL Fund's portfolio companies, or their respective management teams or employees, even if the Adviser has a significant economic interest in a portfolio company and/or ultimately control it through control of the relevant Client or Other THL Fund. For example, in the event that a Client or one of its portfolio companies purchases products or services from, or otherwise enters into a transaction with, a portfolio company of another Client or an Other THL Fund, such transaction generally would not trigger the advisory committee disclosure, review, approval or consent provisions of the partnership agreement of each Client and Other THL Fund.

For example, the Adviser has a business relationship with a portfolio company that is collectively wholly owned by certain Clients. This and other similar arrangements with portfolio companies of Clients creates potential conflicts of interest. The Adviser may have an incentive to cause the Adviser or its portfolio companies to transact with a portfolio company service provider, or to purchase the services of a portfolio company service provider on terms or for compensation not favorable to a Client or its portfolio companies, in each case in order to benefit the Client that owns the other portfolio company service provider. There can be no assurances that amounts charged by any such other portfolio company service providers will be consistent with those charged by similarly situated companies that are not owned by Clients, which could provide the same services at more favorable rates. Fees paid by a Client or its portfolio companies to any portfolio company service provider, fees earned by any other portfolio company service provider from any third party, do not offset the management fee payable by a Client and are not otherwise shared with a Client.

Given the collaborative nature of the Adviser's business and the portfolio companies in which Clients and Other THL Funds have invested, there are often situations when the Adviser is in the position of recommending the services of a portfolio company to other portfolio companies of the Clients or Other THL Funds, which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Clients or Other THL Funds, while the products or services recommended are not necessarily the best available to the portfolio companies held by the Clients. The benefits received by a portfolio company providing a service may be greater than those received by the Client(s) and its portfolio companies receiving the service.

Portfolio companies controlled by a Client have in the past and are expected in the future to provide services to the Adviser, its Clients, certain Client investors or prospective investors. This creates a conflict of interest, as the Adviser has an incentive to cause the portfolio company to favor the Adviser, a Client or those investors or prospective investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

The Adviser has a conflict of interest in that it has an incentive to recommend the products or services of certain investors in the Clients or Other THL Funds or prospective investors in the Clients or Other THL Funds or their related businesses to the Clients or their portfolio companies for use or purchase, even though the products or services recommended are not necessarily the best available to the Clients or the portfolio companies.

Current and former officers and executives and other affiliates of portfolio companies have and likely will invest in a Client. While the Adviser believes this aligns portfolio company management teams with the best interests of the Client, the Adviser may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor or other affiliate of the portfolio company that is an investor in a Fund such that they continue to invest in the Funds, among other reasons. From time to time a Client's portfolio company will be counterparties or participants in agreements, transactions or other arrangements with other portfolio companies of such Client or other Clients. These agreements, transactions and other arrangements will involve payment of fees and other amounts, none of which will result in any offset to the Advisory Fee. Such agreements, transactions and other arrangements will generally be entered into without the consent of any advisory committee.

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

In addition, the Adviser has in the past, and may in the future cause a Client to transact with a portfolio company of the Client or another Client, including purchasing an asset from, or selling an asset to, a portfolio company. This creates a conflict of interest as the interests of the purchasing or selling Client differ from those of the counterparty portfolio company.

In certain instances, a Client's portfolio company competes with, is a customer of, or is a service provider to, another Client's portfolio company. In providing advice to a portfolio company's business, the Adviser may consider the interests of one portfolio company or Client (or its portfolio company) and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Clients. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company

may have adverse consequences to the portfolio company owned by another Client. The performance and operations of a competitor, customer or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another portfolio company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

Certain members of the Clients' advisory committee are, or in the future will be, officers or directors of, or otherwise affiliated with, investors in a Client or Other THL Fund. The Adviser will from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

The Adviser and its affiliates may, from time to time, hire part-time or full-time employees (including interns and secondees) who are or were employees or relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest (including, for instance, preferential hiring practices).

While less common, from time to time a Client could hold an investment in a different layer of the capital structure than an investor or another party with which the Adviser has a material relationship, in which case the Adviser could have an incentive to cause the Client or the portfolio company to offer more favorable terms to such parties (including, for instance, financing arrangements).

Service Providers

Services required by a Client (including some services historically provided by the Adviser or its affiliates to the Clients) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or provided through licensed software, in each case in the discretion of the Adviser or its affiliates. This can create a conflict of interest because the Adviser and its affiliates have an incentive to outsource such services at the expense of the Clients to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Clients and accordingly, certain costs may be incurred by a Client for a third-party service provider that is not incurred for comparable services by other Clients. The decision by the Adviser to initially perform a service for a Client in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and the Adviser has no obligation to inform such Clients or investors of such

a change. Such services may also supplement or be performed alongside services performed by the Adviser. The costs and expenses of any such third-party service providers will be borne by the relevant Clients.

If a service provider provides services to a Client on the property of the Adviser, such Client may also be responsible for any overhead, rent or other fees, costs and expenses charged by the Adviser in connection with an on-site arrangement.

The Adviser and/or its affiliates engage certain service providers to provide services to the Adviser, the Clients and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers or their affiliates are, in certain circumstances, investors in a Client or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel and other parties, who are investors in Clients or Other THL Funds and/or other investors who provide services (including mezzanine financing and/or other lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Client, or during the term of such investor's investment in the Client. This creates a conflict of interest, as the Adviser may have an incentive to offer such investor Co-Investment Opportunities that it would not otherwise offer to such investor. The Adviser has a conflict of interest with the Clients in recommending the retention or continuation of a service provider to the Clients or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Clients or Other THL Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser and/or will provide financial sponsorship of events held by the Adviser (such as transaction closing dinners or outings, or informational summits or training events for the Adviser or portfolio company personnel). Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers to the Adviser, its affiliates, a Client or a Client's portfolio companies. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select, or recommend such service provider to perform services for a Client or a portfolio company. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Client(s)), there is a possibility that the Adviser, because of financial or business interest or other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. There will be situations in which the Adviser receives more favorable service rates or arrangements than the Clients or their portfolio companies.

Service providers to the Adviser or its affiliates often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by the Clients and/or their portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Clients and/or their portfolio companies. Service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which the Adviser and/or the Clients have an investment, and payments by a Client and/or such portfolio companies to such service providers may indirectly benefit the Adviser and/or such Client.

In the event the Adviser commits or has committed to seek “market” or “arm’s-length” rates or terms, the Adviser would do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. The Adviser reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arm’s-length.” Consequently, the Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable, or relate specifically to the assets, services, geographies, or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Adviser reserves the right to rely on approximations or estimates of time for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. To the extent the Clients engage in a long-term or recurring contract with an Adviser affiliated service provider, the Adviser may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time.

Former Adviser employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Adviser, the Clients and/or portfolio companies and may also become employees of or consultants to portfolio companies or Clients. While employed by the Adviser, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Adviser unless a Client’s Governing Documents permit certain allocations of internal expenses to the Client. If a former Adviser employee becomes an employee or consultant of a third party that also provides services to a Client, such former Adviser employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Adviser employee working on the Client will be borne entirely by the Client and no such amounts will reduce the management fee paid or the carried interest distributed by such Client on the basis that such person used to be a former Adviser employee. If a former Adviser employee becomes an employee of, or a consultant to, a Client or a portfolio company, the cost of the former Adviser employee’s services will be borne entirely by the Client or portfolio company.

The Adviser from time to time expects to cause the Clients to bear the full cost and expense of engaging certain third-party service providers on behalf of a portfolio company. In the event a Client is not the sole shareholder of the portfolio company, other shareholders will benefit from the costs incurred by such Client and will not reimburse the Client for their pro rata portion of the cost of any such service provider.

Positions with Portfolio Companies

Adviser Personnel serve as directors of, or observers on, boards with respect to certain portfolio companies of Clients. While conflicts of interest may arise in the event that such Adviser Personnel’s fiduciary duties as a director conflict with those of the Client, it is expected that the interests will generally be aligned. For instance, such positions could impair the ability of a Client to sell the securities of an issuer in the event a director receives material nonpublic information by virtue of his or her role, which would have an adverse effect on the Client. Furthermore, an Adviser Personnel serving as a director to a portfolio company may owe a fiduciary duty to the

portfolio company, on the one hand, and the relevant Client, on the other hand, and such Adviser Personnel may be in a position where they must make a decision that is either not in the best interest of the Client, or is not in the best interest of the portfolio company. Adviser Personnel serving as directors may make decisions for a portfolio company that negatively impact returns received by a Client investing in the portfolio company. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Cash or equity compensation such employees receive as directors will, to a certain extent, reduce the Advisory Fees owed by the applicable Clients. As described above in Item 5 - Portfolio Company Fees - *Payments Made to Third Parties*, portfolio companies of the Clients will from time to time engage and pay cash or equity compensation to Consultants and former employees of the Adviser or its Affiliates. Such compensation will not be deemed paid to or received by the Adviser or its affiliates and such amounts will not reduce the Advisory Fee owed by the applicable Clients.

Decisions made by a director may subject the Adviser, its affiliate or a Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Clients will indemnify the Adviser and their partners, principals and employees from such claims. In addition, the employees of the Adviser serving as directors may make decisions for a portfolio company that negatively impacts returns received by a Client investing in the portfolio company.

From time to time, (i) Adviser Personnel may also be asked to serve as directors of, or observers with respect to, the boards of certain entities in which a Client has fully exited its ownership interest and (ii) certain former employees of the Adviser are asked to serve as directors of, or observers with respect to, the boards of certain entities in which the Client has invested. In such circumstances, any compensation or fees received by such former Adviser Personnel is not subject to the Advisory Fee offset described above, or otherwise shared with the Clients and/or investors.

In addition, the Adviser may continue to receive other fees from a portfolio company after a Client has fully exited its ownership interest (for instance, in respect of consulting arrangements or group purchasing arrangements). In such circumstances, any fees received with respect to such exited investment is not subject to the Advisory Fee offset described above, or otherwise shared with the Clients and/or investors.

The Adviser, or its affiliates and service providers, charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by a Client and/or its portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Client and/or its portfolio companies.

Adviser Personnel and/or Consultants may be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies may pay such person directors fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives, as applicable, and may reimburse the Adviser or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their

services. The Adviser may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by the Adviser or its affiliates to such persons may, from time to time, be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the Advisory Fee paid by a Client to the Adviser or the Carried Interest distributed by a Client to the Adviser will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by a General Partner or the Adviser and reimbursed by a portfolio company) will not reduce the Advisory Fee otherwise payable to the Adviser or any Carried Interest otherwise distributable to the Adviser. All or a portion of any such compensation and incentives will be borne by a Client, directly or indirectly, via its ownership interest in such portfolio company.

Side Letter Agreements; Advisory Committee Rights

To the extent permitted under applicable law, the Adviser routinely enters into certain side letter arrangements with certain investors in a Client providing such investors with different or preferential rights or terms, including but not limited to information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, modification of representations, indemnification and/or liability and other obligations, and liquidity or transfer rights. Except as otherwise agreed with an investor, and to the extent permitted under applicable law, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Client. Also, investors will have no recourse against a Client, the applicable General Partner, the Adviser or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors. In addition, side letter arrangements with certain investors of the Clients impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Client. If an investor is given excuse rights with respect to an investment, the remaining investors in the Client will bear increased risk and/or exposure with respect to such investment.

Generally, the Clients have established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee because those designating limited partners will, for instance, have greater information rights. The advisory committee may also have the ability to approve conflicts of interest with respect to the Adviser and the Clients, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives of the advisory committee may have various business and other relationships with the Adviser and its Adviser Personnel, including as representatives of investors in Clients, which may have conflicting interests with those of another Client. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Client's advisory committee may also be a member of another Client's or Other THL Fund's advisory committee. In such instances, a conflict of interest exists because the Client and such other Client or Other THL Fund may have conflicting interests and such advisory committee members may be requested to provide their consent with respect to such conflicts of interest and will not be permitted to recuse themselves from any such vote.

Other Potential Conflicts

The Governing Documents of a Client establish complex arrangements among the Clients, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Client or its investors.

The Adviser may cause a Client to distribute the Client's General Partner's share of securities resulting from the disposition of an investment by the Client to the Client's General Partner or its affiliates (including managing directors and employees) in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the Client's General Partner and the limited partners of the Client, because the General Partner has an incentive to cause the Client to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the General Partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as the limited partners). The Client's General Partner is particularly incentivized to receive distributions in kind of securities that it expects to increase in value, and in cases where the increase occurs, if the limited partners of the Client received cash distributions instead of in-kind distributions, the limited partners will be denied the benefits of that increase had the Client retained the securities and the Client's General Partner will receive more value from the securities than it would have had its carried interest been distributed in cash. In the event the Client's General Partner or its affiliates receive such a distribution, the General Partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities or hold onto the distributed securities for such time as the Client's General Partner shall determine in its sole discretion. The ability of the Client's General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or its affiliates and the Client because the General Partner's interests may not be aligned with those of the Client and the Client's General Partner may determine to sell the securities received at a different time, or on different terms, than the Client would sell its interest.

The Adviser, an Other THL Adviser, Other THL Funds, and/or Clients will at times engage common legal counsel and other advisors in a particular transaction, including a transaction in which there are conflicts of interest. Members of the law firms engaged to represent the Clients will typically be investors in a Client or Other THL Fund, and will at times also represent one or more portfolio companies of or investors in a Client or Other THL Fund. In the event of a

significant dispute or divergence of interest between Clients or Other THL Funds, the Adviser, an Other THL Adviser, and/or their affiliates, the parties will engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation will often be required. Additionally, the Adviser, an Other THL Adviser, Other THL Funds, Clients, and/or the portfolio companies of Clients or Other THL Funds will from time to time engage other common service providers. In certain circumstances, the service provider is expected to charge varying rates or engage in different arrangements for services provided to the Adviser, its affiliates, the Clients, and/or the portfolio companies. There is a conflict of interest between the Adviser or an Other THL Adviser, on the one hand, and the applicable Other THL Fund, Client, or their portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it or the Other THL Adviser receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Clients and/or their portfolio companies. Neither the Clients nor investors in the Clients will receive the benefit of any such favorable rate or discount provided to the Adviser, its personnel or its affiliates, and the Advisory Fee paid by any Client will not be reduced in connection with such favorable rate or discount. The Adviser or its affiliates will from time to time receive a discount on services provided to it by a common service provider even though the Adviser's Clients may receive a lesser, or no, discount.

The Adviser may, from time to time, require, cause or invite the Clients and/or a portfolio company to make contributions to charitable initiatives, or other non-profit organizations that the Adviser believes could, directly or indirectly, enhance the value of the Clients' investments, assist in completing an acquisition of a portfolio company or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Clients or their portfolio company. Such contributions could be designed to benefit employees of a portfolio company, the community in which a portfolio company operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio company. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of the Adviser, portfolio company management teams, advisors, service providers, vendors, joint venture partners, and/or other persons or organizations associated with the Adviser, the Clients or the portfolio companies. These relationships could influence the Adviser's decision whether to require, cause or invite the Clients or the portfolio companies to make charitable contributions. Further, from time to time, such charitable contributions by the Clients or the portfolio companies could supplement or replace charitable contributions that the Adviser would have otherwise made. Also, in certain instances, the Adviser may, from time to time, select a service provider or other counterparty to the Clients or their investments based, in part, on the charitable initiatives of such person where the Adviser believes such charitable initiatives could, directly or indirectly, enhance the value of the Clients' investments or otherwise be beneficial to the portfolio companies.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Client, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Client expenses may result in "miles" or "points," rebates, or credits in loyalty/status programs to the Adviser and/or its personnel. Such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit

the Adviser and/or such personnel even though the cost of the underlying service may be borne by the Clients, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Client, its investors and/or the portfolio companies. In addition, airline travel incurred as a Client expense for Adviser personnel travelling for appropriate Client- related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Client-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser has in the past and, in its discretion, may in the future cause the Clients and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser or an Other THL Adviser. The Clients and/or their portfolio companies typically bear, directly or indirectly, the costs of such dealings, arrangements or agreements without any offset to the Advisory Fee payable by the Client. In such circumstances, there is a conflict of interest between the Adviser and the Clients (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

Investors may be introduced to the Adviser, or may be brought in a Client, by a third-party consultant from which the Adviser or a related person purchase products and to which the Adviser or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

The Clients may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In other instances, a new platform could be formed to recruit an existing or newly formed management team to build such platform through acquisitions and organic growth. In certain circumstances, such platform employees may include former employees of the Adviser, or current or former senior advisors or consultants to the Adviser and its affiliates. The structure of each platform and the engagement of personnel will vary, including whether a management team's services are exclusive to the platform and whether the members of the management team are employed directly by the platform or indirectly through a separate management company established to manage such platform. Platform structures may change during the investments' hold period, for instance, in connection with restructurings or dispositions. The management team of a platform investment may provide services with respect to other platform investments of more than one Client, or provide the same or similar services for unaffiliated parties. The services provided by the platform management team could be similar to, and in some cases overlap with, the services provided by the Adviser to the Clients. In such instances, a holding company ("Holding Company") would be created that would acquire and manage the companies in the platform. The investments in the Holding Company may be managed together (including, for example, the use of common service providers, combined and/or otherwise sold together as part of a single transaction or series of related transactions). The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. In certain circumstances, such Holding Company employees may include former

employees of the Adviser, or current or former senior advisors or consultants to the Adviser and its affiliates. All of the Holding Company's costs and expenses, initial or ongoing and for any purpose, including compensation for its personnel (which compensation may include, among other things, salary, benefits, retainers and the granting of profit participation in certain investments of the Holding Company and/or a capital interest in such investments or the underlying assets) overhead expenses including, without limitation, rent, property taxes and utilities allocable to the workspaces) and all expenses relating to sourcing would be borne by the Holding Company (and, therefore, indirectly borne by the Client). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and/or Carried Interest from the Client, the Adviser will benefit from the assets, income and gains of the Holding Company.

The Adviser from time to time causes one or more Clients to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Clients, the applicable General Partner, the Adviser and/or their respective Adviser Personnel, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Clients. This is expected to include a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by the Adviser that cover one or more Clients and/or the Adviser (including Adviser Personnel and Clients' directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among one or more Clients, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Client bearing less (or more) premiums, fees, costs and expenses for insurance policies.

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

with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Client and its portfolio companies.

If a Client purchases in the secondary market at a discount debt securities of a company in which a Client has, for example, a substantial equity interest, (a) a court might require the Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt.

The legal risks associated with these types of transactions vary from jurisdiction to jurisdiction.

The Governing Documents of certain Clients permit the Adviser to withhold information from certain limited partners or investors in such Client in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The Adviser will generally elect to withhold certain information to such limited partners for reasons relating to the Adviser's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons generally seek to alleviate conflicts of interest among the Clients or other persons.

Item 12. Brokerage Practices

Because the Clients invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will occur in limited circumstances (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions). However, to meet its fiduciary duties to the Clients, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding and selling publicly traded securities.

Selection of Brokers and Dealers

For each Client, the Adviser has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Client involving a broker-dealer, the Adviser will generally seek "best execution" of the transaction. "Best execution" means obtaining for a Client account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's relevant investment team, in consultation with the Chief Financial Officer ("CFO"), takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the

transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer and the quality of service rendered by the broker or dealer in other transactions.

In order to monitor best execution, the Adviser's CFO, in consultation with the Adviser's CCO, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Client.

The Adviser does not receive "soft dollars" in connection with its use of broker-dealers.

Aggregation of Trades

The Adviser may aggregate (or bunch) the orders of more than one Client or Other THL Fund for the purchase or sale of the same publicly traded security. The Adviser often employs this practice because larger transactions enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Clients or Other THL Funds with orders for other Clients for which it or an Other THL Adviser has trading authority, or in which it or an Other THL Adviser has an economic interest. In such cases, the Adviser and the Other THL Adviser generally aggregate trade orders for publicly traded securities so that each participating Client or Other THL Fund will receive the average price for each execution of a transaction.

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

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Clients are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Clients and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Directors and other investment professionals of the Adviser. Moreover, the Adviser has a separate group responsible for developing and implementing key strategic initiatives at certain portfolio companies. This group works alongside the investment professionals to oversee the Clients' investments in their portfolio companies.

Reporting

Investors in a Client typically receive, among other things, a copy of audited financial statements of such Client as soon as practicable after March 15th of each year, as well as unaudited quarterly financial reports within 45 days after each fiscal quarter end. The Adviser will from time to time, in its sole discretion, provide additional information relating to such Client to one or more investors in such Client as it deems appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-Clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons will, in certain instances, receive discounts on products and services provided by portfolio companies of Clients and/or customers or suppliers of such portfolio companies. While not a Client solicitation arrangement, the Adviser will from time to time engage one or more persons to act as a placement agent for a Client in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Client that are subsequently accepted. Such fees are generally paid by the Adviser.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

Investment advice is provided directly to the Clients and not individually to the investors in the Clients. Services are provided to each Client in accordance with its Governing Documents. Investment restrictions for a Client, if any, are generally established in its Governing Documents.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Clients (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Client by maximizing the economic value of the relevant Clients’ holdings, taking into account the relevant Clients’ investment horizons, the contractual obligations under the relevant Governing Documents and all other relevant facts and circumstances at the time of the Vote.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the CCO or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Clients.

Clients generally cannot direct the Adviser’s Vote.

All voting decisions initially are referred to the CFO or appropriate investment professional for a voting decision. In most cases, the Adviser’s CFO or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she will generally rely on any of the information and/or research available to him or her. If the investment professional is making the voting decision, the investment professional will inform the CCO of any such voting decision, and if the CCO does not

object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO will consult with the Adviser's General Counsel as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Clients' holdings.

The CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. The CCO will consider, among other things, whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that presents a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Clients. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Clients.

Information regarding how proxies were voted in connection with a Client and copies of proxy voting policies are available to any Client or prospective Client upon written request to: CCO@THL.com.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.